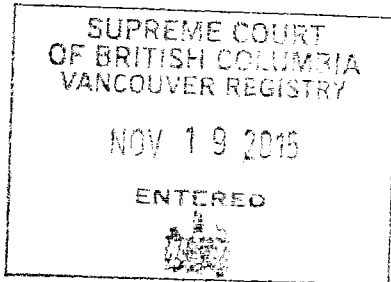


IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE NOTICE OF INTENTION
TO MAKE A PROPOSAL OF
VICEROY HOMES LTD.



BEFORE)	THE HONOURABLE JUSTICE VOITH)	19/November/2015
))	
))	

**ORDER MADE AFTER APPLICATION
(APPROVAL AND VESTING ORDER)**

ON THE APPLICATION of Viceroy Homes Ltd. ("VHL") coming on for hearing at Vancouver, British Columbia on November 19, 2015; **AND ON HEARING** Katie G. Mak, counsel for VHL, Vicki Tickle counsel to FTI Consulting Canada Inc., in its capacity as the Proposal Trustee, and those counsel listed on **Schedule "A"** hereto, and no one else appearing although duly served; **AND UPON READING** the material filed, including the Fifth Report of the Proposal Trustee dated November 17, 2015 (the "Report");

THIS COURT ORDERS that:

- The time for service of the Notice of Application herein be and is hereby abridged and the Notice of Application is properly returnable today and service hereof upon any interested party other than those parties on the service list maintained by counsel to VHL in this matter as set out in **Schedule "B"** hereto is hereby dispensed with.
- Capitalized terms used herein but not otherwise defined shall have the meaning attributed to them in the APA (as defined below).

APPROVAL OF PURCHASE AGREEMENT

- The transaction (the "**Transaction**") contemplated by the Asset Purchase Agreement dated November 12, 2015 (the "**APA**"), among Besco International Investment Co., Ltd. (the "**Purchaser**"), Viceroy Houses (2015) Ltd. ("**Viceroy 2015**") and VHL, a copy of which is attached as Appendix "A" to the Report is hereby approved.

4. VHL is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance to the Purchaser of the assets described in the APA (the "Purchased Assets").

VESTING ORDER

5. Upon payment of the Balance to Clark Wilson LLP in accordance with the APA, all of VHL's right, title and interest in and to the Purchased Assets shall vest absolutely in the Purchaser free and clear of and from any and all encumbrances, prior claims, security interests (whether contractual, statutory, or otherwise), hypothecs (legal or contractual), options (including rights of first refusal), equitable or beneficial interests, mortgages, trusts or deemed trusts (whether contractual, statutory or otherwise), liens, conditional sale contracts, construction liens, executions, levies, charges, debentures, or other financial or monetary claims, whether or not they have been attached or been perfected, registered or filed and whether secured, unsecured, or otherwise (collectively, the "Claims"), including without limiting the generality of the foregoing: (i) any encumbrances or charges ordered by the Court in this proceeding; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* of British Columbia, Ontario or any other personal property registry system; and (iii) those Claims listed in **Schedule "C"** hereto (all of which are collectively referred to as the "Encumbrances", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on **Schedule "D"** hereto), and for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

6. Upon the registration in the Land Titles Division of the Land Registry Office for Northumberland (No. 39) of an Application for Vesting Order in the form prescribed by the *Land Titles Act* and/or the *Land Registration Reform Act*, the Land Registrar is hereby directed to enter Besco International Investment Co., Ltd. as the owner of the Real Property as identified in **Schedule "E"** hereto in fee simple, and is hereby directed to delete and expunge from title to the Real Property those encumbrances in **Schedule "F"** hereto.

7. For the purposes of determining the nature and priority of the Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and from and after the Closing Date all Claims shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having had possession or control immediately prior to the sale.

8. Pursuant to Section 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act* or Section 18(1)(o) of the *Personal Information Protection Act* of British Columbia, VHL is hereby authorized and permitted to disclose and transfer to Viceroy 2015 all human resources and payroll information in the company's records pertaining to those employees or former employees of VHL listed in **Schedule "G"** to the APA. Viceroy 2015 shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by VHL.

9. Subject to the terms of the APA, vacant possession of the Purchased Assets, including any real property, shall be delivered by VHL to the Purchaser on the Closing Date (as defined in the APA), subject to the permitted encumbrances as set out in the APA and those encumbrances listed on **Schedule "D"** hereto.

10. Notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order in respect of VHL now or hereafter made pursuant to the *Bankruptcy and Insolvency Act* and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of VHL;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of VHL and shall not be void or voidable by creditors of VHL, nor shall it constitute or be deemed to be a transfer at undervalue, fraudulent preference, assignment, fraudulent conveyance or other reviewable transaction under the *Bankruptcy and Insolvency Act* or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

Distribution of Purchase Price

11. The Purchaser shall pay the Balance to VHL's solicitors, Clark Wilson LLP, who shall distribute the Balance as follows:

- (a) firstly, to secure the Administrative Charge (as defined in and granted by Orders of the Court dated July 30, 2015 and as increased by further Orders of the Court if applicable), such amount (the "**Administrative Charge Amount**") to be held by Clark Wilson LLP in trust and distributed to the beneficiaries of the Administrative Charge for the payment of their accounts as and when due, without prejudice to any obligations with respect to taxation of the accounts;
- (b) secondly, to the Proposal Trustee in the amount equal to payment to employees and former employees that would have been required under subsections 60(1.3)(a) and (1.5)(a) of the *Bankruptcy and Insolvency Act* if the Court had approved a proposal;
- (c) thirdly, to San Bao Investment Inc. and Dejun Yao in such proportionate amount as set out in the Report, on account of the obligations secured against the Purchased Assets.

GENERAL

12. Upon the termination of the *Bankruptcy and Insolvency Act* proposal proceedings, any unused portion of the Administrative Charge Amount shall be distributed in accordance with paragraph 11.

13. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist VHL, the Purchaser, Viceroy 2015 and their agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to VHL, the Purchaser, Viceroy 2015 and their agents as may be necessary or desirable to give effect to this Order or to assist VHL, the Purchaser, Viceroy 2015 and their agents in carrying out the terms of this Order.

14. VHL or any other party have liberty to apply for such further or other directions or relief as may be necessary or desirable to give effect to this Order.

15. The approval of counsel as to form, except for counsel for VHL, is dispensed with.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:



Signature

Lawyer for Viceroy Homes Ltd.

Katie G. Mak



By the Court



Registrar in Bankruptcy

Schedule "B"

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE NOTICE OF INTENTION
TO MAKE A PROPOSAL OF
VICEROY HOMES LTD.

SERVICE LIST

Updated: November 18, 2015

<p>FTI Consulting Inc. Pacific Centre, Suite 1502 701 West Georgia Street Vancouver, BC V7Y 1C6</p> <p>Attention: Craig Munro / Scott Gallon</p> <p>Tel: 604-601-5699 Email: craig.munro@fticonsulting.com / scott.gallon@fticonsulting.com</p> <p><i>Proposal Trustee</i></p>	<p>Clark Wilson LLP 900 – 885 West Georgia Street Vancouver, BC V6C 3H1</p> <p>Attention: Chris Ramsay / Katie Mak / Deborah Hamann-Trou (Paralegal)</p> <p>Tel: 604-687-5700 Fax: 604-687-6314 Email: CRamsay@cwilson.com ; KMak@cwilson.com DHamann-Trou@cwilson.com</p> <p><i>Counsel for Viceroy Homes Ltd. and Viceroy Building Solutions Ltd.</i></p>
<p>McMillan LLP 1055 W Georgia St. Vancouver, BC V6E 3P3</p> <p>Attention: Victor W. Tsao / Peter Reardon</p> <p>Tel: 604-691-7419 Email: victor.tsao@mcmillan.ca peter.reardon@mcmillan.ca</p> <p><i>Counsel for Wiston Building Materials Co.</i></p>	<p>Fasken Martineau 2900 – 550 Burrard Street Vancouver, BC V6C 0A3</p> <p>Attention: Kibben Jackson / Vicki Tickle</p> <p>Tel: 604-631-4786 Fax: 604-632-4786 Email: kjackson@fasken.com vtickle@fasken.com llewis@fasken.com</p> <p><i>Counsel for the Proposal Trustee</i></p>

<p>Gehlen Dabbs 1201 – 1030 West Georgia Street Vancouver, BC V6E 2Y3</p> <p>Attention: Carol Cash/Geoffrey Dabbs</p> <p>Tel: 604-642-0669 Fax: 604-642-6433 Email: cc@gdlaw.ca / gd@gdlaw.ca</p> <p><i>Counsel for San Bao and Dejun Yao</i></p>	<p>Office of the Superintendent of Bankruptcy 300 Georgia Street W, Suite 2000 Vancouver, BC V6B 6E1</p> <p>Email: amanda.lo@ic.gc.ca</p>
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And to:

<p>Faley Law Corporation #1233 – 3779 Sexsmith Road Richmond, BC V6X 3Z9</p> <p>Attention: Henry Ka</p> <p>Tel: 604-295-9396</p> <p>Email: hka@faleylaw.com</p> <p><i>Counsel to Yanan Wang</i></p>	<p>2054 Western Pkwy Vancouver, BC V6T 1V5</p> <p>Attention: Changan Chen</p>
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Schedule "C"

Encumbrances to be Discharged

Ontario

1. **File No. 692254269**, in favour of San Bao Investment Inc. as the secured party, against all of the debtor's inventory, equipment, accounts and other collateral including motor vehicles.
2. **File No. 700342263**, in favour of Wiston Building Materials Co. as the secured party, against all of the debtor's inventory, equipment, accounts and other collateral including motor vehicles.
3. **File No. 704045457**, in favour of Dejun Yao as the secured party, against all of the debtor's inventory, equipment, accounts and other collateral including serial numbered motor vehicles described as (1) a 2011 GMC Sierra 1500 V.I.N. 1GTN2TEA4BZ121115, (2) a 2011 GMC Sierra 1500 V.I.N. 1GTN2TEA4BZ135481, (3) a 2009 Ford Econoline E250 V.I.N. 1FTNE24WX9DA54915, and (4) a 2012 Griffin V.I.N. 4C9BU1225DE020473, pursuant to a General Security Agreement relating to property located at 414 Croft Street East, Port Hope, Ontario.
4. **File No. 706119444**, in favour of Besco International Investment Co., Ltd. as the secured party (as assigned by Elle Mortgage Corporation), against all of the debtor's consumer goods, inventory, equipment and accounts, pursuant to a General Security Agreement.
5. **File No. 707058657**, in favour of Changan Cheng as the secured party, against the debtor's other collateral, described as all present and after-acquired personal property now or hereafter situated on the lands described below (and any other legal descriptions by which such lands may be described whether by subdivision, condominiumization or otherwise) or which is now or at any time may be annexed to, comprised in, pertaining or relating to or used in connection with the lands and all accessions thereto and substitutions therefor, as well as the debtor's interest in any present or hereafter acquired rents, book debts, security deposits and insurance proceeds relating to the lands and proceeds. The lands are described as PT Lot 1-2 Con 1 Hope PT 2 9R2307 except PT139R9406 Port Hope 414 Croft Street Port Hope.
6. **File No. 707058864**, in favour of Yanan Wang as the secured party, against the debtor's other collateral, described as all present and after-acquired personal property now or hereafter situated on the lands described below (and any other legal descriptions by which such lands may be described whether by subdivision, condominiumization or otherwise) or which is now or at any time may be annexed to, comprised in, pertaining or relating to or used in connection with the lands and all accessions thereto and substitutions therefor, as well as the debtor's interest in any present or hereafter acquired rents, book debts, security deposits and insurance proceeds relating to the lands and proceeds. The lands are described as PT Lot 1-2 Con 1 Hope PT 2 9R2307 except PT139R9406 Port Hope 414 Croft Street Port Hope.

British Columbia

1. **Base Registration No. 4378911**, in favour of Dejun Yao as the secured party, against all of the debtor's present and after-acquired personal property, including all cash and non-cash proceeds thereof, and certain serial numbered goods, described as (1) a 2000 Raymond EASI-4D-R45TT Serial No. EF-A-0430525, (2) a 2000 BT RRX35 Serial No. RRX3527156001, (3) a 1987 NOR-WES

Single Axle Serial No. 2N9FD2615H1AL7063, and (4) a 2000 Freightliner Serial No. 1FUYYDYBBYPG87781.

2. **Base Registration No. 702485I**, in favour of Wiston Building Materials Co. as the secured party, against all of the debtor's present and after-acquired personal property.
3. **Base Registration No. 727395I**, in favour of Wiston Building Materials Co. as the secured party, against all of the debtor's present and after-acquired personal property.
4. **Base Registration No. 823034I**, in favour of San Bao Investment Inc. as the secured party, against all of the debtor's present and after-acquired personal property (except consumer goods).

Schedule "D"

PERMITTED ENCUMBRANCES

GENERAL ENCUMBRANCES

1. The reservations, limitations, exceptions, provisos and conditions, if any, expressed in any original grants from the Crown including, without limitation, the reservation of any mines and minerals in the Crown or in any other person.
2. Subdivision agreements, site plan control agreements, development agreements, heritage easements and agreements relating thereto, servicing agreements, utility agreements, permits, licenses, airport zoning regulations and other similar agreements with Government Authorities or private or public utilities affecting the development or use of the Real Property, provided same have been complied with.
3. Rail siding agreements or facility, cost sharing, servicing, reciprocal use or other similar agreements, provided same have been complied with and the provision of certificate from non-Vendor party to such agreements on or before Closing that there are no defaults by Vendor thereunder.
4. Any easements or rights of way in favour of any Governmental Authority, any private or public utility, any railway company or any adjoining owner which in the aggregate do not materially impair the current use, operation or marketability of the Real Property, provided same have been complied with.
5. Any unregistered easements, rights-of-way or other unregistered interests or claims not disclosed by registered title in respect of the provision of utilities to the Real Property, provided same have been complied with.
6. Any rights of expropriation, access or use or any other similar rights conferred or reserved by Applicable Law.
7. Restrictive covenants, exclusivity provisions, and other similar land use control agreements, provided same have been complied with and which in the aggregate do not materially impair the current use, operation or marketability of the Real Property.
8. Minor encroachments by the Real Property over neighbouring lands and/or permitted under agreements with neighbouring landowners and minor encroachments over the Real Property by improvements of neighbouring landowners and/or permitted under agreements with neighbouring landowners that, in either case, do not materially and adversely impair the current use, operation or marketability of the Real Property.
9. The provisions of all Applicable Laws, including by-laws, regulations, ordinances and similar instruments relating to development and zoning of the Real Property, provided same have been complied with and there are no breaches of same.

10. Security given to a public utility or any Governmental Authority when required by the operations of the Real Property in the ordinary course of business.
11. Security interests registered in the Personal Property Registry relating to leased personal property.

SPECIFIC PERMITTED ENCUMBRANCES

1. **Instrument No. PH97697** registered May 3, 1989 being a Site Plan Agreement dated April 20, 1989 between Viceroy Homes Limited and The Corporation of the Town of Port Hope (the "**Town**") wherein certain terms, conditions, obligations and covenants are established to provide for the development of the property site by Viceroy Homes Limited (the "**Site Plan Agreement 1**").
2. **Instrument No. NC285644** registered November 12, 1999 being a Site Plan Agreement dated September 30, 1999 between Viceroy Homes Limited and the Town wherein certain terms, conditions, obligations and covenants are established to provide for the construction of a 65 metre high self-supporting tower for cellular transmission and communication by Rogers-Cantel Inc. ("**Rogers**") located on the northeast portion of the Owner's lands, described at the time as Part 2 on Plan 9R-2307 (the "**Site Plan Agreement 2**"). The location of the Rogers cell tower and its proposed leasehold interest referred to in the instrument appears to be located now at the northeast corner of a separate parcel situated at the southwest corner of the 401 Highway and Hamilton Road and not located on the Property.
3. **Instrument No. NC297322** registered November 15, 2000 being a Site Plan Agreement dated October 30, 2000 between Viceroy Homes Limited and the Town wherein certain terms, conditions, obligations and covenants are established to provide for conditional severance of part of the lands described at the time as Part 2 on Plan 9R-2307 lands described at the time as Part 2 on Plan 9R-2307 (the "**Site Plan Agreement 3**"). The condition of consent for severance established in the Site Plan Agreement 3 is the requirement for a Stormwater Drainage Study for all the lands designated as Part 2 on Plan 9R-2307.
4. **Instrument No. NC359402** registered May 2, 2005 being a Site Plan Agreement dated April 19, 2005 between Viceroy Homes Limited and The Corporation of the Municipality of Port Hope (the "**Municipality**") wherein certain terms, conditions, obligations and covenants are established to provide for the construction of display homes in a display area on the Property (the "**Site Plan Agreement 4**"). The Site Plan Agreement 4 recites the Site Plan Agreement 1, as amended, referring to it as the "2005 Agreement" and binds Viceroy Homes Limited, inter alia, to notifying prospective purchasers about the Port Hope Area Initiative, as more particularly set out in clause 19 and Schedule "C" of the Site Plan Agreement 4, before a binding agreement of purchase and sale is concluded.
5. **File No. 656334639**, in favour of The Toronto-Dominion Bank as the secured party, against the debtor's accounts and other collateral.
6. **File No. 668530143**, in favour of Document Direction as the secured party, against the debtor's equipment and other collateral.

7. **File No. 685532187**, in favour of Blue Chip Leasing Corporation as the secured party, against the debtor's equipment and other collateral.
8. **File No. 685532196**, in favour of Blue Chip Leasing Corporation as the secured party, against the debtor's equipment and other collateral.
9. **File No. 688182408**, in favour of Blue Chip Leasing Corporation as the secured party, against the debtor's equipment and other collateral.
10. **File No. 657615177**, in favour of Penske Truck Leasing Canada Inc as the secured party, against the debtor's equipment and other collateral, including a motor vehicle described as 2008 Freightliner M2, V.I.N. 1FUBCYBS78HZ45840, together with all attachments accessories accessions replacements substitutions additions and improvements thereto, including, but not limited to Xata and Qualcomm systems, and all proceeds in any form derived directly or indirectly from any sale and or dealings with the collateral and a right to an insurance payment or other payment that indemnifies or compensates for loss or damage to the collateral or proceeds of the collateral.
11. **File No. 669687147**, in favour of National Leasing Group Inc. as the secured party, against the debtor's equipment, described as all photocopiers of every nature or kind described in lease number 2534286 between the secured party, as lessor and the debtor as lessee, as amended from time to time, together with all attachments, accessories and substitutions.
12. **File No. 670050018**, in favour of Ally Credit Canada Limited as the secured party, against the debtor's consumer goods, equipment and other collateral, including a motor vehicle described as a 2011 GMC Sierra V.I.N. 1GTN2TEA4BZ121115.
13. **File No. 670050027**, in favour of Ally Credit Canada Limited as the secured party, against the debtor's consumer goods, equipment and other collateral, including a motor vehicle described as a 2011 GMC Sierra V.I.N. 1GTN2TEA0BZ135481.
14. **File No. 675025002**, in favour of Roynat Inc. as the secured party, against the debtor's equipment and other collateral, described as multifunction system(s), copier(s), printer(s) together with all attachments accessories accessions replacements substitutions additions and improvements thereto and all proceeds in any form derived directly or indirectly from any sale and or dealings with the collateral and a right to an insurance payment or other payment that indemnifies or compensates for loss or damage to the collateral or proceeds of the collateral.
15. **File No. 684445338**, in favour of Nissan Canada Finance a division of Nissan Canada Inc. as the secured party, against the debtor's equipment and other collateral, including a motor vehicle described as a 2013 Infiniti G37 V.I.N. JN1CV6AR7DM351729.
16. **File No. 694617534**, in favour of Northstar Leasing Corporation as the secured party, against the debtor's equipment, described as 1 used 1993 Barberan PUR-33-L" Profile Wrapper Serial #13096-06-03".
17. **Base Registration No. 272509F**, in favour of Penske Truck Leasing Canada Inc as the secured party, against serial numbered collateral described as a 2008 Freightliner M2 Serial No. 1FUBCYBS78HZ45840 together with all attachments accessories accessions replacements

substitutions additions and improvements thereto, including, but not limited to Xata and Qualcomm systems, and all proceeds in any form derived directly or indirectly from any sale and or dealings with the collateral and a right to an insurance payment or other payment that indemnifies or compensates for loss or damage to the collateral or proceeds of the collateral.

18. **Base Registration No. 255494H**, in favour of Blue Chip Leasing Corporation as the secured party, against collateral described as all Avaya telephone system and equipment of every nature or kind described in lease number 34031 (15798BC) between the secured party, as lessor and the debtor as lessee, as amended from time to time, together with all attachments, accessories, substitutions and all proceeds in any form derived directly or indirectly from any dealing with the collateral or proceeds thereof.

Schedule "E"
REAL PROPERTY

PIN 51082-0010 (LT)

Part Lot 1-2 Concession 1 Hope, being Part 2 on Plan 9R2307, except Part 1 on Plan 39R9406 PORT HOPE

Municipal Address: 414 Croft Street East
Port Hope, Ontario
Canada

Schedule "F"

CLAIMS TO BE DELETED AND EXPUNGED FROM TITLE TO REAL PROPERTY

Encumbrances - PIN 51082-0010 (LT)

1. **Instrument No. ND107455** registered August 25, 2014 being a Charge/Mortgage in favour of ELLE MORTGAGE CORPORATION securing the principal amount of \$2, 290,000 against the Property (the "Elle Mortgage").
2. **Instrument No. ND123267** registered September 17, 2015 being a Transfer of the Elle Mortgage (Charge No. ND107455 from Elle Mortgage Corporation to Besco International Investment Co., Ltd.).

No. **B-150645**
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

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TO MAKE A PROPOSAL OF
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**ORDER MADE AFTER APPLICATION
(APPROVAL AND VESTING ORDER)**

41507-0002 (KGM/dht)

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