

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(IN BANKRUPTCY AND INSOLVENCY)**

**IN THE MATTER OF THE NOTICE OF  
INTENTION TO MAKE PROPOSAL OF  
DR ALEXANDER FU DENTISTRY PROFESSIONAL CORPORATION**

**PROPOSAL  
(June 7, 2022)**

**DR ALEXANDER FU DENTISTRY PROFESSIONAL CORPORATION** hereby submits the following Proposal under the provisions of the *Bankruptcy and Insolvency Act*.

**PART I  
INTERPRETATION**

**Definitions**

In this Proposal:

- (a) "Act" means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended.
- (b) "Administrative Fees and Expenses" means the fees and expenses of the Trustee incidental to the NOI and the preparation and facilitation of the Proposal and any amendments thereto, including, without limitation, fees incurred by the Trustee in the administration of the Proposal Fund; and, the legal fees and expenses of the Company before and following execution, acceptance and approval of this Proposal and in connection with the NOI and the preparation of this Proposal, as well as advice to the Company in connection therewith;
- (c) "Administrative Charge" granted as against the assets and undertakings of the Company pursuant to the order of the Court in these proceedings dated April 20, 2022;

- (d) "Approval Order" means an order of the Court approving this Proposal to be granted pursuant to the provisions of the Act, the appeal period having expired and no appeal having been filed or any appeal therefrom having been dismissed and such dismissal having become final;
- (e) "Bankruptcy Reserve" means a reserve amount of \$15,000 to be held by the Trustee as security for the administrative costs of the bankruptcy of the Company, in the event that this Proposal is annulled, and the Company becomes bankrupt;
- (f) "Business Day" means a day, other than a Saturday or Sunday, on which banks are generally open for business in Toronto, Ontario;
- (g) "Claim" means any right of any Person with indebtedness, liability or obligation of any kind against the Company which indebtedness, liability or obligation is in existence at the Date of Filing, whether or not reduced to judgement, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known, unknown, by surety or otherwise and whether or not such a right is executory in nature including, without limitation, the right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause, chose in action, whether existing at present or commenced in the future based in whole or in part on facts which exist prior to or at the time of Date of Filing;
- (h) "Company" means Dr. Alexander Fu Dentistry Professional Corporation;
- (i) "Completion Date" means the date on which all payments to the Creditors hereunder have been made, provided that no Event of Default has occurred that has not been cured or waived, and the Trustee has filed a certificate of completion pursuant to section 65.3 of the Act;
- (j) "Court" means the Ontario Superior Court of Justice in Bankruptcy and Insolvency;
- (k) "Court Approval Date" means the date on which the Approval Order is issued;
- (l) "CRA" means Canada Revenue Agency or its designee;
- (m) "Creditor" means any Person having a Claim;
- (n) "Creditors Meeting" means the meeting of the Creditors called for the purpose of considering and voting upon this Proposal;
- (o) "Crown Claims" means Claims of Her Majesty in right of Canada or any province of all amounts of a kind contemplated by section 60(1.1) of the Act;

- (p) "Date of Filing" means the date on which the Company filed the NOI, being March 24, 2022;
- (q) "Employee Preferred Claim" means a Claim by a current or former employee of the Company, or such portion of such Claim, that would be payable in priority under Subsection 136(1) of the Act;
- (r) "Effective Date" means the date on which the transactions and agreements provided for in this Proposal are to become effective which shall be the date on which the Approval Order is issued;
- (s) "Event of Default" has the meaning given to it in Part VIII of this Proposal;
- (t) "Inspectors" means the inspectors appointed pursuant to Part X of this Proposal;
- (u) "Levy" means the levy imposed by the Superintendent of Bankruptcy under the Act;
- (v) "Markham Practice" means the dental practice carried on by the Debtor at 3621 Highway 7 East, 407, Markham, Ontario, L3R 0G6;
- (w) "NOI" means the Notice of Intention to Make a Proposal filed by the Company on March 24, 2022;
- (x) "North York Practice" means the dental practice carried on by the Debtor at 107-250 Sheppard Avenue East, North York, Ontario, M2N 6M9;
- (y) "Person" means any individual, partnership, joint venture, trust corporation, unincorporated organization, government or any agency or instrumentality thereof, or any other entity howsoever designated or constituted;
- (z) "Post-Filing Crown Claims" means all Crown Claims that became due or shall become due on or after the Date of Filing;
- (aa) "Post-Filing Goods and Services" means the goods supplied, services rendered and other consideration given or provided to the Company on or after the Date of Filing;
- (bb) "Pre-Filing Crown Claims" means all Crown Claims that were outstanding as at the Date of Filing;
- (cc) "Preferred Claim" means any Unsecured Claim that is afforded a priority under Section 136(1) of the Act;
- (dd) "Preferred Creditor" means any Unsecured Creditor holding a Preferred Claim, solely in respect to that Preferred Claim;

- (ee) "Proposal" means this proposal dated June 7, 2022, together with any amendments or additions thereto;
- (ff) "Proposal Fund" means those funds which will be advanced to the Trustee, from time to time, for distribution pursuant to Part V of this Proposal;
- (gg) "Proposal Period" means the period between the Court Approval Date and the Completion Date;
- (hh) "Proven" as used in relation to any Claim means such Claim as finally accepted or determined by the Trustee in accordance with the provisions of the Act and this Proposal, subject to the Creditor's right of appeal to Court, the Court's determination of that Claim or any applicable appeal periods having expired and no appeal having been made;
- (ii) "Security" means mortgage, hypothec, pledge, charge, lien or privilege on or against the property of the Company or any part thereof, securing all or part of a Claim;
- (jj) "Secured Claim" means of any Proven Claim in respect of which Security is held, to the limited extent of the value of such Security;
- (kk) "Secured Creditor" means any Person holding a Secured Claim, excluding equipment lessors or financing companies (namely CWB National Leasing Inc. and RCAP Leasing Inc), solely in respect of that Secured Claim;
- (ll) "Trustee" means MNP Ltd., solely in its capacity as proposal trustee of the Company;
- (mm) "Unsecured Claim" means (i) any Proven Claim in respect of which no Security is held and (ii) any Proven Claim in respect of which Security is held, to the extent that value of such Security is insufficient to satisfy such claim; and
- (nn) "Unsecured Creditor" means a Person with a Claim in respect of which no Security is held and which is not afforded priority under Section 136(1) of the Act.

## **Headings**

2. The division of this Proposal into parts, paragraphs and subparagraphs, and the insertion of headings herein, is for convenience of reference only and is not to affect the construction or interpretation of this Proposal.

**Number, etc.**

3. In this Proposal, where the context requires, a word importing the singular includes the plural and vice versa, and a word importing gender includes the masculine, feminine and neuter genders.

**Date for Action**

4. In the event that any date on which any action is required to be taken hereunder is not a Business Day, such action will be required to be taken on the next succeeding day that is a Business Day.

**Accounting Principles**

5. Accounting terms not otherwise defined in this Proposal have the meanings assigned to them in accordance with generally accepted Canadian accounting principles.

**PART II  
PURPOSE AND EFFECT OF THIS PROPOSAL**

**Purpose of Proposal**

6. The purpose of this Proposal is to effect a restructuring of the indebtedness of the Company in the manner contemplated herein, including but not limited to the sale of the North York Practice and sale and solicitation of investment in the Markham Practice, and as permitted by the Act in the expectation that all Creditors will derive a greater benefit from the restructuring and the continued operation of the business and affairs of the Company than would result from a bankruptcy of the Company.

**Effect of Proposal**

7. This Proposal restructures the indebtedness of the Company and provides the essential terms on which all Creditors' Claims will be fully and finally resolved and settled. During the Proposal Period, and provided that an Event of Default has not occurred and is continuing hereunder, all Creditors will be stayed from commencing or continuing any proceeding or remedy against the Corporation or any of its property or assets in respect of a Claim including, without limitation, any proceeding or remedy to recover payment of any monies, to recover or enforce any judgment against the Company in respect of a Claim or to commence any formal proceedings against it other than as provided for under this Proposal.

**PART III  
CLASSIFICATION OF CREDITORS**

8. For the purpose of this Proposal, the Creditors of the Company shall comprise two (2) classes as follows:
- (a) "Class 1" will consist of the Creditors having Secured Claims; and
  - (b) "Class 2" will consist of all other Creditors having Unsecured Claims, including Preferred Claims.
9. For greater certainty, Preferred Creditors entitled to vote pursuant to the Act shall vote in Class 2; and, claims of Her Majesty in right of Canada and any province for all amounts other than Crown Claims shall likewise vote in Class 2.

**PART IV  
TREATMENT OF VARIOUS CREDITORS' CLAIMS**

**Crown Claims**

10. At the date of this Proposal, according to the Canada Revenue Agency ("CRA"), the Company owed approximately \$167,000 to CRA for employee source deductions withheld but not remitted, including related penalties and interest calculated up to the Date of Filing. In addition to the Funded Proposal Payments, all Proven Pre-Filing Crown Claims shall be paid out of additional funds to be delivered by the Company to the Trustee and shall be remitted by the Trustee to Her Majesty in the Right of Canada or of any province, as applicable, within six (6) months of the Court Approval Date.

**Employee Preferred Claims**

11. At the Date of Filing, the Company owed approximately \$12,000 on account of Employee Preferred Claims. All Employee Preferred Claims (if any) shall be paid out of additional funds to be delivered by the Company to the Trustee and shall be remitted by the Trustee to the entitled claimants (if any) immediately after the Court Approval Date.

**Secured Claims**

12. Proven Secured Claims shall be paid, with interest, out of the Proposal Fund (a) as among all Proven Secured Claims, in order of their legal priority; and, (b) in priority to all Proven Unsecured Claims to the extent of net proceeds received from the sale of both the North York Practice and Markham Practice. Interest on the Proven Secured Claims shall cease accruing on closing of the sale of the final dental practice and any residual claim over and above the net proceeds of sale shall be treated as an Unsecured Claim.

### **Preferred Claims (in addition to Employee Preferred Claims)**

13. Proven Preferred Claims, other than Employee Preferred Claims (which shall be satisfied pursuant to Paragraph 11 of this Proposal), shall be paid in full, without interest, out of the Proposal Fund, in priority to Proven Unsecured Claims.

### **Unsecured Claims**

14. Proven Unsecured Claims shall be paid out of the Proposal Fund on a *pro rata, pari passu* basis.

### **Related Party Claims**

15. The following Creditors have agreed, as evidenced by such Creditors' signed confirmation appended hereto as Schedule "A", not to file Claims in this Proposal and will not participate in distributions to Unsecured Creditors under this Proposal:
  - (a) Dr. Alexander Fu; and
  - (b) 2136670 Ontario Inc.

## **PART V FUNDING OF PROPOSAL FUND AND DISTRIBUTION**

### **Funding the Proposal Fund**

16. The Company shall fund this Proposal by establishing and funding the Proposal Fund, which fund is to be held by the Trustee, in trust, and administered in accordance with the terms hereof and the Act.
17. Immediately following the Approval Order, the Company shall make an initial deposit into the Proposal Fund of not less than \$15,000 and, thereafter, the Company shall fund the Proposal Fund as follows:
  - (a) immediately following Approval Order, the Company shall list the North York Practice for sale with a broker specializing in the sale of dental practices (and acceptable to the Trustee) and, upon completion of such sale, the proceeds thereof less reasonable costs and commissions (including legal costs) shall be immediately be paid to the Trustee, in trust, to fund the Proposal Fund;
  - (b) commencing on the first day of the month next following the month in which Crown Claims are satisfied in full, but not to exceed six months following Court Approval Date, and until such time as the Markham Practice Transaction (*as defined below*) is completed, the Company shall make monthly payments equal to the greater of \$30,000 or 25% of the

monthly gross income of the Markham Practice (the "Monthly Payments"), which shall be paid to the Trustee, in trust, to fund the Proposal Fund;

- (c) not later than on the first anniversary of the Approval Order, the Company shall initiate a sale and investment solicitation process substantially in the form appended hereto as Schedule "B", administered by the Trustee and using such brokers or advisors as the Trustee deems appropriate, for the purpose of selling the Markham Practice or securing an equivalent investment in the same (in either case, the "Markham Practice Transaction") and the proceeds of such transaction, less reasonable costs and commissions, shall be immediately paid to the Trustee, in trust, to fund the Proposal Fund; and
  - (d) commencing on the first day of the month next following the day on which the Markham Practice Transaction is completed, the Company shall make monthly reduced payments equal to \$25,000 (also, the "Monthly Payments"), which shall be paid to the Trustee, in trust, to fund the Proposal Fund until such time as all Proven Claims are paid in full.
18. The Company may, at any time and without penalty, elect to fund the Proposal Fund in its entirety. In such case, the Company shall not be obligated to pursue any sale of, or investment in, any of its assets or undertakings and, instead, the Trustee shall proceed to distribute the same in accordance with the terms hereof as expeditiously as possible.

#### **Distributions**

19. Interim distributions will be paid to the Creditors out of the Proposal Fund in such amounts and at such intervals as the Trustee determines, in its discretion, to be appropriate.
20. The Proposal Fund shall be distributed by the Trustee, from time to time, in the following order of priority:
- (a) first, to satisfy the Administrative Fees and Expenses (from time to time), including any valid claim under the Administration Charge;
  - (b) second, to establish the Bankruptcy Reserve, to be held in trust by the Trustee, which amount shall be used to fund the administrative costs of the bankruptcy of the Company in the event that this Proposal is annulled, and the Company becomes bankrupt, failing which such amount shall be distributed in accordance with subsequent terms of this Paragraph 20;
  - (c) third, to Proven Claims of Secured Creditors, with interest (if any), in order of the legal priority of each such Claim;
  - (d) fourth, to Proven Claims of Preferred Creditors, other than Employee Preferred Claims which will have been paid, without interest (if any); and



- (e) fifth, the balance of the Proposal Fund shall be distributed *pro rata* among all of the Unsecured Creditors on account of Proven Unsecured Claims.

#### **Amendments to Agreements**

- 21. Notwithstanding the terms and conditions of all agreements or other arrangements with Creditors entered into before the Date of Filing, provided that no Event of Default has occurred and is continuing hereunder, all such agreements or other arrangements will be deemed to be amended to the extent necessary to give effect to all the terms and conditions of this Proposal. In the event of any conflict or inconsistency between the terms of such agreements or arrangements and the terms of this Proposal, the terms of this Proposal will govern. All Creditors will provide such acknowledgements, agreements, discharges or other documentation as may be necessary to give effect to the intent of this Proposal.

#### **Treatment of Claims**

- 22. For purposes of this Proposal, each Creditor holding a Claim will receive the treatment provided for in this Proposal on account of such Claim, and shall accept the distributions contemplated herein as full, final and complete satisfaction of their Claims.

### **PART VI POST-FILING OBLIGATIONS**

#### **Payment of Post-Filing Goods & Services**

- 23. During the Proposal Period, all Post-Filing Goods and Services shall be paid in full in the ordinary course of business by the Company.

#### **Post-Filing Crown Claims**

- 24. During the Proposal Period, the Company shall remit all Post-Filing Crown Claims as and when due.

#### **Reporting by the Company**

- 25. During the Proposal Period, the Company shall provide to the Trustee every month, within fifteen Business Days of the first of the month, commencing on first day of the month following the month in which the Approval Order is issued, a report containing the information set out below:
  - (i) a statement of earnings from the immediately concluded month, including but not limited to reporting of gross income;

- (ii) a bank statement for the immediately concluded month with a reconciliation of the total deposits to the earnings per the report referenced in (i); and
- (iii) evidence of Company's filing and remittance of source deductions and HST.

## **PART VII LEVY, MANDATORY PAYMENTS AND PREFERRED CLAIMS**

### **Levy**

- 26. The Levy, if applicable, shall be deducted by the Trustee from payments to Creditors out of the Proposal Fund effected by the Trustee hereunder.

### **Payment of Fees and Expenses**

- 27. The Administrative Fees and Expenses shall be paid out of the Proposal Fund in priority to the Claims of Secured Creditors, the Claims of Preferred Creditors and the Claims of general Unsecured Creditors. The Trustee will be at liberty to withdraw and pay such Administrative Fees and Expenses at any time and from time-to-time subject to approval by the Inspectors discussed in Part X below, the Court or the Registrar in Bankruptcy in accordance with the Act. The Trustee's disbursements will be charged in addition to its fees based on the actual costs incurred.

### **Employee Claims**

- 28. As per Part IV of this Proposal, All Employee Preferred Claims will be paid in priority to other Claims immediately after the issuance of the Approval Order.

### **Preferred Claims**

- 29. As per Part IV of this Proposal, Proven Claims of Preferred Creditors, without interest, are to be paid in full priority to all Claims of the Unsecured Creditors including, without limitation, any entitlement of the Unsecured Creditors to the payments to be made under Part V of this Proposal.

## **PART VIII EVENTS OF DEFAULT**

- 30. The following events will constitute Events of Default for purposes of section 63 of the Act and otherwise under this Proposal:

- (a) the non-payment by the Company of any of its obligations hereunder within thirty (30) days after written notice has been given by the Trustee that such payment is past due; and
- (b) the breach or failure by the Company to observe and perform any other covenant and provision of this Proposal, other than payment as provided for in this Paragraph 30(a) which is not remedied within thirty (30) days after written notice thereof has been given to the Company by the Trustee.

### **PART IX TRUSTEE**

- 31. The Trustee is acting solely in its capacity as proposal trustee under the Act and not in its personal capacity and no officer, director, employee or agent of the Trustee shall incur any obligations or liabilities in connection with this Proposal or in connection with the business or liabilities of the Company.
- 32. Any payments made by the Trustee to Creditors hereunder shall be made by the Trustee net of any levies payable or due under the Act.

### **PART X INSPECTORS**

#### **Appointment of Inspectors**

- 33. At the Creditors Meeting, the Creditors will be entitled to appoint one or more, but not exceeding five (5) Inspectors in total.

#### **Powers of Inspectors**

- 34. The inspectors, by way of majority, will have the following powers, but will have no personal liability to the Company or other Creditors:
  - (a) the power to extend the dates the payments are made into the Proposal Fund are due under this Proposal;
  - (b) the power to receive notice of any default in the performance of any provision of this Proposal and to waive such default;
  - (c) the power to approve any amendment to the Proposal without calling a meeting of creditors, where the amendment would alter the schedule for and the amounts of payments to be made by the Debtor, but would not change the total amount to be paid;
  - (d) the power to approve Administrative Fees and Expenses; and

- (e) the power to advise the Trustee in respect of such matters as may be referred to the Inspectors by the Trustee.

## **PART XI CONDITIONS PRECEDENT**

### **Creditor Approval**

35. The Trustee shall call a meeting of the Creditors of the Company to seek creditor approval for the Proposal in the requisite majority in number and value of the classes, as set out in the Act, of each of the classes of creditors described in this Proposal. The performance of this Proposal by the Company shall be conditional upon approval of the Creditors. If the Creditors do not approve the Proposal, the Trustee shall report on the result of the vote as required under section 57 of the Act and the Company shall be deemed bankrupt.

### **Court Approval**

36. In the event the Proposal is approved by the Creditors the Proposal Trustee shall, within five (5) days of such approval, apply to the Court for a hearing to seek the Approval Order. The performance of this Proposal by the Company shall be conditional upon the issuance of the Approval Order. In the event that the Court does not approve the Proposal, the Company shall be deemed bankrupt.

## **PART XII RELEASE**

37. As at 12:01 a.m. on the Completion Date, the Company and each and every present and former officer and director of the Company (collectively, the "Released Parties"), shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, liens and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Creditor or person may be entitled to assert as of the Date of Filing, including without limitation, any and all claims in respect of the potential statutory liabilities of the former, present and future directors and officers of the Company, and any and all claims relating to any obligations of the Company where the present, former or future directors or officers are or may be by law liable in their capacity as directors or officers for the payment of such obligations, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Date of Filing relating to, arising out of or in connection with the claims, the business and affairs of the Company, this Proposal, and provided that nothing herein shall release or discharge any director or officer of the Company from any claims coming within the

exceptions set out in section 50(14) of the Act. This release shall have no force or effect if the Company goes bankrupt before the terms of the Proposal are performed.

### **PART XIII MISCELLANEOUS**

#### **Notices**

38. Any notices or communication to be made or given in this Proposal shall be in writing and shall refer to this Proposal and may, subject as hereinafter provided, be made or given by personal delivery, by prepaid mail or by e-mail:

(a) if to the Company, to the following address:

Dr Alexander Fu Dentistry Professional Corporation c/o Dr. Fu  
3621 Highway 7 East, 407  
Markham, ON L3R 0G6  
Attn: Dr. Alexander Fu  
E-mail: [dr.alexanderfu@gmail.com](mailto:dr.alexanderfu@gmail.com)

with a copy to:

Loopstra Nixon LLP  
135 Queen's Plate Drive – Suite 600  
Toronto, ON M9W 6V7  
Attention: R. Graham Phoenix  
Email: [gphoenix@loonix.com](mailto:gphoenix@loonix.com)

(b) If to the Trustee, to the following:

MNP Ltd.  
148 Fullarton St #1002,  
London, ON N6A 5P3  
Attention: Rob Smith  
E-mail: [Rob.Smith@mnp.ca](mailto:Rob.Smith@mnp.ca)

#### **Preferences, Transfers at Undervalue, Etc.**

39. Sections 95 to 101 of the Act shall not apply to any dealings by the Company at any time prior to the Date of Filing. The releases contemplated in Paragraph 37 of this Proposal include releases in favour of the Released Parties from all claims, actions, or remedies available to Creditors or others pursuant to Sections 95 to 101 of the Act, provided that nothing herein shall release any director of the Company from any claims coming within the exceptions set out in Section 50(14) of the Act.

### **Consents, Waivers and Agreements**

40. On the Effective Date, all Creditors will be deemed to have consented and agreed to all of the provisions of this Proposal in its entirety. For greater certainty, each such Creditor will be deemed to have waived any default by the Company in any provision, express or implied, in any agreement existing between the Creditor and the Company that has occurred on or prior to the Date of Filing, and to have agreed that, to the extent that there is any conflict between the provisions of any such agreement and the provisions of this Proposal, the provisions of this Proposal take precedence and priority and the provisions of any such agreement are amended accordingly.

### **Further Actions**

41. The Company and the Creditors will execute and deliver all such documents and instruments and do all such acts and things as may be necessary or desirable to carry out the full intent and meaning of this Proposal and to give effect to the transactions contemplated hereby.

### **Performance**

42. All obligations of the Company under this Proposal will commence as of the Effective Date. All obligations of the Company under this Proposal will be fully performed for the purposes of Section 65.3 of the Act only upon the Company having made the payments to the Trustee provided for herein.

### **Acceleration of Payment**

43. Notwithstanding the payment structure set out in Part V of this Proposal, nothing herein prevents or restricts the Company from accelerating any payment into the Proposal Fund or from satisfying such amount of required payments to fund the Proposal Fund in full, in advance of any time period contemplated in Part V of this Proposal.

### **Binding Effect**

44. The provisions of this Proposal will be binding on the Creditors and the Company, and their respective heirs, executors, administrators, successors and assigns, upon issuance of the Approval Order after all appeal periods have expired.

## **PART XIV ANNULMENT OF PROPOSAL**


45. If this Proposal is annulled by an order of the Court, all payments on account of Claims made pursuant to the terms of this Proposal will reduce the Claims of Creditors.

**PART XV  
AMENDMENTS**

46. The Company may propose amendments to the Proposal at any time prior to the conclusion of the Creditors Meeting provided that any such amendment does not reduce the rights and benefits given to the Creditors pursuant to the Proposal before such amendment and that any and all amendments shall be deemed to be a part of and incorporated into the Proposal.

**DATED** at the City of Toronto, in the Province of Ontario, this 7<sup>th</sup> day of June 2022.

**DR. ALEXANDER FU DENTISTRY  
PROFESSIONAL CORPORATION**

Per:   
Name: Dr. Alexander Fu  
Title: President

*I have the authority to bind the company.*

**SCHEDULE "A"**

**CONFIRMATION OF RELATED-PARTY CREDITORS**

Pursuant to this Proposal, the following Creditors hereby confirm, acknowledge, and agree that they will not file a Claim in this Proposal and will not participate in any distributions to Unsecured Creditors under this Proposal.

Date: June 7, 2022



Witness:



**DR. ALEXANDER FU, in his personal capacity**

Date: June 7, 2022

**2136670 ONTARIO INC.**

per.



Name: Dr. Alexander Fu  
Authorized Signing Authority

*I have the authority to bind the company.*



## SCHEDULE “B”

### SALE AND INVESTMENT SOLICITATION PROCESS

#### Defined Terms

1. “**BIA**” means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3.
2. “**Broker**” means a professional broker specializing in the sale of dental practices, and acceptable to the Trustee.
3. “**Business**” means the dental practice carried on by the Company at 3621 Highway 7 East, 407, Markham, Ontario, L3R 0G6.
4. “**Company**” means Dr. Alexander Fu Dentistry Professional Corporation.
5. “**Proposal**” means the proposal dated June 7<sup>th</sup>, 2022, filed by the Company pursuant to Part III of the BIA and approved by Order of the Court dated <\*>, 2022.
6. “**SISP**” means the terms and conditions of the sale and investment solicitation process set out herein.
7. “**Trustee**” means MNP Ltd., in its capacity as trustee appointed under the Proposal.

#### Role of the Trustee, the Company and the Broker

8. The SISP will be conducted by the Trustee on behalf of the Company. The roles and responsibilities of the Trustee are described in further detail throughout this SISP, however, the Trustee’s role in the SISP expressly does not include managing, operating, or taking possession or control of the Business or any of the Company’s property, assets or undertaking.
9. During the SISP, the Company shall operate and maintain the Business in the ordinary course, with a view to facilitating the SISP. The Company’s principals, employees and professional advisors shall cooperate with the Trustee throughout the SISP and provide documents and information requested as part of the SISP to the Trustee in a prompt fashion.
10. The Broker shall be engaged by the Company, in consultation with and subject to the approval of the Trustee, to market the Business for sale concurrently with any efforts by the Trustee to solicit investment in the Business pursuant to the SISP and shall be directed by the Company to report to the Trustee.

#### Opportunity

11. The SISP is intended to solicit interest in and opportunities for a sale of or investment in the Business (the “**Opportunity**”).

### **Prior to Commencement of the SISP**

12. The SISP shall commence on the first anniversary of the Order approving the Proposal (the “**Commencement Date**”).
13. Prior to the Commencement Date:
  - a. the Company shall have engaged the Broker, in consultation with and on such terms as the Trustee approves, including but not limited to (i) the term of such engagement; (ii) the commission structure, including any exclusions for previous interested parties and transactions for investment in, rather than a sale of the Business; (iii) the asking price (if any); and, (iv) that the Broker is to report, in all respects, to the Trustee;
  - b. the Company and the Trustee will prepare a list of potentially interested parties, including (i) parties that have approached the Company or the Trustee indicating an interest in the Opportunity, (ii) any parties who the Company or the Trustee believe may be interested in the Opportunity, and (iii) any other parties reasonably suggested any other stakeholder as potentially interested in the Opportunity. The parties included on the finalized list, as well as any approved unsolicited parties, shall collectively be hereinafter referred to as the “**Prospective Participants**” herein (including any parties that are added to the list after the fact, whether solicited or unsolicited and whether through contact with the Trustee, the Company or the Broker);
  - c. the Company and the Trustee shall have prepared a teaser document containing general details about the Opportunity and the SISP process as well as some general background information about the Company (the “**Teaser**”);

### **Commencement of the SISP**

14. On the Commence Date:
  - a. the trustee shall post a notice regarding the Opportunity on its website (including the Teaser) and arrange for advertisement of the opportunity in such newspapers and trade publications as the Trustee determines to be commercially reasonable;
  - b. as soon as practicable, the Trustee shall provide all Prospective Participants with a copy of the Teaser;
  - c. the Broker shall commence marketing the Business for sale in accordance with its agreement with the Company; and
  - d. the Trustee shall commence soliciting investment in the Business in accordance with this SISP.

### **Due Diligence**

15. Any Prospective Participants who advise the Trustee or the Broker of their interest in participating in the SISP shall execute a non-disclosure agreement (the “**NDA**”) in a form satisfactory to the Trustee and the Company, acting reasonably.

16. Commencing on the Commencement Date, the Trustee shall make available to each Prospective Participant who executes an NDA, the following:
  - a) a confidential information memorandum prepared by the Trustee, with the assistance of the Company, describing the SISP and the Opportunity as well as providing additional background information about the Company;
  - b) a copy of a template asset purchase agreement (the “**Template APA**”) prepared by the Trustee, with the assistance of the Company; and
  - c) access to an electronic data room, to be maintained by the Trustee, which shall contain information pertaining to the Opportunity along with other corporate financial and other documents as provided by the Company.

### **Offer Deadline**

17. If the Trustee deems it advisable, the Trustee may set a deadline by which any offers for the sale of or investment in the Business be received. In such case, offers to acquire the Business will be directed to the Broker and offers of investment in the Business shall be directed to the Trustee. It is, however, anticipated that there will be no offer deadline but that offers, where to acquire or invest in the Business, will be accepted and assessed during the term of the Broker agreement.
18. In the event an offer deadline is established during the process, the Trustee shall notify all Prospective Purchasers of the same.

### **Consideration of Offers**

19. The Trustee shall review all offers submitted under the SISP, whether to the Broker or the Company (each, an “**Offer**”; and, together the “**Offers**”), with the Company and the Broker, to assess (a) which offers appear closable and (b) which offer represents the best recovery for the creditors under the Proposal.
20. Each Offer shall be considered and, if necessary, there may be further discussions with some or all of the parties who have submitted Offers with a view to clarifying terms. The Company shall participate in these discussions provided that a Related Person (as defined under Section 4 of the BIA) has not submitted the offer in question. In the event that a Related Person has submitted an Offer, the Trustee shall assess such Offer on behalf of the Company and otherwise act on behalf of the Company hereunder until such time as a Winning Offer (*as defined herein*) is selected.
21. If the Trustee, in consultation with the Company (except in respect of offers from Related Persons), deems it advisable, the Trustee may enter into further negotiations with any parties who submitted Offers and/or invite any such parties to submit a final offer, which shall meet the criteria for a Qualifying Offer (each a “**Final Offer**”) at a date and time to be set by the Trustee. In the event that the Trustee does not invoke this paragraph 21 to seek Final Offers, all Offers received shall be deemed to be Final Offers.

## **Selection of the Winning Offer**

22. In respect to any Final Offer submitted by way of an investment proposal, in considering the same, the Trustee shall consult with the Company to determine the viability of the underlying investment proposal. In the event that the Company is not prepared to support the same, such Final Offer shall be deemed to be rejected hereunder and the Trustee will promptly advise the offeror of same.
23. Following the receipt of Final Offers, the Trustee shall determine the highest and best offer received and shall recommend to the Company (subject to the other terms and conditions hereof) that the Company accept the highest and best offer (the “**Winning Offer**”). .
24. Upon the Company accepting the Winning Offer, there shall be a binding agreement of purchase and sale (the “**Final APA**”) between the offeror of the Winning Offer (the “**Winning Offeror**”) and the Company, in accordance with the terms of the Winning Offer.
25. In the event the Trustee makes a recommendation pursuant Paragraph 23 hereof and the Company refuses to accept the Winning Offer, the Company shall have fifteen (15) days to present an alternative proposal to the Trustee that results in equal or greater benefit to the creditors under the Proposal, with a view to presenting the same to the creditors and inspectors and amendment to the Proposal. Upon receipt of such alternative proposal/transaction or upon the expiry of such fifteen (15) day period, the Trustee shall issue a report to the creditors and inspectors under the Proposal detailing a default under the Proposal and any alternative proposal/transaction advanced by the Company. In such case the ordinary practices and procedures governing Proposals under the BIA shall apply.
26. Notwithstanding the foregoing, if the Company determines, contrary to the advice of the Trustee, not to accept any of the Qualifying Offers or Final Offers, the Trustee shall be authorized to make a motion to Court for advice and directions in respect of the same, including but not limited to an order authorizing the Trustee to conclude a transaction for the purchase and sale of all or any part of the assets or business of the Company on behalf of the Company.

## **All Offers may be Rejected**

27. Notwithstanding anything to the contrary herein, it is open to the Trustee to recommend to the Company against accepting any Offer, whether before or after the negotiation of the same or the receipt of any Final Offers. If such recommendation is accepted by the Company, the provisions of Paragraph 25 hereof shall apply with all necessary modifications to give effect thereto.

## **Court Approval**

28. It is anticipated that any transaction contemplated by this SISP will require approval of the Court. In such case, as soon as practicable after the acceptance of the Winning Offer:
  - a. in the event such offer is an offer to acquire the Business, the Company will apply to the Court for approval of the transaction contemplated in the Final APA (the “**Approval Motion**”) and an approval and vesting order in respect of same; and
  - b. in the event such offer is an offer of investment in the Company that does not require any further proposal to the creditors, the transaction may proceed without

further Court Approval, unless otherwise required by the offer, the Trustee or the Company; and

- c. in the event such offer is an offer of investment in the Company in connection with a new proposal or amended proposal by the Company, the Company shall file such new or amended proposal in accordance with the terms of the BIA and seek Court approval thereof, in the ordinary course.
29. As applicable, the Trustee shall serve and file a report with respect to (a) the SISP and Final APA in advance of the Approval Motion; and, (b) the SISP, the Winning Offer and any other Court approval sought.

### **Other Terms**

30. Any deposits received (except such deposit forming part of the Winning Offer) shall be held by the Trustee or Broker, as the case may be, "in trust" in a non-interest-bearing account. All deposits submitted by Prospective Participants shall be returned, without interest, upon determination by the Trustee that subject offer is the Winning Offer. Any deposit forming part of the Winning Offer shall be dealt with in accordance with the Final APA.
31. In the event that a deposit is forfeited for any reason it shall be forfeited as liquidated damages and not as a penalty.
32. Subject to any order of the Court, the Trustee shall have the right to adopt such other rules for, or extend any deadlines in, the SISP that will better promote the goals of the SISP.
33. The terms of the SISP may be amended or terminated at any time by the Trustee, with the consent of the Company, or in the absence of such consent, the approval of the Court.