Court File No.: CV-24-00721374-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

B E T W E E N:

BANK OF MONTREAL

Applicant

- and -

1000915701 ONTARIO INC., HOHS DRUGS LIMITED and HUAN DANG

Respondents

MOTION RECORD OF THE RECEIVER
(Distribution and Discharge Order)
(returnable July 24, 2025)

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Toronto, Ontario M2N 7E9

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Lawyers for Grant Thornton Limited, in its capacity as Court-Appointed Receiver

TO: **SERVICE LIST**

Court File No.: CV-24-00721374-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

B E T W E E N :

BANK OF MONTREAL

Applicant

- and -

1000915701 ONTARIO INC., HOHS DRUGS LIMITED and HUAN DANG

Respondents

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985 C. B-3 AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, C. C-43, AS AMENDED

SERVICE LIST
(As at July 14, 2025)

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ONTARIO
SUPERIOR COURT OF JUSTICE
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B E T W E E N:

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Respondents

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TAB 1

Court File No.: CV-24-00721374-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

B E T W E E N:

BANK OF MONTREAL

Applicant

- and -

1000915701 ONTARIO INC., HOHS DRUGS LIMITED and HUAN DANG

Respondents

NOTICE OF MOTION

GRANT THORNTON LIMITED (“**GTL**”), in its capacity as Court-appointed receiver and manager (in such capacities, the “**Receiver**”), of the assets, undertakings and properties of 1000915701 Ontario Inc. (“**ResidualCo**”), and of all of the issued and outstanding shares (the “**Shares**”) in the capital of HOHS Drugs Limited (the “**Company**” and together with ResidualCo, the “**Debtors**”) and of the assets, undertakings and properties of the Company, will make a motion to the Court on Thursday, July 24, 2025, at 10:00 a.m. or as soon after that time as the motion can be heard.

PROPOSED METHOD OF HEARING: The motion is to be heard:

☐ In writing under subrule 37.12.1(1) because it is made without notice;
☐ In writing as an opposed motion under subrule 37.12.1(4);
☐ In person unless otherwise directed by the Court;
☐ By telephone conference;
☒ By video conference;

THE MOTION IS FOR:

1. An Order (the "**Distribution and Discharge Order**") substantially in the form attached as Tab 3 to the Motion Record for, among other things:

a. if necessary, abridging and validating the time for service of the First Report of the Receiver dated July 15, 2025 and the Motion Record herein and dispensing with further service;

b. approving the Receiver's First Report, and the actions and activities of the Receiver described therein;

c. approving the fees and disbursements of the Receiver and its counsel, Chaitons LLP ("**Chaitons**"), as described in the First Report and the fee affidavits appended thereto;

d. approving an accrual of $125,000 for the fees incurred or to be incurred by the Receiver and Chaitons in connection with the completion of this receivership proceeding (the "**Receivership Proceeding**") and the bankruptcy proceeding of ResidualCo, excluding HST and disbursements ("**Fee Accrual**");

e. ordering that neither the Receiver nor Chaitons shall be required to pass their accounts in respect of any further fees and disbursements up to the amount of the Fee Accrual;

f. authorizing and directing the Receiver to pay any balance remaining in the Fee Accrual, after payment of all fees and disbursements of the Receiver and Chaitons, to Bank of Montreal (the "**Bank**");

g. approving the Receiver's final statement of receipts and disbursements for the period June 11, 2024 to July 14, 2025 appended to the First Report;

h. authorizing and directing the Receiver to establish, hold, and maintain the following reserves (collectively, the "**Reserves**"): (i) $125,000, on account of the Fee Accrual (the "**Fee Accrual Holdback**"); (ii) $400,000, on account of the Revenue Adjustment (defined below) (the "**Revenue Adjustment Holdback**"); and (iii) $250,000 on account of the Claim Reserve (the "**Claim Reserve Holdback**");

i. authorizing and directing the Receiver, after payment of the amounts secured under the Receiver's Borrowings Charge (as defined in the Receivership Order) and the professional fees and disbursements of the Receiver and Chaitons, and subject to maintaining the Reserves, to make the following interim distribution (the "**Initial Distribution**"):

    i. to McKesson Canada Corporation ("**McKesson**"), the amount of $213,322.41 (net of costs allocated to McKesson's claim), in satisfaction of its purchase money security interest claim; and

    ii. to the Bank, as partial payment of the indebtedness owing to the Bank;

j. authorizing and directing the Receiver to make subsequent distributions to the Bank from the Fee Accrual Holdback (to the extent not utilized to pay fees, disbursements and costs of the Receiver and Chaitons), the Revenue Adjustment Holdback (upon settlement of the Revenue Adjustment), the Claim Reserve Holdback (following the expiry of the Reserve Period (defined below)), and any other recoveries in respect of the Property, up to the amount of the Bank's indebtedness; and

k. approving the release and discharge of the Receiver from any and all liability effective upon the Receiver filing a certificate confirming that the remaining duties have been completed.

2. Such further and other relief as counsel may request and this Honourable Court may consider just.

THE GROUNDS FOR THIS MOTION ARE:

Receivership Order

3. The Company is a corporation incorporated pursuant to the *Business Corporations Act* (Ontario) that operated two pharmacies: one from leased premises located at 260 Spadina Avenue, Toronto (the "**Manning Business**") and the other from leased premises located at 2737 Keele Street, Toronto (the "**Regency Business**").

4. Pursuant to the Order of the Honourable Justice Cavanagh dated June 11, 2024 (the "**Receivership Order**"), GTL was appointed Receiver of the Shares and all assets, undertakings and properties of the Company.

5. The Bank applied for the Receivership Order. According to a statement of indebtedness provided by the Bank, as at July 13, 2025, the Company is indebted to the Bank in the amount of $5,821,165.63 (the "**Bank's Indebtedness**").

Regency Transaction

6. On June 11, 2024, the Court granted an approval and vesting order (the "**Regency AVO**") authorizing the Receiver to execute the asset purchase agreement dated April 17, 2024 (the

"**Regency APA**") between the Receiver and 1000801194 Ontario Inc. (the "**Regency Purchaser**") and the vesting of the Purchased Assets (as defined in the Regency APA) in the Regency Purchaser free and clear of all claims and encumbrances.

7. The transaction contemplated by the Regency APA (the "**Regency Transaction**") was completed on June 26, 2024.

Manning Transaction

8. On June 11, 2024, the Court granted an approval and vesting order (the "**Manning AVO**") authorizing, among other things,

a. execution by the Receiver of the share purchase agreement dated April 4, 2024 (the "**Manning SPA**") between the Receiver and Frank Murgic Pharmacist Professional (the "**Original Manning Purchaser**") Corporation, or its assignee or nominee;

b. conveyance of the Shares to the Original Manning Purchaser;

c. addition of ResidualCo as a Respondent upon closing;

d. vesting of all Excluded Assets, Excluded Liabilities and Excluded Contracts (each as defined in the Manning SPA) in and to ResidualCo;

e. vesting of the Shares in the Original Manning Purchaser free and clear of all encumbrances; and

f. release of the Company from the purview of the Receivership Order upon closing.

9. The Manning AVO further provided that, effective on closing, all references in any order in this Receivership Proceeding to: (i) "Respondent" shall refer to ResidualCo; and (ii) "Property" shall include the assets, undertakings and properties of ResidualCo and all proceeds thereof.

10. On June 20, 2024, the Original Manning Purchaser assigned its rights and entitlements under the Manning SPA to Murgic Pharmacist Professional Corporation (the "**Manning Purchaser**").

11. The transaction contemplated by the Manning SPA (the "**Manning Transaction**") closed on June 28, 2024, and, as a result, ResidualCo became a Respondent in the Receivership Proceeding and the Company was released from the purview of the Receivership Order.

12. On February 27, 2025, GTL filed an assignment in bankruptcy in respect of ResidualCo and ResidualCo was deemed bankrupt on that date.

Revenue Adjustment Holdback

13. Under the Manning SPA, the purchase price is subject to a reduction (the "**Revenue Adjustment**") if revenue from medications dispensed in the 12 months following closing of the Manning Transaction is less than $950,000 in accordance with a formula in the Manning SPA. The Revenue Adjustment shall not exceed $400,000.

14. To facilitate the Initial Distribution, the Receiver seeks Court approval to establish the Revenue Adjustment Holdback, which may be paid or distributed to the Bank, as determined by the Receiver, upon settlement of the Revenue Adjustment.

Claim Reserve Holdback

15. Under the Manning SPA, $250,000 is being held by the Receiver (the "**Claim Reserve**") for one year from closing of the Manning Transaction (the "**Reserve Period**") to secure reimbursement of any costs or damages paid by the Manning Purchaser in connection with certain claims described in the Manning SPA.

16. At the end of the Reserve Period, the Receiver must remit any remaining amount of the Claim Reserve to the Bank, or as the Bank may direct, in accordance with the Manning SPA.

17. To facilitate the Initial Distribution, the Receiver seeks Court approval to establish the Claim Reserve Holdback, which may be paid or distributed to the Bank, as determined by the Receiver, following expiry of the Reserve Period.

Priority Claims

18. The Receivership Order provides for a first charge on the Property in favour of the Receiver and Chaitons for their fees and disbursements (the "**Receiver's Charge**").

19. No priority claims have been asserted by the Canada Revenue Agency ("**CRA**") for source deductions or by Service Canada under the *Wage Earner Protection Program Act*.

20. The Receiver received a notice of reassessment which stated that the Company owed HST in the amount of $3,125,659.85. The Receiver has filed a notice of objection objecting to this notice of reassessment.

21. Any amount owing to CRA for HST represents an Excluded Liability under the Manning SPA and was transferred to ResidualCo pursuant to the Manning AVO.

22. As ResidualCo is now bankrupt, CRA's HST claim (if any) is an unsecured claim and does not affect the proposed distributions.

Claim of McKesson

23. Inventory supplied by McKesson was included in the Regency Transaction and the Manning Transaction, completion of which allowed for its efficient realization.

24. McKesson asserts a purchase money security interest ("**PMSI**") in respect of inventory it supplied to the Company and accounts receivable generated from it.

Proposed Distributions

25. The Receiver recommends the Initial Distribution, as detailed in the First Report, after payment of amounts secured by the Receiver's Borrowings Charge and the professional fees and disbursements of the Receiver and Chaitons, and subject to the maintenance of the Reserves.

26. The Receiver also seeks authorization to make subsequent distributions to the Bank from any unused Fee Accrual, the Revenue Adjustment Holdback (upon settlement of the Revenue Adjustment), the Claim Reserve Holdback (after expiry of the Reserve Period), and any further recoveries in respect of the Property, up to the amount of the Bank's Indebtedness.

Receiver's Activities

27. The Receiver has acted reasonably and prudently in carrying out its activities as set out in the First Report, and it is appropriate to approve the Receiver's activities as set out therein.

Professional Fees

28. The First Report includes affidavits detailing the fees and disbursements of the Receiver and Chaitons.

29. The Receiver believes that its fees and disbursements and those of Chaitons, along with the proposed Fee Accrual, are reasonable and appropriate in the circumstances.

Discharge of the Receiver

30. Following completion of the proposed distributions and filing of a certificate by the Receiver certifying that all outstanding matters to be attended to in connection with the Receivership Proceeding have been completed to the satisfaction of the Receiver, the Receiver will have completed its mandate and, as such, requests its discharge as Receiver.

General

31. The additional grounds set out in the First Report.

32. The provisions of of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended, and the inherent and equitable jurisdiction of this Court.

33. Rules 1.04, 2.03, 3.02(1), 16 and 37 of the *Rules of Civil Procedure* (Ontario), R.R.O. 1990, Reg. 194, as amended.

34. Such further and other grounds as counsel may advise and this Honourable Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of this motion:

(a) the First Report and the appendices thereto; and

(b) such further and other evidence as counsel may advise and this Honourable Court may permit.

July 15, 2025

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BANK OF MONTREAL -and- **1000915701 ONTARIO INC., HOHS DRUGS LIMITED and HUAN DANG**

Applicant *Respondents*

Court File No.: CV-24-00721374-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

NOTICE OF MOTION

(Distribution and Discharge Order)
(Returnable July 24, 2025)

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Lawyers for the Receiver

TAB 2

Court File No.: CV-24-00721374-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

BETWEEN:

BANK OF MONTREAL

Applicant

- and -

1000915701 ONTARIO INC., HOHS DRUGS LIMITED and HUAN DANG

Respondents

IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(1) OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED, AND SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED

FIRST REPORT TO THE COURT OF GRANT THORNTON LIMITED IN ITS CAPACITY AS RECEIVER

July 15, 2025

Doane Grant Thornton

Grant Thornton Limited
200 King Street West, 11th Floor
Toronto, Ontario, M5H 3T4

DOC#15071008v1

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Appendix 8	PPSA Search
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Court File No.: CV-24-00721374-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

BETWEEN:

BANK OF MONTREAL

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- and -

1000915701 ONTARIO INC., HOHS DRUGS LIMITED and HUAN DANG

Respondents

IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(1) OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED, AND SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED

FIRST REPORT TO THE COURT OF GRANT THORNTON LIMITED IN ITS CAPACITY AS RECEIVER

July 15, 2025

I. INTRODUCTION

1. On June 11, 2024, the Bank of Montreal (the "**Bank**") made an application (the "**Application**") to the Ontario Superior Court of Justice (Commercial List) (the "**Court**") for, among other things, an order (the "**Receivership Order**") pursuant to section 243(1) of the *Bankruptcy and Insolvency Act,* R.S.C. 1985, c. B-3, as amended (the "**BIA**") and section 101 of the *Courts of Justice* Act, R.S.O. 1990, c. C-43, as amended (the "**CJA**"), *inter alia*, to appoint Grant Thornton Limited ("**GTL**") as receiver and manager (in such capacities, the "**Receiver**"), without security, of all of the issued and outstanding shares (the "**Shares**") in the capital of HOHS Drugs Limited (the

DOC#15071008v1

“**Company**”) and all of the assets, undertakings and properties of the Company acquired for, or used in relation to a business carried on by the Debtor (together with the Shares, the “**Property**”). The Court proceedings commenced by the Bank pursuant to the BIA and the CJA are referred to herein as the “**Receivership Proceedings**”.

2. By way of background, the Company is a corporation that was incorporated pursuant to the provisions of the *Business Corporations Act* (Ontario) on January 7, 1954 under the name Karn Drugs Limited. It changed its name to RTK Drugs Limited on February 3, 2011 and subsequently to HOHS Drugs Limited on August 31, 2016. The Company is a Pre-1954 Charter corporation, as contemplated by Section 142 of the *Drug and Pharmacies Regulations Act* (Ontario).

3. As at the date of the Receiver’s appointment, the Company operated two pharmacies: one from leased premises located at 260 Spadina Avenue, Ground Floor, Toronto, Ontario (the “**Manning Business**”), and the other from leased premises located at 2737 Keele Street, Suite 1-8, Toronto, Ontario (the “**Regency Business**”).

4. Further background information pertaining to the Company and to the Application is set out in the pre-filing report of the Proposed Receiver dated June 4, 2024 (the “**Pre-Filing Report**”) which is attached hereto, without appendices, as **Appendix “1”**.

5. On June 11, 2024, Mr. Justice Cavanagh issued the following orders:

a) the Receivership Order providing, among other things, for the appointment of GTL as Receiver of the Shares and of the Company, and that the Company shall remain in possession of the Property and shall continue to operate the Company’s business in the ordinary course pending completion of the transactions contemplated in the asset purchase agreement dated April 17, 2024 (the “**Regency APA**”) between the Receiver and 1000801194 Ontario Inc. (the “**Regency Purchaser**”) and the share purchase agreement dated April 4, 2024 (the “**Manning SPA**”) between the Receiver and Frank Murgic Pharmacist Professional Corporation, or its assignee or nominee (the “**Manning Purchaser**”);

b) an approval and vesting order (the “**Approval and Vesting Order (Regency Transaction)**”) authorizing, among other things, that the Receiver execute the Regency APA and complete the transaction contemplated therein (the “**Regency**

Transaction"), and vesting the Purchased Assets, as defined in the Regency APA, in the purchaser free and clear of and from any and all Claims and Encumbrances (as defined in the Approval and Vesting Order (Regency Transaction);

c) an approval and vesting order (the "**Approval and Vesting Order (Manning Transaction)**") authorizing, among other things:

   (i) that the Receiver execute the Manning SPA and complete the transaction (the "**Manning Transaction**");

   (ii) the conveyance of all of the Shares to the Manning Purchaser;

   (iii) the addition of 1000915701 Ontario Inc. ("**ResidualCo**") as a Respondent in the Receivership Proceedings upon closing of the Manning Transaction;

   (iv) the transfer and vesting of all of the Company's Excluded Assets, Excluded Liabilities, and Excluded Contracts (each as defined in the Manning SPA) in and to ResidualCo;

   (v) the vesting of all of the right, title and interest in and to the Shares in the Manning Purchaser free and clear of and from any and all Claims and Encumbrances (as defined in the Approval and Vesting Order (Manning Transaction); and

   (vi) the completion of the Reorganization Steps as defined in the Approval and Vesting Order (Manning Transaction).

6. In accordance with the Approval and Vesting Order (Manning Transaction), the Company ceased to be Respondent in the Receivership Proceedings and ResidualCo was added as a Respondent in the Receivership Proceedings upon closing of the Manning Transaction on June 28, 2024. Pursuant to the Approval and Vesting Order (Manning Transaction), upon closing of the Manning Transaction, all assets, licenses, undertakings and properties of ResidualCo became subject to the Receivership Order and the Receiver's Charge and the Receiver's Borrowings Charge (each as defined in the Appointment Order) constitute a charge on the ResidualCo Property. On February 27, 2025, GTL filed an assignment in bankruptcy in respect of ResidualCo and ResidualCo became bankrupt effective as of that date.

7. Copies of the Receivership Order, the Approval and Vesting Order (Regency Transaction), the Approval and Vesting Order (Manning Transaction), and the Endorsement of Mr. Justice Cavanagh dated June 11, 2024 (collectively, the "**June 11 Orders**") are attached hereto as **Appendix "2"**, **Appendix "3"**, **Appendix "4"**, and **Appendix "5"**, respectively.

II. PURPOSE OF THE REPORT

8. The purpose of this first report (the "**First Report**") is to inform the Court of the Receiver's activities since the issuance of the June 11 Orders, including the completion of the Regency Transaction and the Manning Transaction, and to support the Receiver's request for an order (the "**Distribution and Discharge Order**"), among other things:

a) approving this First Report, including the actions and activities of the Receiver as described in this First Report;

b) approving the fees and disbursements of the Receiver and Chaitons LLP ("**Chaitons**"), counsel to the Receiver, including the Fee Accrual (as defined herein) to complete the administration of the Receivership Proceedings and the bankruptcy proceedings of ResidualCo;

c) ordering that neither the Receiver nor Chaitons shall be required to pass their accounts in respect of any further fees and disbursements, up to the amount of the Fee Accrual;

d) authorizing and directing the Receiver to pay any balance remaining in the Fee Accrual after payment of all fees and disbursements of GTL and Chaitons to the Bank;

e) approving the Receiver's final statement of receipts and disbursements for the period June 11, 2024 to June 14, 2025 (the "**Final SRD**"), attached hereto as **Appendix "6"**;

f) authorizing and directing the Receiver to establish, hold and maintain certain reserves discussed in this First Report;

g) authorizing and directing the Receiver to, after payment by the Receiver of the professional fees and disbursements of the Receiver and Chaitons, and subject to the Receiver maintaining the reserves described in this First Report, make a distribution:

   i. to McKesson Canada Corporation ("**McKesson**"), in the amount of $213,322.41 (net of costs allocated to McKesson's claim), in satisfaction of McKesson's purchase money security interest ("**PMSI**") claim;

   ii. to the Bank, as partial payment of the Bank's Indebtedness (as defined below);

h) authorizing and directing the Receiver to make subsequent distributions to the Bank up to the amount of the Bank's Indebtedness; and

i) discharging the Receiver upon the filing of a certificate certifying that, to its knowledge, the Receiver has completed the Remaining Duties (as defined below), as determined by the Receiver, and releasing and discharging the Receiver from any and all liability of GTL in its capacity as Receiver now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of GTL while acting in its capacity as Receiver, save and except for any gross negligence or wilful misconduct on the Receiver's part.

III. DISCLAIMER AND TERMS OF REFERENCE

9. In preparing this First Report, the Receiver has relied upon unaudited, draft and/or other financial statements and other information provided by the Company and its advisors, stakeholders and other third-party sources (collectively, the "**Information**"). Except as described in this First Report, the Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that

would comply with Generally Accepted Assurance Standards, and accordingly the Receiver expresses no opinion or form of assurance in respect of the Information.

10. This First Report has been prepared for the use of this Court to provide general information relating to the Receivership Proceedings for the purpose of assisting the Court in making a determination as to whether to approve the relief sought by the Receiver. This First Report should not be relied on for any other purpose. The Receiver will not assume responsibility or liability for losses incurred as a result of the circulation, publication, reproduction or use of this First Report contrary to the provisions of this paragraph.

11. All references to dollars are in Canadian currency unless otherwise noted.

12. Copies of the June 11 Orders and other documents pertaining to the Receivership Proceedings are available on the Receiver's website at: www.grantthornton.ca/HOHSDrugs (the "**Case Website**").

13. Unless otherwise provided, all other capitalized terms not defined in this First Report are as defined in the Receivership Order and the Pre-Filing Report dated June 3, 2024 prepared by GTL in its capacity as the proposed Receiver at that time.

IV. UPDATE – REGENCY TRANSACTION AND MANNING TRANSACTION

General Comments

14. As provided for under the Receivership Order, the Receiver did not take possession of the Regency Business or the Manning Business following its appointment; rather, management of the Company continued to operate the Regency Business and the Manning Business, which included the continued engagement of employees and contractors, the purchase and sale of prescription and non-prescription inventory and payment thereof, and regulatory reporting and processing of prescription sales. The intervening period between the commencement of the Receivership Proceedings and the anticipated closing of the Regency Transaction and the Manning Transaction was short. During such intervening period, the Company continued its existing arrangements with suppliers and continued using its bank account with the Bank. This facilitated uninterrupted operations and the processing and receipt of payments from

the Ontario Drug Benefit Plan ("**ODB**") and other insurance providers, and non-insured retail sales.

15. With the assistance of the Bank, the Receiver monitored the Company's bank account on a daily basis to ensure that all receipts from sales were received and that only payments pertaining to the period subsequent to the commencement of the Receivership Proceedings were made. Any payments presented for clearing relating to the period prior to the commencement of the Receivership Proceedings were returned and not processed.

16. The Company's primary supplier of prescription inventory was McKesson. After the commencement of the Receivership Proceedings, the Receiver and McKesson discussed and made arrangements for the continued supply of prescription inventory to the Manning Business and Regency Business, and payment to McKesson in respect of such continued supply of prescription inventory.

17. Immediately prior to the closing of the Regency Transaction and the Manning Transaction, all inventory was counted. McKesson did not ask for any of the inventory supplied by it to be excluded from the Receivership Proceedings and returned to McKesson. All of the inventory was included in, and was a part of, the Regency Transaction and the Manning Transaction. No inventory was disposed by the Receiver or returned to McKesson.

<u>Regency Transaction</u>

18. The Receiver, the Company and the Regency Purchaser worked together to ensure a smooth and uninterrupted transition of the Regency Business to the Regency Purchaser. These included undertakings being provided by the Receiver and by the Regency Purchaser for certain reimbursements to each other to ensure receipts and disbursements were properly allocated pre-closing and post-closing.

19. The Receiver coordinated with the Company and the Regency Purchaser to conduct the inventory count required under the Regency APA. This count commenced at 7:00 pm on June 24, 2024, and resulted in an agreed upon inventory value as described below.

20. The Receiver issued the Receiver's Certificate (as defined in the Approval and Vesting Order (Regency Transaction)) at 2:36 pm on June 26, 2024, thus closing the Regency Transaction.

21. The Receiver realized gross proceeds pursuant to the Regency APA of $210,095.36.

Manning Transaction

22. On June 20, 2024, Frank Murgic Pharmacist Professional Corporation assigned all of its rights and entitlements under the Manning SPA to Murgic Pharmacist Professional Corporation.[1]

23. The Receiver, the Company and the Manning Purchaser worked together to ensure a smooth and uninterrupted transition of the Manning Business to the Manning Purchaser. This included undertakings being provided by the Receiver and by the Manning Purchaser for certain reimbursements to each other to ensure receipts and disbursements were properly allocated pre and post closing.

24. The Receiver coordinated with the Company and the Manning Purchaser to conduct the inventory count required under the Manning SPA. This count commenced at 7:30 pm on June 25, 2024 and was attended by the Receiver due to large value of same. The inventory count resulted in an agreed upon inventory value of as described below.

25. The Receiver issued a Receiver's Certificate (as defined in the Approval and Vesting Order (Manning Transaction)) at 2:17 pm on June 28, 2024, thus closing the Manning Transaction. Pursuant to the Approval and Vesting Order (Manning Transaction), upon closing of the Manning Transaction, the Company ceased to be Respondent in these Receivership Proceedings. Furthermore, pursuant to the Approval and Vesting Order (Manning Transaction), upon closing of the Manning Transaction, ResidualCo was added as a Respondent in these Receivership Proceedings, and the style of cause was revised to reflect the addition of ResidualCo as a Respondent.

26. The Receiver realized gross proceeds pursuant to the Manning SPA of $4,870,797.54.

[1] All references to Manning Purchaser in this First Report are to, and include, Murgic Pharmacist Professional Corporation (as applicable).

V. POST-CLOSING REIMBURSEMENT

27. In order to minimize operational disruption during the short period of time operations continued before the closing of both sales transactions, the Receiver allowed the Company to utilize the existing the bank accounts; however, the Receiver approved all cash disbursements out of such accounts.

28. Following the closing of the Manning Transaction, the Receiver identified that certain accounts receivable, specifically relating to over-the-counter sales relating to the Manning Business, had been deposited into the Company's bank account held with the Bank (the "**Bank Account**") during the period from June 26, 2024 to October 1, 2024. The funds representing such receivables were for the account of the Manning Purchaser. To address this, the Receiver and the Manning Purchaser undertook a joint review of such deposits made into the Bank Account. Following this review, the Receiver and the Manning Purchaser determined that an amount of $60,729.16 was attributable to receivables belonging to the Manning Purchaser.

29. Following consultation with, and approval by, the Bank, on July 14, 2025, the Receiver paid $18,158.25 (net of payroll adjustment) from the Bank Account to the Manning Purchaser in full satisfaction of such entitlement (the "**Post-closing Reimbursement**"). To the Receiver's knowledge, no further amounts owing to the Manning Purchaser remain outstanding in the Company's Bank Account as of the date of this Report.

VI. PRIORITY CLAIMS

Canada Revenue Agency ("**CRA**")

30. As noted in the Pre-Filing Report, the Company had a history of non-compliance with its obligations under the *Income Tax Act* and *Excise Tax Act*. As at the date of the Pre-Filing Report, the last corporate tax return filed by the Company was for the fiscal year ended December 31, 2021. Further, as at the date of the Pre-Filing Report, the Company's monthly HST returns had not been filed since March 2023. Accordingly, there were approximately 12 months of outstanding monthly HST returns.

31. Following the date of the Pre-Filing Report, the Receiver:

a) continued to work with the Company and its external accountant to bring the Company's books and records up to date, and to file the corporate tax returns for the fiscal years 2022 and 2023, as well as the corporate tax return up to the date immediately prior to the closing of the Manning Transaction;

b) filed outstanding HST returns with the CRA on the basis that the Company's sales and purchases of pharmaceutical products are zero-based, meaning that the Company did not charge or collect HST from its customers but was able to claim Input Tax Credits to recover the HST paid on certain of its business expenses;

c) filed HST returns for the period subsequent to the date of its appointment;

d) the corporate tax year return for the year-ending June 11, 2024, which was a deemed year end due to a change of control of the Company resulting from the completion of the Manning Transaction; and

e) assisted and cooperated with CRA in relation to their audit of source deduction remittances for the period January 1, 2024 to June 11, 2024.

32. With respect to source deductions, the Receiver understands that the Company used an external payroll service to process payroll for its 19 employees, including management. Accordingly, source deductions were paid at the time of funding each payroll. The Receiver contacted CRA to request a final audit for source deductions. This final audit was completed on January 9, 2025, following which CRA issued a statement of account dated January 31, 2025 (received by the Receiver on February 7, 2025) indicating $896.14 was owing of which $856.37 pertained to a penalty amount. A copy of this statement of account is attached hereto as **Appendix "7"** and indicates no prior ranking claim is being asserted. Accordingly, the Receiver is of the view that there is no prior ranking claim for source deductions.

33. With respect to Harmonized Sales Tax ("**HST**"), the Receiver was provided notices of assessments in relation to HST filings made by the Company prior to the Receivership Proceedings. These notices of assessments indicated that the Company may be entitled to HST refunds in the approximate amount of $215,000.

34. On November 5, 2024, however, the Receiver received a notice of reassessment in relation to HST which stated that the Company owed HST in the amount of

$3,125,659.85. Upon receipt of same, the Receiver investigated this reassessment and determined, based on the facts available to the Receiver, that such amount likely related to CRA's calculation of HST owing by a company that the Company had intended on acquiring but which transaction was never entered into or completed. Accordingly, on November 26, 2024 the Receiver filed a notice of objection objecting to the CRA's notice of reassessment on the basis that the acquisition of the company to which the HST liability relates was never completed by the Company and therefore the proposed HST liability should not be attributed to the Company. As of the date of this First Report, the Receiver has not received a response from CRA regarding the notice of objection despite the Receiver following up with CRA on multiple occasions.

35. In the unlikely event that there is an amount owing by the Company to CRA for HST, any such liability represents an Excluded Liability (as defined in the Manning SPA) that was transferred to ResidualCo in accordance with the Manning SPA and the Approval and Vesting Order (Manning Transaction).

36. As previously noted, ResidualCo is now bankrupt. In the context of ResidualCo's bankruptcy, CRA's claim (if any) against the Company for unremitted HST is an unsecured claim. CRA ranks equally with other unsecured creditors with respect to such claim (if any). Accordingly, CRA's claim (if any) against the Company for unremitted HST does not affect the distributions proposed to be made by the Receiver to McKesson and to the Bank, Court approval for which is sought by the Receiver at this time.

Service Canada Pursuant to the Wage Earner Protection Program Act ("**WEPPA**")

37. The Company employed 6 people at the Regency Business, 12 people at the Manning Business and one person for management. All pre-closing wages owing to the employees were paid by the Receiver. All of the Company's employees became employees of the Regency Purchaser or the Manning Purchaser. Accordingly, the Regency Purchaser or the Manning Purchaser became successor employers in relation to vacation pay and term of service matters for such employees.[2] The one management person is not eligible for compensation under WEPPA, as he was the

[2] The Manning Purchaser was credited the vacation pay outstanding as at the date of the closing of the Manning Transaction.

owner and controlling mind of the Company. Accordingly, the Receiver is of the view that there are no super-priority claims in favour of Service Canada.

VII. REVENUE ADJUSTMENT HOLDBACK AND CLAIM RESERVE HOLDBACK

38. Pursuant to Section 3.7 of the Manning SPA, the Receiver and the Manning Purchaser agreed that the purchase price under the Manning SPA would be subject to reduction (the "**Revenue Adjustment**") if all medications dispensed and the revenues realized therefrom during the first 12 months following the Closing Date (as defined in the Manning SPA) is less than $950,000, which Revenue Adjustment shall be determined pursuant to the formula set out in Section 3.7(b)(ii) of the Manning SPA and maximum reduction shall not exceed $400,000.

39. Further, pursuant to Section 3.8 of the Manning SPA, the sum of $250,000 (the "**Claim Reserve**") was paid to and is being held by the Receiver as a reserve, for a period of one year from the Closing Date (the "**Reserve Period**"), to secure the reimbursement of any costs or damages paid by the Manning Purchaser in connection with an ODB/McKesson Claim (as defined in the Manning SPA). At end of the Reserve Period, the Receiver is required to remit to the Bank, or as the Bank may direct, the amount of the Claim Reserve then remaining, in accordance with and subject to the terms of Section 3.8 of the Manning SPA.

40. The Revenue Adjustment will not be calculated and the Claim Reserve will not be released until at least one year following the Closing Date of the Manning Transaction, which occurred on June 28, 2024. The Manning SPA provides that, in the event that the Receiver intends to seek a discharge in these Receivership Proceedings at any time prior to the first anniversary of the Closing Date, the Receiver is entitled to assign its rights and obligations under Section 3.7 and Section 3.8 of the Manning SPA to the Bank. Pursuant to the Manning SPA, the Manning Purchaser consented to the assignment of the Receiver's rights and obligations under Section 3.7 and Section 3.8 of the Manning SPA.

41. In order to facilitate the Initial Distribution (defined and discussed further below), the Receiver is seeking authorization under the proposed Distribution and Discharge Order to establish, hold and maintain the following reserves:

a) a reserve of $400,000, on account of the Revenue Adjustment (the "**Revenue Adjustment Holdback**"), which may be paid or distributed to the Bank, as determined by the Receiver, upon settlement of the Revenue Adjustment; and

b) a reserve of $250,000 on account of the Claim Reserve (the "**Claim Reserve Holdback**"), which may be paid or distributed to the Bank, as determined by the Receiver, following the expiration of the Reserve Period.

VIII. PROPOSED DISTRIBUTIONS TO MCKESSON AND THE BANK

42. The Bank and McKesson are the principal secured creditors in these Receivership Proceedings. Accounting for the costs of the administration of the estate, the Receiver is of the view that $5,247,178 is available for distribution to the Bank and McKesson, before the estimated reserves discussed herein.

43. Other than as described in this First Report, the Receiver is not aware of any other secured creditor(s) or any claim that ranks or may rank in priority to the claims of BMO and McKesson over the proceeds generated over the course of these Receivership Proceedings.

44. The Receiver is recommending the following distributions, after payment of all outstanding fees and disbursements of the Receiver and Chaitons, and subject to the Receiver maintaining the Fee Accrual Holdback (defined below), the Revenue Adjustment Holdback, and the Claim Reserve Holdback (the "**Initial Distribution**"):

    a) Firstly, to McKesson in the amount of $213,322.41 (net of costs allocated to McKesson's claim), in satisfaction of McKesson's PMSI Claim; and

    b) Secondly, to the Bank, as partial payment of the Bank's Indebtedness (defined below).

<u>McKesson</u>

45. McKesson was the Company's primary supplier of prescription inventory at the time of the Receiver's appointment and holds PPSA registrations against the Company. A search of the Personal Property Security Act registry in respect of the Company, attached hereto as **Appendix "8"**, reflects McKesson's registrations.

46. McKesson claims a PMSI in respect of inventory supplied and accounts receivable generated by the McKesson inventory. McKesson provided the Receiver with security documentation in support of its PMSI claim, as well as statements of accounts listing amounts owing (exclusive of payment of inventory purchased during the Receivership Proceedings) in relation to the Regency Business and the Manning Business. McKesson's statement of accounts indicate that it has pre-filing claims of $47,240.28 and $194,629.67, in respect of the Regency Business and the Manning Business respectively, both inclusive of HST (the "**McKesson PMSI Claim**"). Copies of the statements of account are attached hereto as **Appendix "9"** and **Appendix "10"** for the Regency Business and the Manning Business, respectively.

47. Results of the inventory counts at the Regency Business and the Manning Business, conducted prior to the closing of the Regency Transaction and of the Manning Transaction, are attached hereto as **Appendix "11"** and **Appendix "12"**, respectively. The inventory count amounts of $45,095.36 and $192,835.32 represents amounts that each of the Regency Purchaser and the Manning Purchaser paid for the inventory on hand at closing for the Regency Business and the Manning Business, respectively.

48. The Receiver notes that in the case of the Regency Business, the total inventory count at cost, is comprised of $38,675.85 behind-the-counter inventory and $6,419.51 front-of-counter inventory. In the case of the Manning Business, the total inventory count at cost is comprised of $183,886.59 behind-the-counter inventory and $8,948.73 front-of-counter inventory. The Receiver understands that McKesson supplied behind-the-counter inventory but not front-of-counter inventory.

49. The Receiver's counsel provided a legal opinion dated August 2, 2024 regarding the validity of the McKesson PMSI Claims. This legal opinion stated that subject to customary qualifications and assumptions set out therein, the inventory agreements with McKesson created a security interest in favour of McKesson in, among other things: (a) all inventory supplied, sold or distributed to the Company or anyone on the Company's behalf by, or on behalf of, McKesson ("**Inventory**") and all proceeds therefrom (the "**Proceeds**"); and (b) all debts, accounts, receivables, claims, monies, demands and choses in action owing to the Company in respect of the Inventory and the Proceeds arising as a result of their sale, exchange, lease or other disposition or

other dealing whatsoever. A copy of this legal opinion can be provided to the Court upon request.

50. The Receiver is of the view that the McKesson PMSI applies only to the back-of-counter inventory supplied by McKesson as at the date of the inventory counts, that being, $38,675.85 and $183,886.59 for the Regency Business and the Manning business, respectively, thus totalling $222,562.44 (the "**Allowed McKesson PMSI Claim**").

51. The Receiver is of the view that McKesson should bear an equitable portion of the professional fees, disbursements and other costs as McKesson directly and indirectly benefitted from the proceedings. As previously discussed, all of the Inventory subject to McKesson's PMSI was included in, and was a part of, the Regency Transaction and the Manning Transaction, the completion of which allowed for the Inventory's to be efficiently realized.

52. The fees, disbursements and costs incurred by GTL and Chaitons during these proceedings include those relating to, among other things, preserving and realizing assets securing McKesson's PMSI claim (i.e. the Inventory), analyzing and validating McKesson's PMSI claim, and taking other steps that would enable a distribution to McKesson.

53. The Receiver determined that the portion of the professional fees, disbursements and costs allocated to McKesson should be based on the percentage of the Allowed McKesson PMSI Claim compared to the Total Cash Receipts generated in these proceedings multiplied by the total professional fees, disbursements and costs of the Receiver and Chaitons. Under the method proposed by the Receiver, McKesson is required to bear the fees, disbursements and costs of these proceedings in the same proportion as its individual recovery compared to the total amount recovered in these proceedings (i.e. on a *pro rata* basis).

54. Accordingly, the distribution to McKesson recommended by the Receiver, after taking into account the proposed allocation of the professional fees, disbursement and costs to McKesson, is $213,322.41.

55. Based on its review and analysis, the Receiver is of the view that the allocation methodology proposed by the Receiver is the most fair, equitable and cost-effective

method for allocating the costs of these proceedings in the circumstances, and one which appropriately takes into account the benefits to McKesson resulting from these proceedings.

56. The Receiver intends to serve the Receiver's motion record, including this First Report, on McKesson's counsel in advance of the Receiver's motion.

<u>The Bank</u>

57. According to a statement of indebtedness provided by the Bank as at July 13, 2025, the Bank is owed $5,821,165.63 (the "**Bank's Indebtedness**").

58. The Receiver's counsel provided a legal opinion dated August 2, 2024 regarding the validity of the Bank's security. This legal opinion stated that, subject to the customary qualifications and assumptions set out therein, the security held by the Bank is valid and enforceable. A copy of this legal opinion is available upon request.

59. The Bank is expected to suffer a significant shortfall in the amount owed to it.

60. The Receiver requests Court authorization to make the Initial Distribution to the Bank, as partial payment of the Bank's Indebtedness. The Receiver is also seeking authorization and direction under the proposed Distribution and Discharge Order to make subsequent distributions to the Bank, up to the amount of the Bank's Indebtedness, out of:

a) the Fee Accrual (defined below), to the extent not utilized to pay fees, disbursements and costs of the Receiver and Chaitons;

b) the Revenue Adjustment Holdback, following settlement of the Revenue Adjustment;

c) the Claim Reserve Holdback, following the expiry of the Reserve Period; and

d) any other recoveries in respect of the Property.

IX. OTHER ACTIVITIES OF THE RECEIVER

61. Since the commencement of the Receivership Proceedings, the Receiver:

a) established a protocol with the Company to monitor the sale and collection of related accounts receivable from ODB and other insurance companies and to monitor and approve disbursements;

b) established a protocol with the Bank to ensure receipts were deposited and only post-receivership disbursements were allowed to clear;

c) monitored all other bank activity;

d) ensured proper insurance was in place;

e) liaised with the Regency Purchaser and the Manning Purchaser on various operational and transition matters, including employees, pharmacy contractors, utilities, and communications equipment and POS rentals;

f) completed the Manning Transaction and the Regency Transaction, and collected the proceeds therefrom;

g) ensured proper cut-off and reconciliation procedures were in place to facilitate final sales and accounts receivable billings for the period of the Receivership Proceedings;

h) discussed and developed the method to equitably allocate a portion of the fees, disbursements and costs of these proceedings to McKesson;

i) monitored the collection of accounts receivable;

j) liaised with the Manning Purchaser and the Bank to complete the Post-Closing Reimbursement;

k) liaised with the CRA to enable it to perform trust examinations of pre and post - receivership payroll deductions and HST;

l) coordinated with the Company to prepare and file outstanding HST returns;

m) prepared notices and statements of the Receiver in accordance with the provisions of Sections 245 and 246(1) and, Section 246(2) of the *Bankruptcy and Insolvency Act* based on the Company's books and records;

n) communicated with the Bank and McKesson, and their respective counsel, throughout the course of the Receivership Proceedings;

o) responded to numerous enquiries from creditors and other stakeholders;

p) administered the Case Website in accordance with the E-Service Protocol;

q) prepared the Partial Assignment and Assumption Agreement; and

r) prepared this First Report to seek the relief as detailed herein and to update the Court with respect to the Receivership Proceedings.

X. PROFESSIONAL FEES AND DISBURSEMENTS

62. Pursuant to paragraph 12 of the Receivership Order, the Receiver and its counsel are to be paid their reasonable fees and disbursements at their standard rates and charges, incurred both before and after the making of the Receivership Order. Pursuant to paragraph 21 of the Receivership Order, the fees and disbursements of the Receiver and its legal counsel form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any person.

63. Pursuant to paragraph 22 of the Receivership Order, the Receiver and its counsel shall pass their accounts, with such accounts referred to a Judge of the Commercial List of the Ontario Superior Court of Justice for determination. Pursuant to paragraph 23 of the Receivership Order, the Receiver is at liberty to apply reasonable amounts, out of the monies in its hands, against the professional fees and disbursements of the Receiver or its counsel, and such amounts constitute advances against its professional fees when and as approved the Court.

64. The Receiver seeks to have its fees and disbursements, including those of its legal counsel (Chaitons), approved by this Court. The Receiver and Chaitons have maintained detailed records of their professional time and costs.

65. The total fees for the Receiver for the period June 3, 2024 to June 30, 2025, were $110,635.91 plus disbursements of $146.00, plus HST of $14,401.64, for a total of $125,183.55, all of which has been paid from the estate, subject to the approval of those fees by the Court. The time spent by the Receiver is more particularly described in the Affidavit of Bruce S. Bando sworn July 14, 2025, which is attached as **Appendix "13"** and contains copies of invoices that set out the services provided during this time period.

66. The total fees of Chaitons, as counsel to the Receiver, for the period June 30, 2024 to June 30, 2025, were $109,859.34 inclusive of disbursements and HST, all of which has been paid from the estate, subject to the approval of those fees by the Court. The time spent by Chaitons is more particularly described in the Affidavit of Gary N. Feldman sworn July 8, 2025, which is attached as **Appendix "14"** and contains copies of invoices that set out the services provided during this period of time.

67. The additional fees and disbursements of GTL and Chaitons to complete the administration of these Receivership Proceedings and the bankruptcy proceedings of ResidualCo are estimated to be $125,000 as set forth on the Final SRD (the **"Fee Accrual"**). The Receiver believes that the amount of the Fee Accrual is sufficient to fund the costs to complete the administration of the Receivership Proceedings and the bankruptcy proceedings of ResidualCo.

68. In order to facilitate the Initial Distribution, the Receiver is seeking authorization under the proposed Distribution and Discharge Order to establish, hold, and maintain a reserve in respect of the Fee Accrual (the "**Fee Accrual Holdback**") which may be used to make payment to GTL and Chaitions of the fees incurred or to be incurred by them to the completion of these receivership proceedings and the bankruptcy proceedings of ResidualCo, without the need for any further or other motion or application to this Court. The Receiver is also seeking an order authorizing and directing the Receiver to pay any balance remaining in the Fee Accrual, after payment of all fees and disbursements of GTL and Chaitons incurred in connection with the

completion of their remaining duties and administration of these proceedings, to the Bank.

69. It is the Receiver's opinion that the fees and disbursements of the Receiver and Chaitons, and the activities described in the dockets in support of the Receiver and Chaitons' fees, are reasonable and justified in the circumstances, and that the Fee Accrual is appropriate and sufficient to fund the work required to be completed.

XI. FINAL STATEMENT OF RECEIPTS AND DISBURSEMENTS

70. The Final SRD indicates a remaining balance in the receivership trust account of $5,247,178, before the estimated reserves discussed herein. This balance includes net cash receipts from the operations of both locations through the post-receivership period in the amount of $462,791. The Receiver requests that the Court approve the Final SRD.

XII. ACTIONS REQUIRED PRIOR TO DISCHARGE

71. The Receiver has substantially completed its duties as set out in the Receivership Order and other Orders of the Court made in these receivership proceedings, except for the following outstanding matters (the "**Remaining Duties**"):

a) issuing distributions to the secured creditors of the Company as discussed herein;

b) payment of the remaining fees and disbursements of the Receiver and its counsel, including estimated fees and disbursements to the date of the Receiver's discharge;

c) addressing certain outstanding tax-related matters with the CRA to the extent required or necessary;

d) completing other administrative matters incidental to GTL's appointment as Receiver;

e) completing the administration of the bankruptcy proceedings of ResidualCo; and

f) filing of the Receiver's certificate of discharge.

72. The Receiver, with the support of the Bank, is of the view that it is appropriate at this time to seek an order of this Court discharging the Receiver, subject to the Receiver filing a certificate (the “**Certificate**”) with this Court confirming that the Remaining Duties have been completed, and that doing so will benefit stakeholders by avoiding additional costs in these proceedings.

73. As a term of the requested Distribution and Discharge Order, the Receiver is also seeking a release from the Court in respect of any and all claims and obligations as a result of GTL acting in its capacity as Receiver, excepting those claims and obligations arising as a result of gross negligence or wilful misconduct.

XIII. CONCLUSION AND RECOMMENDATION

74. Based on the foregoing and as outlined in this First Report, the Receiver respectfully requests that this Court make an order granting the relief set out in the Receiver’s Notice of Motion dated July 15, 2025.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 15th day of July, 2025.

GRANT THORNTON LIMITED,
In its capacity as Court-appointed Receiver and
not in its personal or corporate capacity

Name: Bruce S. Bando, CPA, CA, CIRP, LIT
Title: Vice-President

Court File No:

BANK OF MONTREAL - and - **1000915701 ONTARIO INC., HOHS DRUGS LIMITED and HUAN DANG**
Applicant **Respondents**

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT TORONTO

FIRST REPORT TO THE COURT OF
GRANT THORNTON LIMITED
IN ITS CAPACITY AS COURT-APPOINTED RECEIVER

CHAITONS LLP
5000 Yonge Street, 10th Floor
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Lawyers for Grant Thornton Limited
In its capacity as the Court-appointed Receiver

Appendix 1

Court File No.:

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERICIAL LIST)

BETWEEN:

BANK OF MONTREAL

Applicant

- and -

HOHS DRUGS LIMITED and HUAN DANG

Respondents

IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(1) OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED, AND SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED

PRE-FILING REPORT TO THE COURT
SUBMITTED BY GRANT THORNTON LIMITED
IN ITS CAPACITY AS PROPOSED RECEIVER

June 3, 2024

Grant Thornton

Grant Thornton Limited
200 King Street West, 11th Floor
Toronto, Ontario, M5H 3T4

DOC#11562084v1

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CONFIDENTIAL APPENDICES

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Confidential Appendix 2	Asset Purchase Agreement (unredacted)
Confidential Appendix 3	Share Purchase Agreement (unredacted)

Court File No.:

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERICIAL LIST)

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PRE-FILING REPORT TO THE COURT
SUBMITTED BY GRANT THORNTON LIMITED
IN ITS CAPACITY AS PROPOSED RECEIVER

June 3, 2024

I. INTRODUCTION

1. Grant Thornton Limited ("**GTL**") understands that on June 11, 2024 (the "**Date of Appointment**") Bank of Montreal (the "**Bank**") intends to make an application (the "**Application**") to the Ontario Superior Court of Justice (Commercial List) (the "**Court**") for an order (the "**Receivership Order**") pursuant to section 243(1) of the *Bankruptcy and Insolvency Act,* R.S.C. 1985, c. B-3, as amended (the "**BIA**") and section 101 of the *Courts of Justice* Act, R.S.O. 1990, c. C-43, as amended (the "**CJA**"), *inter alia*, appointing GTL as receiver and manager (in such capacities, the "**Receiver**"), without security, of all of the issued and outstanding shares (the "**Shares**") in the capital of

HOHS Drugs Limited (the “**Company**”) and all of the assets, undertakings and properties of the Company acquired for, or used in relation to a business carried on by the Debtor (together with the Shares, the “**Property**”). The Court proceedings to be commenced by the Bank pursuant to the BIA and the CJA will be referred to herein as the “**Receivership Proceedings**”.

2. The draft Receivership Order being sought in the Application, amongst other things:

a) authorizes the Receiver to countersign and deliver the Regency APA (as defined below) and Manning SPA (as defined below), and subject to the Regency APA and Manning SPA being approved by the Court, perform the obligations of the Receiver under the Regency APA and/or the Manning SPA;

b) provides that the Company shall remain in possession of the Property and shall continue to operate the Company’s business in the ordinary course pending the completion of the transactions provided for in the Regency APA and Manning SPA (each as defined below);

c) empowers GTL, in its capacity as Receiver (if appointed), to borrow by way of revolving credit or otherwise, up to the amount of $250,000 (or such greater amount as this Court may by further Order authorize);

d) grants charges over the Property (as defined in the Receivership Order): (i) in favour of the Receiver and its counsel to secure their fees and disbursements in respect of these proceedings (the “**Receiver’s Charge**”), and (ii) as security for the payment of monies borrowed, together with interest and charges thereon, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by the Receivership Order, including interim expenditures (the “**Receiver’s Borrowings Charge**”); and

e) sealing the Confidential Appendices to this Pre-Filing Report (as defined below) until the earlier of (a) the completion of the transactions provided for in the Manning SPA and the Regency APA (each as defined below), and (b) further order of this Court.

II. PURPOSE OF THE REPORT

3. The purpose of this pre-filing report (the "**Pre-Filing Report**") by GTL as the proposed receiver (in such capacity, the "**Proposed Receiver**") is to, among other things:

   a) provide background information relating to the Company and its financial position;

   b) provide an overview of GTL's involvement with the Company;

   c) describe and discuss the sale and marketing activities conducted by MC2 Business Advisors Inc. ("**MC2**") to realize on the Shares and the assets of the Company;

   d) discuss the salient terms of the Regency APA (defined below) and the Manning SPA (defined below);

   e) summarize the results of the liquidation analysis of the Company's assets and business performed by the Proposed Receiver based on the Company's financial position as at May 17, 2024 (the "**Liquidation Analysis**");

   f) provide recommendations with respect to the following:

      i. an approval and vesting order (the "**Regency AVO**"), among other things, approving the asset purchase agreement dated April 17, 2024 (the "**Regency APA**") between the Receiver, and 1000801194 Ontario Inc. (the "**Regency Purchaser**"), pursuant to which the Regency Purchaser will acquire all of the Company's right, title and interest in and to the Purchased Assets (as defined in the Regency APA), and authorizing and directing the Receiver to take such steps as necessary to implement and complete the transactions contemplated thereby (the "**Regency Transaction**"); and

      ii. an approval and vesting order (the "**Manning AVO**"), among other things:

         1. approving the share purchase agreement dated April 4, 2024 (the "**Manning SPA**") between the Receiver and Frank Murgic Pharmacist Professional Corporation, or its assignee or nominee

(the “**Manning Purchaser**”) pursuant to which the Manning Purchaser will purchase all of the Shares and authorizing and directing the Receiver to take such steps as necessary to implement and complete the transactions contemplated thereby (the “**Manning Transaction**”);

2. adding a corporation to be incorporated (“**ResidualCo**”) as a debtor to the Receivership Proceedings in order to effectuate the Manning Transaction;

3. transferring and vesting all of the Company’s right, title and interest in and to the Excluded Assets (as defined in the Manning SPA), Excluded Contracts (as defined in the Manning SPA) and Excluded Liabilities (as defined in the Manning SPA) in and to ResidualCo;

4. vesting in the Manning Purchaser, all of the right, title and interest of the Respondent, Huan Dang, in and to the Shares; and

5. discharging all Encumbrances against the Company and the Retained Assets, other than Permitted Encumbrances (as defined in the Manning SPA).

III. DISCLAIMER AND TERMS OF REFERENCE

4. In preparing this Pre-Filing Report, GTL has relied upon unaudited, draft and/or other financial statements and other information provided by the Company and its advisors, stakeholders and other third-party sources (collectively, the “**Information**”). Except as described in this Pre-Filing Report, GTL has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards, and accordingly GTL expresses no opinion or form of assurance in respect of the Information.

5. This Pre-Filing Report has been prepared for the use of this Court to provide general information relating to the proposed Receivership Proceedings for the purpose of

assisting the Court in making a determination as to whether to approve the relief sought as outlined in the Application. This Pre-Filing Report should not be relied on for any other purpose. GTL will not assume responsibility or liability for losses incurred as a result of the circulation, publication, reproduction or use of this Pre-Filing Report contrary to the provisions of this paragraph.

6. All references to dollars are in Canadian currency unless otherwise noted.

7. Copies of Court orders and other documents pertaining to the Receivership Proceedings will be available on the Receiver's website at: www.grantthornton.ca/HOHSDrugs (the "**Case Website**").

8. Unless otherwise provided, all other capitalized terms not defined in this Pre-Filing Report are as defined in the Receivership Order, Regency AVO and Manning AVO (as applicable).

IV. BACKGROUND INFORMATION

Corporate Matters

9. The Company is a corporation that was incorporated pursuant to the provisions of the *Business Corporations Act* (Ontario) on January 7, 1954 under the name Karn Drugs Limited. It changed its name to RTK Drugs Limited on February 3, 2011 and subsequently to HOHS Drugs Limited on August 31, 2016.

10. The Company operates two pharmacies: one from leased premises located at 260 Spadina Avenue, Ground Floor, Toronto, Ontario (the "**Manning Business**"), and the other from leased premises located at 2737 Keele Street, Suite 1-8, Toronto, Ontario (the "**Regency Business**").

11. Given the date of the Company's incorporation, it appears that the Company is a Pre-1954 Charter (the "**Pre-54 Charter**") corporation, as contemplated by Section 142 of the *Drug and Pharmacies Regulations Act* (Ontario). Under the *Drug and Pharmacies Regulations Act* (Ontario), no corporation shall own or operate a pharmacy unless a majority of the shares of the corporation are owned by and registered in the name of a pharmacist or in the name of health profession corporations each of which holds a valid certificate of authorization issued by the Ontario College of Pharmacists ("**OCP**").

However, pursuant to Section 142(4) of the *Drug and Pharmacies Regulations Act* (Ontario), the above requirement does not apply to a corporation operating a pharmacy on May 14, 1954. Generally speaking, pharmacies operating under the Pre-54 Charter tend to yield greater sale values relative to comparable pharmacies operating without a Pre-54 Charter because of the greater flexibility in the ownership structure resulting from the Pre-54 Charter.

12. Huan Dang ("**Mr. Dang**") is the sole shareholder of the Company. Chi Thi Hoang (Mr. Dang's mother, who is a pharmacist) is the sole director of the Company, as required by Section 142(1) of *Drug and Pharmacies Regulations Act* (Ontario) which provides that no corporation shall own or operate a pharmacy unless the majority of the directors of the corporation are pharmacists.

13. The Company also was involved in a wholesale business of personal protective equipment during the Covid-19 pandemic. However, this business declined as the demand for these products lessened after mandatory public safety measures were lifted.

14. The Company had previously operated another pharmacy, being located at 901 King Street West, Toronto, Ontario. Due to profitability and working capital issues, in June 2021, this pharmacy was sold (by way of an asset sale) to a new company in which Mr. Dang advised he holds a 49% interest. Mr. Dang also advised that he personally guaranteed the lease at this location.

15. Regency Drugs Limited is a corporation that was incorporated pursuant to the provisions of the *Business Corporations Act* (Ontario) on August, 29, 2006. The Company holds title to 100 common shares of Regency Drugs Limited which constitute all of the shares of Regency Drugs Limited. Chi Thi Hoang is the sole director of Regency Drugs Limited. Mr. Dang has advised GTL that Regency Drugs Limited has no assets and does not carry on business.

<u>Acquisition of the Shares by Mr. Dang</u>

16. In 2018, Mr. Dang purchased the Shares pursuant to a share purchase agreement made between Jennifer Mortensen ("**Mortensen**"), David Barrett, the Company, and Regency Drugs Limited (the "**2018 SPA**"). The Receiver understands that, in

connection with the purchase of the Shares pursuant to the 2018 SPA, Mr. Dang provided the following promissory notes:

a) a promissory note in favour of Mortensen dated December 21, 2018 in the amount of $896,863.46 (the “**Mortensen Note**”); and

b) a promissory note in favour of David Barrett Medicine Professional Corporation (“**Barrett MPC**”) dated December 21, 2018 in the principal amount of $316,742.65 (the “**Barrett MPC Note**” and together with the Mortensen Note, the “**Promissory Notes**”).

17. The Company guaranteed payment of the Promissory Notes under a guarantee dated December 31, 2018 (the “**2018 HOHS Guarantee**”). As security for the 2018 HOHS Guarantee, the Company granted a general security agreement dated December 21, 2018 to Mortensen and Barrett MPC.

18. Based on information provided by Mr. Dang, the Proposed Receiver understands that the full amount of the Mortensen Note remains unpaid. The Proposed Receiver also understands that the amount owing under the Barrett MPC Note was reduced by agreement to $228,687. Based on information provided by Mr. Dang, the Proposed Receiver further understands that Mr. Dang claims an additional $139,981 of reductions to the amount owing on the Barrett MPC Note which are disputed by Barrett MPC.

<u>BMO Credit Agreement and the Security</u>

19. The Bank is the Company’s primary secured creditor. As at May 23, 2024, the Bank is owed approximately $5,363,687.18 (which includes principal and interest) pursuant to a credit agreement between the Company and the Bank dated December 14, 2018, as amended and restated on May 9, 2019 (the “**BMO Credit Agreement**”). Pursuant to the BMO Credit Agreement, the Bank provided various demand loans and a corporate MasterCard to the Company.

20. The Bank holds various registered security over all of the assets, undertakings and properties of the Company. The Bank was also granted a personal guarantee by Mr. Dang (the “**Dang Guarantee**”). As security for Mr. Dang’s obligations under the Dang Guarantee, Mr. Dang provided to the Bank a Hypothecation of Negotiable Collateral for All Loans dated May 23, 2019 (the “**Share Pledge Agreement**”). Security held by the

Bank to secure the obligations under the BMO Credit Agreement and the personal guarantee by Mr. Dang is referred to herein as the "**Security**".

21. The Receiver has not, as of the date of this Pre-Filing Report, instructed its counsel to review the validity and enforceability of the Security.

<u>Operational Matters</u>

22. With respect to the Manning Business, the landlord of the premises located at 260 Spadina Avenue, Toronto, Ontario, is Lodestone Investments Limited (the "**Manning Landlord**"). The lease ("**Manning Lease**") between the Manning Landlord and 1807344 Ontario Ltd., covering the term from October 1, 2009 to December 31, 2019, was assigned to 2670120 Ontario Inc. (a company owned by Mr. Dang) on May 14, 2019. The Company advised that the Manning Lease was renewed in December 2019 for 10 years.

23. With respect to the Regency Business, the landlord of the premises located at 2737 Keele Street, Suite 1-8, Toronto, Ontario, is Keele Medical Properties Ltd. (the "**Regency Landlord**"). The term of this lease (the "**Regency Lease**") covered the period January 1, 2017 to January 1, 2022 and contained two options to extend for 5 years each. The Company did not exercise its option to extend the Regency Lease. The Regency Lease currently operates on a month-to-month basis.

24. The Company employs 19 full time and part time employees who service both the Regency Business and the Manning Business. All business with the public at the Manning Business is conducted in Cantonese. Accordingly, it is essential that all Company personnel at this location are completely fluent in this language, which is a less common language than Mandarin.

25. The majority of the revenue (and thus accounts receivable) of the Company is driven by the Ontario Drug Benefit Plan ("**ODB**") business with the remaining revenue arising from other insurance providers and non-insured retail sales.

26. GTL understands that the Company has a significant dependency on referrals of patients from medical practitioners for its revenues. The sale of prescriptions is zero-rated. This means that the Company is able to claim input tax credits ("**ITCs**") despite no harmonized sales tax ("**HST**") being collected on sales.

27. On the supplier side of the business, McKesson Canada ("**McKesson**") is the principal provider of inventory to the Company. GTL understands unsold inventory may be subject to a repurchase program at a discount.

28. There is no perpetual inventory system, but the Company advised that they try and maintain drug inventory of $220,000 - $250,000 at the Manning Business and $50,000 - $60,000 at the Regency Business (of which 20% - 25% are generic drugs) and $5,000 - $10,000 of over-the-counter product at the Manning Business and $0 at the Regency Business. Narcotics and controlled substances are less than $10,000 at the Manning Business and $2,000 - $3,000 at the Regency Business. Most inventory may be less than 30 days old and, therefore, may be subject to the unpaid supplier provisions in a formal insolvency proceeding. Moreover, narcotics and controlled substances require special treatment and can only be sold by a qualified person as defined in the *Controlled Drugs and Substances Act*.

~~29.~~ The Company uses an industry recognized prescription system called Fillware (an Rx Management System) pursuant to a license agreement. Nothing has come to the Proposed Receiver's attention which would suggest information being produced from this system is materially mis-stated. The following is a summary of the prescriptions filled over the past three years for both locations:

The Manning Business:

	2021	2022	% Change	2023	% Change
Jan	$ 296,403	$ 268,429	-9.44%	$ 305,553	13.83%
Feb	264,490	260,363	-1.56%	306,821	17.84%
Mar	346,158	314,782	-9.06%	320,771	1.90%
Apr	262,158	275,061	4.92%	322,919	17.40%
May	311,955	317,381	1.74%	318,184	0.25%
Jun	309,567	302,272	-2.36%	323,565	7.04%
Jul	283,369	279,514	-1.36%	332,153	18.83%
Aug	313,049	321,794	2.79%	334,077	3.82%
Sep	299,498	332,728	11.10%	313,562	-5.76%
Oct	268,864	363,177	35.08%	347,206	-4.40%
Nov	312,926	328,072	4.84%	341,757	4.17%
Dec	284,882	294,695	3.44%	317,124	7.61%
	$ 3,553,319	$ 3,658,268	2.95%	$ 3,883,691	6.16%

<u>The Regency Business</u>:

	2021	2022	% Change	2023	% Change
Jan	$ 92,648	$ 70,661	-23.73%	$ 58,490	-17.22%
Feb	87,578	55,087	-37.10%	61,495	11.63%
Mar	90,414	76,793	-15.07%	69,834	-9.06%
Apr	88,736	69,950	-21.17%	56,939	-18.60%
May	71,055	71,195	0.20%	66,204	-7.01%
Jun	85,913	60,483	-29.60%	67,626	11.81%
Jul	76,533	64,840	-15.28%	59,952	-7.54%
Aug	85,235	61,201	-28.20%	50,797	-17.00%
Sep	67,421	67,351	-0.10%	51,685	-23.26%
Oct	80,122	65,215	-18.61%	62,713	-3.84%
Nov	75,052	58,359	-22.24%	63,000	7.95%
Dec	74,146	48,904	-34.04%	58,993	20.63%
	$ 974,852	$ 770,039	-21.01%	$ 727,729	-5.49%

<u>Financial Matters</u>

30. The Company provided unaudited financial statements and internally generated financial data for the years ended December 31, 2020 to December 31, 2022, a summary of which is as follows:

	2020	2021	% Change	2022	% Change
Revenue	4,192,454	3,659,031	-14.58%	4,034,375	10.26%
Gross Profit	1,432,246	1,204,213	-18.94%	1,271,227	5.56%
Total Expenses	845,079	508,321	-66.25%	576,368	13.39%
Net Income	587,167	695,892	15.62%	694,859	-0.15%

31. Based on the Information provided by Mr. Dang to the Proposed Receiver on March 18, 2024 (except for the amount owed to Bank of Montreal, which as previously mentioned, is the amount outstanding as at May 23, 2024), the following lists the material secured and unsecured indebtedness of the Company:

- Accrued Vacation - $9,000.00 (estimated, priority)
- Bank of Montreal – $5,363,687.18 (estimated, secured)
- Jennifer Mortensen - $896,863.46 (estimated, secured, but assigned to Barrett on December 28, 2023)
- Barrett MPC - $316,742.65 (estimated, secured)

- McKesson – approximately $275,000.00 (estimated, secured)
- BRMC Pharmacy Ltd - $115,000.00 (estimated, unsecured, to a related company) for loans made to the Company
- MNP LLP - $52,894.27 (estimated, unsecured) for unpaid invoices for accounting services
- 100325516 Ontario Limited - $12,656.00 (estimated, unsecured), a contract pharmacy manager
- A CEBA loan in the amount of $60,000 (estimated, unsecured)

32. A review of the PPSA search results current as of May 26, 2024 in respect of the Company, indicated PPSA registrations in favour of the Bank, Mortensen (assigned to Barrett on December 28, 2023), Barrett MPC and McKesson as follows:

    a) a financing statement in favour of the Bank (Reg. No.: 20181221 0946 1862 9421) in inventory, equipment, accounts, other and MV included. A financing change statement was subsequently filed to amend the registration to include the assets of the Manning Business;

    b) a financing statement in favour of Mortensen and Barrett MPC (Reg. No.: 20190107 1324 1590 7052) in consumer goods, inventory, equipment, accounts and other. A financing change statement was subsequently filed to assign the registration made in favour of Mortensen to David Barrett; and

    c) financing statements in favour of McKesson Canada Corporation:

        i) (Reg. No.: 20210707 1703 1462 4203) in inventory, equipment, accounts and other; and

        ii) (Reg. No.: 20210707 1703 1462 4204) in inventory.

Tax Liabilities

33. As of the date of this Pre-Filing Report, the Company's tax filings with the Canada Revenue Agency ("**CRA**") were in arrears. The last corporate tax return filed by the Company was for the fiscal year ended December 31, 2021. The Proposed Receiver notes that, as at December 31, 2021, there appear to be cumulative tax losses of $604,659. The Proposed Receiver is unaware as to the carry-forward expiration dates of those losses.

34. As of the date of this Pre-Filing Report, the Company' monthly HST returns had not been filed since March 2023. There are approximately 12 months of outstanding monthly HST returns.

35. As payroll of the Company is funded to and processed by a third-party company, the Proposed Receiver understands that there should be no amounts are owing related to deductions at source.

36. Given the foregoing, the Proposed Receiver recently worked with the Company and its external accountant to arrange to bring the Company's books and records up to date such that the corporate tax returns for the fiscal years 2022 and 2023, as well as the corporate tax return up to the date immediately prior to the closing of the Manning Transaction, can be completed and filed with Canada Revenue Agency ("**CRA**"). As at the date of this Pre-Filing Report, this process is continuing and is expected to completed prior to the closing of the Manning Transaction.

37. The outstanding HST returns are also in the process of currently being completed. The Company's sales and purchases of pharmaceutical product are zero-based, and accordingly, the Proposed Receiver estimates the Company should be in a refund position vis-à-vis HST in respect to the ITCs it may claim for its overhead expenses.

V. OVERVIEW OF GTL'S INVOLVEMENT WITH THE COMPANY

38. GTL understands that due to various defaults by the Company under the BMO Credit Agreement and following unsuccessful informal efforts by Mr. Dang to solicit viable offers for the sale of the Company, the Bank lost confidence in the financial viability of the Company and in Mr. Dang's ability to consummate a transaction in respect of the Company's business.

39. GTL understands that, on February 6, 2023, the Bank issued demands to the Company and Mr. Dang. The Bank also issued notices to the Company and Mr. Dang pursuant to section 244 of the BIA of the Bank's intention to enforce the Security.

40. On March 8, 2023, GTL was engaged as financial advisor to the Bank with a mandate of advising the Bank with respect to: (i) the financial and other information provided by the Company and its advisors; (ii) developing and implementing, with the assistance of the Company and Mr. Dang, a sale process for the business assets of the Company;

and (iii) monitoring the operations of the Company during any period of forbearance which may be granted by the Bank.

41. The Company was cooperative and provided information to GTL; however, GTL notes that the books and records of the Company were not current. Mr. Dang admitted to this situation but explained that various issues, including, among other things, the COVID-19 pandemic and lingering effects thereof on the Company's business, the competitive landscape of similar pharmacies located near the Company's two pharmacies, concerns regarding referrals from doctors as a continuous source of revenue (due to the loss of one doctor who was a sub-tenant), increased costs of operations, and landlord matters relating to both pharmacy locations, strained liquidity and profitability whereby maintenance of record-keeping was a secondary priority. Liquidity challenges also had an effect on the management of, and staffing of, the two pharmacies.

42. Through the review of various information provided by the Company and discussions with Mr. Dang, it became apparent that a restructuring of the two pharmacies could only be completed through a proper sale process followed thereafter with a court-supervised process to effect the sale(s), as Mr. Dang's ability to raise future funds for the Company's liquidity were non-existent. Although in the recent past, Mr. Dang and his family provided liquidity, Mr. Dang expressed that they no longer had the wherewithal or were desirous of providing further funds to the Company and Mr. Dang's informal efforts to sell the Company did not produce any acceptable or viable offers. For the reasons set out further below, it was determined that conducting a fulsome sale process outside of an insolvency proceeding would increase the chances for the receipt of higher dollar offers for the creditors of the Company, particularly the Bank.

43. Until mid April 2024, GTL's mandate was to communicate with Mr. Dang and to monitor on a weekly basis the cash flow of the Company. During most of this period, actual net cash receipts (cash receipts less cash disbursements) have been positive but not at a level to satisfy the indebtedness of all of the secured and unsecured creditors of the Company.

VI. SALE PROCESS CONDUCTED BY MC2

44. Shortly after GTL was engaged by the Bank as financial advisor, Mr. Dang advised GTL of his efforts to sell the Manning Business and the Regency Business, where

essentially, Mr. Dang relied on his own network to locate brokers who are familiar with the pharmacy industry in order to locate potential purchasers. The process was not structured or formal and did not result in any acceptable or viable offers.

45. GTL and the Bank discussed alternatives in terms of the best way to conduct a structured sale process while balancing the urgency of the situation due to liquidity concerns with a sale process that widely canvasses the market to generate the best possible price given the circumstances. Those discussions culminated in the selection of MC2 as the most appropriate party to conduct the sale process in respect of the Company. GTL understands that MC2 had been engaged previously by the Bank to review the operations of the Company and thus had knowledge of same. It was determined that GTL would continue in its role and only monitor the weekly cash receipts and disbursements of the Company.

46. MC2 is a boutique advisory firm which provides a full range of mergers and acquisitions ("**M&A**"), corporate finance and other advisory services with a focus on mid-size enterprises. MC2 was founded in 2016 by a consortium of professional advisors each with over 20 years of experience in M&A/corporate finance and management consulting with national and international firms.

47. Moreover, MC2 is a recognized leader in the pharmacy sector providing a range of services to numerous pharmacy clients and other industry participants including:

a) long-standing engagements with multiple Canadian Schedule A banks as an external pharmacy industry expert providing support to its banking teams via quality of earnings investigations and providing pharmacy industry knowledge content for internal training and education initiatives;

b) advising on over 30 pharmacy acquisitions, divestitures and capital sourcing transactions in the past 5 years, comprising over 100 pharmacy locations; and

c) maintaining a broad contact network of pharmacy operators and investors in the industry.

48. Prior to co-founding MC2, Michele Middlemore, CPA, CA, CBV, served as Vice President, Acquisitions, at Katz Group Canada Limited (Rexall/PharmaPlus/Drug Trading). During her tenure there, she completed over 25 acquisition transactions.

49. The Proposed Receiver understands that, based on MC2's experience and previous discussions with the Company, MC2 determined that a targeted and focused marketing process was the recommended course of action in this case. This was mainly due to the fact that, given unique attributes of the Company's business, the universe of potential purchasers was relatively narrow as compared to an average Ontario pharmacy opportunity. In particular:

a) the clientele of the Manning Business (the main operating asset in terms of size of the Company's overall business) is predominantly Cantonese speaking. MC2 considered it an imperative that the process be kept confidential from the current staff of this pharmacy in order to minimize employee flight risk. MC2 believed that the loss of existing staff would have material negative impact on the financial performance of this pharmacy and, therefore, on value;

b) the financial records of the Company are not up to date, increasing the risk of obtaining debt financing for the transaction; and

c) the Company is a Pre-54 Charter corporation which has significant strategic value for a very select type of purchaser. With respect to this point, MC2 was able to confirm that the Company was incorporated on January 7, 1954. MC2 obtained this information from the Ontario Corporation Database.

50. MC2's sale and marketing process (the "**Sale Process**") strategy was to use their contact network of pharmacy operators and industry intermediaries to identify and contact prospective purchasers and target those with the following attributes: (i) multi-unit pharmacy operators which are known to be acquisitive in the Great Toronto Area market; (ii) potential purchasers which would have equity and liquidity available; (iii) pharmacy operators and/or investors with connections to Chinatown and the Asian community (excepting those with existing operations in close proximity to the location of the Manning Business); and (iv) investors actively seeking a Pre-54 Charter corporation, including pharmacy operators and companies in other segments of the health care sector.

51. Beginning on April 28, 2023, MC2 was engaged to conduct the Sale Process and commenced discussions with the Company.

52. MC2 obtained relevant operational and financial information relating to the Company and created a virtual data room ("**VDR**") for potential purchasers to access upon executing a non-disclosure agreement ("**NDA**").

53. The VDR was divided into two sections, the first being system generated reports which included the following:

a) monthly plan summary reports from January 2019 to October 2023;

b) doctor reports from 2022 to 2023;

c) transfer-out reports from 2022 to 2023;

d) McKesson Purchases Trend reports from 2022 and 2023;

e) POS reports from 2021 to 2023; and

f) drug usage reports from 2021 to 2023.

54. The second section of the VDR contained general information and included the following:

a) lease documents;

b) staff listing including average hours worked and pay rates;

c) bank statements from January to July 2023; and

d) a copy of the supply agreement with McKesson.

55. The opportunity was not advertised in any industry magazines and newspapers due to concerns of disrupting the Company's business and, in particular, the potential risk of Cantonese speaking employees exiting the Company's business.

56. MC2 assembled financial and operational information for both pharmacy locations and conducted a series of interviews with the Company's management in order to obtain an understanding of the Company's business, its current state, and future prospects. Short form marketing documents for each pharmacy location were prepared for distribution to potential purchasers.

57. During the period April to July 2023, MC2 contacted a total of 19 potential purchasers (including 2 that were introduced to them by Mr. Dang) and 6 industry intermediaries with a significant base of clients/contacts in the pharmacy sector. Of those contacted, 10 potential purchasers signed an NDA, received additional information, and engaged in further discussions with MC2 and the Company.

58. Preliminary offers/expressions of interest from 4 interested parties, for various combinations of assets, were obtained and reviewed.

59. A summary of the results of the Sale Process (the "**Sale Process Results**") is attached hereto as **Confidential Appendix "1"**. The Sale Process Results sets out the identity of the various parties: (a) contacted by MC2; (b) that executed a NDA; and (c) that submitted written offers for the acquisition of various combination of assets. MC2 and the parties participating in the Sale Process agreed to a confidentiality provision in the NDA requiring the identity of the parties participating in the Sale Process to be kept confidential.

60. After discussing the offers/expressions of interest with GTL and the Bank, MC2 proceeded with further due diligence with two interested parties – one for the acquisition of the assets of the Regency Business and the other for the Shares (i.e. effectively, for the remaining assets after taking into account the sale of the Regency Business). This period of due diligence occurred during the period August to November 2023.

61. During foregoing process, MC2 came to understand that the following factors, among others, were tempering interest from interested parties:

a) the lack of up-to-date financial records was a critical issue to many parties creating uncertainty as to current financial performance and difficulty in the ability to secure debt financing for a transaction. MC2 used its knowledge of pharmacy industry benchmarks, system generated reports and other available information (such as staffing schedules) to create pro forma profit & loss statements that potential purchasers could use to model financial performance;

b) given the poor state of the books and records, the possibility of undisclosed/contingent liabilities was a heightened concern, and thus an acquisition of the Shares (to obtain the benefits of a Pre-54 Charter) was fraught with risk. The ability to assure buyers of a possible solution to vest unwanted assets and liabilities out of the Company through a reverse vesting structure approved through a court-supervised process was a key factor in negotiating an offer for the Shares, and therefore, realizing value for the Pre-54 Charter. Notwithstanding, this issue served to considerably reduce the level of interest;

c) the location of the Manning Business and the predominantly Cantonese speaking clientele limited the pool of interested parties and tempered interest due to the associated operational risk. MC2 took steps to ensure retention of staff as this was of primary importance to purchasers and the success of ownership transition;

d) the retirement of the physician at the location of the Manning Business created uncertainty as to the length of time that the on-site physician would continue to operate the practice in combination with the difficulty in sourcing a replacement practitioner in the Chinatown area, and was a key factor cited by interested parties to not submit an letter of intent or offer; and

e) the size of the Regency Business was relatively small and the Regency Business was marginally profitable. It was, therefore, not an attractive asset for the majority of interested parties and was considered a detraction from value for most of those interested in the Company's business. The ability to sell the Regency Business separately was key to attaining maximum value for both the Regency Business and the Shares.

62. On or about November 24, 2023, two non-binding letters of intent, one for the sale of the assets of the Regency Business and the other for the sale of the Shares, were received from Offeror #1 and Offeror #3, respectively, as noted at the bottom of Confidential Appendix 1. Thereafter, on-site visitations and meetings with the Company's employees were facilitated by the relevant purchasers and their representatives.

63. Following receipt of the non-binding letters of intent, the Proposed Receiver, directly and through its counsel, worked with the relevant parties to negotiate and settle the terms of a definitive asset purchase agreement for the Regency Business and a definitive share purchase agreement for the Shares, each of which are described further below.

VII. PROPOSED TRANSACTION FOR THE REGENCY BUSINESS

64. The offer made by the Regency Purchaser was identified as the best and highest offer to result from the Sale Process in respect of the Regency Business. Further discussions and negotiations involving the Bank, the Proposed Receiver, and the Regency Purchaser, resulted in the acceptance of the offer made by the Regency Purchaser and the Regency APA. A redacted copy of the Regency APA is attached hereto as **Appendix "1"**. An unredacted copy of the Regency APA is attached as **Confidential Appendix "2"**.

The Regency APA[1]

65. The salient terms and conditions of the Regency APA are as follows:

a) *Purchaser:* 1000801194 Ontario Inc.

b) *Purchased Assets:* All of the Company's and the Proposed Receiver's right, title and interest in and to all assets, properties and rights of the Regency Business other than certain Excluded Assets (as defined in the Regency APA) (the "**Regency Purchased Assets**"), including the following:

- Merchantable Inventory;
- Patient Records;
- fixed assets, including machinery, equipment, fixtures, furniture, computer hardware, computer software and accessories;
- leasehold improvements;
- intellectual property;
- Purchased Contracts;
- Books and Records relating to the Purchased Assets; and
- all goodwill and other intangible assets associated with the Regency Business and the Regency Purchased Assets.

[1] Capitalized terms used in this section but not defined have the meanings ascribed to them in the Regency APA.

c) *Deposit:* The Regency Purchaser has paid a deposit which will be credited against the Purchase Price at Closing.

d) *Purchase Price:* The Proposed Receiver recommends that the Purchase Price be sealed. The purchase price payable by the Regency Purchaser is comprised of a fixed amount plus the value of the Merchantable Inventory. The purchase price less the Deposit shall be paid by the Regency Purchaser at the Closing Time.

e) *Merchantable Inventory:* On the day prior to Closing, a physical count and valuation of the Merchantable Inventory will be completed. Merchantable Inventory shall be valued in accordance with the terms of the Regency APA.

f) *Assumed Liabilities:* The Regency Purchaser shall assume the Liabilities set out in Schedule "B" to the Regency APA, which include, among other things, liabilities in respect of Transferred Employees, and Taxes arising and accruing from and after the Closing from use of the Regency Purchased Assets.

g) *Excluded Assets:* The assets excluded from the Regency Transaction include:

- cash on hand or in any bank account, accounts receivable, prepaid expenses, interest in insurance policies or long term investments of the Regency Business; and
- any payment of, or entitlement to, any rebate, refund or credit of Tax from a Governmental Authority in respect of any Tax reporting period closing prior to the Closing Time.

h) *Transferred Employees:* The Regency Purchaser will make written offers of employment to any employees that it wishes to employ on terms no less favourable than their current employment within five (5) Business Days before the Closing Date, which offers shall be conditional upon Closing and effective as of the Closing Time.

i) *As Is, Where Is:* The Regency APA is consistent with standard insolvency transactions - i.e. the Regency Purchased Assets are being acquired on an "as is, where is" basis with minimal representations, warranties and conditions.

j) *Material Conditions:* The obligation of the Parties to complete the transaction is conditional upon (a) the Receivership Order being granted by the Court and being a final order; and (b) the Regency AVO being granted by the Court and being a final order. The obligation of the Regency Purchaser to complete the transaction is conditional upon, among other things: (a) the Regency Purchaser having arranged financing on terms satisfactory to the Regency Purchaser in an amount sufficient to close the transaction; (b) the Regency Purchaser having entered into a new lease with the Regency Landlord; and (c) any approvals to be provided by the OCP and/or the ODB having been obtained.

k) *Closing Date:* Within ten (10) Business Days, or such shorter period as the Regency Purchaser may determine by notice in writing to the Proposed Receiver, of the satisfaction or waiver of all closing conditions, including the issuance of the proposed Receivership Order, the Regency AVO, and the approvals to be provided by the OCP and/or the ODB having been obtained.

66. The transaction contemplated by the Regency APA remains subject to, among other things, the satisfaction of certain regulatory conditions. Specifically, the sale of any pharmacy in Ontario is conditional on obtaining approval from the OCP and the Ministry of Health. The Proposed Receiver understands that the Regency Purchaser submitted an Application for Certificate of Accreditation as a Community Pharmacy on or about April 15, 2024. The Proposed Receiver also understands that the OCP approval process is expected to be completed approximately 45 days following submission.

Recommendation regarding the Regency APA and the Regency AVO

67. The Proposed Receiver recommends that the Court approve the transaction contemplated by the Regency APA for the following reasons:

a) the Proposed Receiver is of the view that the Sale Process was conducted in a commercially reasonable manner and that the market was extensively canvassed because:

(i) the Sale Process carried out by MC2 canvassed a substantial number of parties on an orderly basis over a significant period of time;

(ii) the duration of the Sale Process was sufficient to allow interested parties an opportunity to perform due diligence and submit offers;

(iii) the Proposed Receiver is not aware of any unfairness in conducting the Sale Process; and

(iv) the Proposed Receiver does not believe that further time spent marketing the Regency Business will result in a superior transaction.

b) the terms and conditions of the Regency APA are commercially reasonable in all respects, the purchase price under the Regency APA provides fair market value for the Regency Purchased Assets, and the Regency APA is the best outcome in the circumstances;

c) the Regency Transaction is expected to preserve employment for certain of the Company's employees currently engaged with the Regency Business, on terms substantially similar to those currently in place;

d) completion of the sale of the Regency Business will reduce receivership costs and professional fees; and

e) the Bank, the Company's primary secured creditor, supports the Regency APA and the transaction contemplated thereby.

Request for Sealing Order – Regency APA

68. The Proposed Receiver is of the view that the unredacted copy of the Regency APA should be filed with the Court on a confidential basis and sealed until completion of the transaction contemplated by the Regency APA. Public disclosure of commercially sensitive information contained in the Regency APA may negatively impact any future sale process for the Regency Business should the transaction contemplated by the Regency APA not close.

69. The unredacted version of the Regency APA will be provided to allow the Court to determine if it should approve the Regency APA. The Proposed Receiver is of the view that this approach is fair and reasonable in the circumstances and will achieve the desired benefit without unduly impairing the openness of the Court's process.

70. The Proposed Receiver does not believe that any party will be prejudiced if the information is sealed at this time. Accordingly, the Receiver believes that the proposed sealing order in respect of the Regency APA is appropriate.

VIII. PROPOSED TRANSACTION FOR THE SHARES

71. On April 4, 2024, the Manning Purchaser made an irrevocable offer to enter into the Manning SPA pursuant to which the Manning Purchaser has agreed to purchase all of

the Shares. As discussed below, the transaction contemplated by the Manning SPA is to be completed by way of a reverse vesting order approved by the Court (i.e. the Manning AVO). A redacted copy of the Manning SPA is attached hereto as **Appendix "2"**. An unredacted copy of the Manning SPA is attached as **Confidential Appendix "3"**.

The Manning SPA[2]

72. The salient terms and conditions of the SPA are as follows:

a) *Purchaser:* Frank Murgic Pharmacist Professional Corporation, or its assignee or nominee (i.e. the Manning Purchaser).

b) *Purchased Shares*: At the Closing Time, the Proposed Receiver will sell and transfer the Shares to the Manning Purchaser free and clear of all Encumbrances. Mr. Dang owns all of the common shares in the capital of the Company, which constitute all of the issued and outstanding Shares.

c) *Purchase Price*: The Proposed Receiver recommends that the Purchase Price be sealed. The Purchase Price is comprised of a cash payment plus the value of Merchantable Inventory at Closing. The value of the Merchantable Inventory at Closing shall be determined in accordance with the terms of the Manning SPA. The Purchase Price (subject to any adjustments described below) is to be paid to, and held by, the Receiver for the benefit of ResidualCo.

d) *Adjustments to Purchase Price*: The Purchase Price is subject to the following:

(i) a dollar-for-dollar reduction for any accrued and unpaid vacation pay owing to Retained Employees as at the Closing; and

(ii) if the annual revenue attributable to prescriptions issued by the physician located on the premises is less than the current annual revenue attributable to such physician, a reduction in accordance with a specific formula set out in the Manning SPA but subject to a certain maximum reduction amount to the Purchase Price.

[2] Capitalized terms used in this section that are not otherwise defined herein shall have the meaning ascribed thereto in the SPA.

e) *Deposit*: The Manning Purchaser has paid to the Receiver a deposit to be held in trust by the Receiver pending completion of the Manning Transaction.

f) *Retained Assets*: The Retained Assets include all assets owned by the Company on the Effective Date of the Manning SPA and any assets acquired up to and including Closing, except for inventory sold in the ordinary course of business during the period from the Effective Date to Closing. The Retained Assets will not include the Excluded Assets or the Excluded Contracts which shall, prior to the sale of the Shares, be transferred to ResidualCo.

g) *Retained Liabilities*: The Retained Liabilities include all Liabilities of the Company under any Assumed Contracts and all Liabilities in respect of Retained Employees, in each case arising out of events or circumstances that occur after the Closing.

h) *Employees*: The employment of employees not retained by the Manning Purchaser (the "**Terminated Employees**") shall be terminated prior to Closing and all Liabilities owing to any such Terminated Employees shall be Excluded Liabilities.

i) *Excluded Assets*: The Excluded Assets (set out in Schedule "A" of the Manning SPA) include, among other things:

- All of the issued and outstanding shares of Regency Drugs Limited;
- All income tax refunds, HST refunds and all other tax refunds and amounts that may be due to the Company from the Canada Revenue Agency or any provincial tax authorities relating to the period prior to the Closing Date; and
- The assets of the Regency Business;[3] and
- The Excluded Contracts.

j) *Excluded Contracts*: The Excluded Contracts (set out in Schedule "B" of the Manning SPA) include, among other things:

- Any contracts specifically related to the operation of the Regency Business, including, among other things: (a) contracts with McKesson for the supply of product to the Regency Business or to enable the Regency Business to operate under a retail banner program operated by McKesson or any of its divisions or affiliates; (b) contracts with Third Party Payors, including,

[3] The assets of the Regency Business will be transferred to the Regency Purchaser, rather than ResidualCo.

without limitation, ODB; and (c) employment contracts with Employees in connection with the Regency Business;

- Contracts with McKesson for the supply of product or to enable the Manning Business to operate under a retail banner program operated by McKesson or any of its divisions or affiliates; and

- Employment contracts of the Terminated Employees.

k) *Excluded Liabilities*: The Excluded Liabilities (detailed in Schedule "C" of the Manning SPA) include, among other things:

- All Liabilities that are not Retained Liabilities;

- All Liabilities relating to the Excluded Contracts and Excluded Assets;

- Liabilities for Terminated Employees whose employment with the Company is terminated on or before Closing;

- All Liabilities to, guarantees of, or other financial obligations pertaining to any Affiliate of the Company (including Regency Drugs Limited);

- All Taxes arising with respect to the Company's operations up to the Closing Date and collateral transactions contemplated in the Manning SPA other than the sale of the Shares to the Manning Purchaser;

- Liabilities relating to any change of control provision that may arise in connection with the Manning Transaction and to which the Company may be bound as at the Closing Time; and

- Liabilities arising from the transfer of the Excluded Assets and Excluded Liabilties to ResidualCo, including Liabilities and Taxes resulting from any debt forgiveness.

l) *Transfer to ResidualCo*: Prior to the sale of the Shares, the Excluded Assets, Excluded Contracts and Excluded Liabilities will be channeled to and assumed by ResidualCo. All Claims attaching to the Excluded Liabilities shall continue to exist as against ResidualCo, the Purchase Price and the Excluded Assets, with the same priority as they had with respect to the Shares and the Retained Assets prior to the Closing Time.

m) *Representations and Warranties*: Consistent with the terms of a standard insolvency transaction - i.e., on an "as is, where is" basis, with limited representations and warranties.

n) *Claim Reserve*: A certain sum specified in the Manning SPA (the "**Claim Reserve**") shall be paid to and held by the Receiver for a period of one year from the Closing Date to secure reimbursement of any costs or damages paid by the Manning Purchaser in circumstances where McKesson and/or ODB seek recourse directly against the Company for any Excluded Liabilities by withholding or setting off funds otherwise due to the Company, or by enforcement action.

o) *Closing Date*: The first Business Day following the date upon which the Receivership Order and the Manning AVO become final orders, or such other earlier or later date as may be agreed by the parties in writing.

p) *Material Conditions*: The obligation of the Parties to complete the transaction is conditional upon: (a) the Receivership Order being granted by the Court and being a final order; and (b) the Manning AVO being granted by the Court and being a final order. The obligation of the Manning Purchaser to complete the transaction is conditional upon, among other things: (a) the Manning Lease having been assigned on terms satisfactory to the Manning Purchaser; and (b) the Receiver having closed a transaction of purchase and sale for the Regency Business; (c) written confirmation from the OCP that the Company is a corporation that is recognized as a corporation qualified to operate a pharmacy without complying with Subsection 142(2) of the *Drug and Pharmacies Regulation Act* (Ontario); and (d) the OCP having approved the accreditation of the Regency Business as a pharmacy.

Liquidation Analysis

73. The Liquidation Analysis below was prepared based on the balance sheet of the Company based on information available as at May 17, 2024. Subject to the underlying assumptions detailed therein, the Liquidation Analysis provides that, in the event of a liquidation, the Bank, would incur a substantial shortfall on its secured debt, and accordingly there would be no recoveries for the Company's unsecured creditors.

HOHS Drugs Limited Liquidation Analysis Prepared as at May 29, 2024						
	Note	Assumed Book Value	Low		High	
Estimated Book Value						
Accounts Receivable - Manning	1	325,000	$ 292,500	90%	$ 325,000	100%
Accounts Receivable - Regency	1	60,000	54,000	90%	60,000	100%
Inventory - Manning	2	260,000	130,000	50%	195,000	75%
Inventory - Regency	2	63,000	31,500	50%	47,250	75%
Fixed Assets	3	12,998	-	0%	-	0%
Pre-54 Charter	4		-		Not disclosed	
			$ 508,000		**$ 627,250**	
Estimated Priority Claims						
Deductions at Source	5		$ -		$ -	
Harmonized Sales Tax	6		20,000		10,000	
WEPPA	7		9,000		9,000	
			$ 29,000		$ 19,000	
Estimated Net Realizations Before Costs of Realization			$ 479,000		$ 608,250	
Bank of Montreal Indebtedness	8		5,363,687		5,363,687	
Estimated Total Shortfall Before Costs of Realization			**($4,884,687)**		**($4,755,437)**	

Notes:

1 Accounts Receivable book value is estimated and is based on the average of the monthly Rx data through the year 2023 for both Manning and Regency. Externally prepared balance sheet as at December 31, 2021 indicated a balance of $592,970. Collectability assumed to be positive as most of the AR is owing from ODB.

2 Inventory book value is estimated based on discussions with the Company as there is no inventory system. Externally prepared balance sheet as at December 31, 2021 indicated a balance of $370,869. Liquidation value assumes purchaser concerns over inventory quality.

3 Externally prepared balance sheet as at December 31, 2021 indicated a balance of $12,998.

4 Value of Pre-54 Charter assumed nil on the low and purchase price not disclosed on the high.

5 No amount is assumed to be owing as the Company uses Ceridian to process payroll.

6 The Company has not filed HST returns since March 2023. Amounts are only estimates in discussions with the Company.

7 WEPPA is based on the maximum priority of $2,000 per employee as payrol is paid monthly.

8 Represents balance as at May 23, 0224.

Recommendation regarding the Manning Transaction and the Manning AVO

74. The Proposed Receiver recommends that the Court approve the Manning Transaction for the following reasons:

a) The Sale Process leading to the Manning Transaction was commercially reasonable, including with respect to the timelines leading up to the Manning Transaction, breadth of the marketing process, and the information made available to interested parties. In short, the Sale Process was consistent with the terms of a traditional sale process that would be carried out by the Receiver in the context of a receivership proceeding;

b) MC2 made extensive efforts to market the Company's assets and the Shares since July 2023, including contacting a comprehensive list of potential buyers, and making sufficient efforts to obtain the best price. The list of potential purchasers solicited was prepared by a subject matter expert (i.e. MC2). The Proposed Receiver is comfortable that the market was broadly and sufficiently canvassed;

c) The duration of the Sale Process was sufficient to allow interested parties to perform diligence and submit offers. None of the parties contacted expressed any concern or made any requests to extend the Sale Process;

d) The purchase price under the Manning SPA materially exceeds the liquidation value of Company's business and assets based on the Liquidation Analysis, and is fair and reasonable in the circumstances;

e) The Proposed Receiver is of the view that carrying out another sale process during the Receivership Proceedings - for which there is very limited funding - may cause disruption to the Company's business and impair the going-concern value of the Company without reason as the Proposed Receiver does not believe there is any prospect that another sale process would generate recoveries greater than the indebtedness owed to the Bank;

f) The structure of the SPA Transaction preserves the Company's tax attributes, including tax losses which the Proposed Receiver understands are not immaterial;

g) Absent the Manning Transaction, the Company will, in all likelihood, need to immediately cease operations and commence a liquidation process to the detriment of all stakeholders. The Manning Transaction is the *only* viable option to avoid the devastating consequences to the Company's stakeholders if a liquidation results;

h) The Manning Transaction is in the best interests of the Company and its stakeholders as it will ensure that the Manning Business continues as a going concern which will result in continuing benefits for a broad stakeholder group, including employees (as a result of continuing employment for the vast majority of the Company's existing employees), customers, suppliers, and the community that the Manning Business serves generally;

i) The Proposed Receiver was consulted in relation to, and throughout the Sale Process, and is supportive of it; and

j) The Bank, which is the Company's principal economic stakeholder, has consented to the Manning Transaction.

75. The Proposed Receiver believes it is necessary and appropriate for the Manning Transaction structure to be implemented by way of a reverse vesting order structure. In the Proposed Receiver's view, the Company's attributes and the circumstances of this case appropriately address the questions raised by Canadian courts when considering the granting of a reverse vesting order, which are addressed below.

(a) Why is the reverse vesting order necessary in this case?

76. The reverse vesting order is necessary in this case because it: (i) allows for the monetization of the Pre-54 Charter (which cannot be transferred or conveyed under a traditional asset sale and vesting order structure) because the Manning Purchaser is able to acquire it (i.e. the Pre-54 Charter) within the existing corporate structure, while also facilitating the retention of material contracts (e.g. with critical suppliers and employees) and the vesting out of certain Excluded Assets and Excluded Liabilities which will be transferred to ResidualCo in a siloed and structured manner; (ii) preserves the Company's historical tax attributes; and (iii) is critical to the viability of the Manning Transaction and necessary to avoid the devastating consequences resulting from the Company's bankruptcy.

77. The reverse vesting order is the *only* viable alternative to a wind-down and liquidation of the Company's business and assets. The Manning Purchaser is not prepared to acquire the Shares under any alternative structure to the reverse vesting order structure. As indicated by the Liquidation Analysis, a liquidation of the Company assets and business will result in a materially worse outcome for all stakeholders in comparison to the Manning Transaction.

(b) Does the reverse vesting order structure produce an economic result at least as favourable as any other viable alternative?

78. In the Proposed Receiver's view, the Manning Transaction, implemented through a reverse vesting order structure, produces an economic result at least as favourable as

any other alternative. The Manning Transaction, implemented through a reverse vesting order structure, generates more value for the Company's stakeholders as compared to other viable alternatives by allowing for the conveyance and transfer of the Pre-54 Charter and the Company's tax attributes absent unwanted assets and liabilities, permits the continuation of the Company as a going concern, the preservation of the Company's tax attributes and existing economic relationships (including the retained employee and other contracts which will not need to be assigned or renegotiated). The benefits of the reverse vesting order structure contribute to significantly improve the offer from the Manning Purchaser, thereby maximizing creditor recoveries. It results in substantial recoveries for the Bank, the primary secured lender and most significant creditor of the Company.

79. The Manning Transaction, combined with the reverse vesting order, provides fair value taking into account the market value of the assets and other unique factors of the Manning Business, and the Proposed Receiver recommends it from an economic point of view. Based on the Proposed Receiver's analysis of Company's assets and business, and experience in similar mandates, the Proposed Receiver does not expect any alternative transaction structure to provide an economic result for the Company's creditors that is at least as or more favourable as the Manning Transaction.

80. The Manning Transaction is the *only* viable economic result available to the stakeholders other than liquidation and bankruptcy. Without the Manning Transaction and the reverse vesting order, the Company will cease to operate as a going concern. Based on the Liquidation Analysis, a sale or disposition of the Company's business and assets in a bankruptcy would result in lower recoveries and a materially worse outcome relative to the Manning Transaction for the Company's stakeholders, including the employees, creditors, suppliers and the community that the Manning Business serves.

81. Attempting a new sale process for the Company's assets and business in the Receivership Proceedings would only result in increased costs, delay and uncertainty. Such sale process would also be redundant insofar that it would canvass a limited market that has previously been thoroughly canvassed by MC2 during the Sale Process and resulted in a single acceptable offer for the Manning Business.

(c) Is any stakeholder worse off under the reverse vesting order structure than they would have been under any other viable alternative?

82. In the Proposed Receiver's view, there is no stakeholder prejudiced by the reverse vesting order structure relative to their treatment and outcome under any other viable alternative. As previously noted, the Sale Process yielded no other viable alternatives to the Manning Transaction. The proceeds of the Manning Transaction are not sufficient to repay the debt owing to the Bank in full; however, the Bank supports the Manning Transaction and its implementation through the reverse vesting order structure. No other subordinate creditors would receive a return under any other viable alternative.

83. In addition to the Bank, certain other of the Company's stakeholders benefit from the reverse vesting order structure. The reverse vesting order structure is beneficial to, among other stakeholders, the Company's current employees. Without it and the preservation of the Manning Business, the employment of all of the Company's employees would be terminated.

84. The Manning Transaction contemplates that Excluded Liabilities will be transferred to ResidualCo. Such Excluded Liabilities include, among other things, Liabilities owed by the Company to ODB under the ODB Contract, and to McKesson under the McKesson Contract, for the period prior to the Closing Date. McKesson, ODB and other creditors do not have an economic interest in the Company's business because the value of the Company is not high enough to generate value for these creditors. The Bank, the senior secured creditor, is materially under-secured and no subordinate creditors would receive any returns or distribution under any alternative. As residual claimants to the value of the Company's assets, these creditors are clearly "out of the money". If the Manning Transaction does not proceed, the Company is expected to cease to continue as a going concern. Accordingly, the Proposed Receiver is of the view that no unfairness arises from the reverse vesting order and that all stakeholders are being treated as fairly and reasonably as circumstances permit.

(d) Does the consideration being paid for the Shares and the Manning Business reflect the importance and value of the assets being preserved under the reverse vesting order structure?

85. The Company's business and assets have been extensively marketed. The only acceptable bid to emerge at the conclusion of the Sale Process is the one made by the Manning Purchaser. The consideration under the Manning SPA is the result of extensive discussions and negotiations between sophisticated parties and their counsel. The Proposed Receiver is of the view that the consideration being paid for Shares is fair and reasonable in the circumstances. It is greater than the Company's assets would be worth in a bankruptcy, and it reflects the importance and value to the Manning Purchaser of the assets and characteristics being preserved under the reverse vesting order structure, including the Pre-54 Charter and the Company's tax attributes.

86. The Proposed Receiver is of the view that, based on the foregoing, a reverse vesting order, as a means of implementing the Manning Transaction is appropriate in the circumstances.

87. For the reasons stated herein, the Proposed Receiver supports the approval of the Manning SPA and the relief sought in the Manning AVO.

<u>Request for a Sealing Order – Manning SPA</u>

88. The Proposed Receiver is of the view that the unredacted copy of the Manning SPA should be filed with the Court on a confidential basis and sealed until the completion of the transaction contemplated by the Manning SPA. Public disclosure of such information may negatively impact any future sale process for the Manning Business should the Manning Transaction not close.

89. An unredacted version of the Manning SPA has been provided to allow the Court to determine if it should approve the Manning Transaction and grant the Manning AVO. The Proposed Receiver is of the view that this approach is fair and reasonable in the circumstances and will achieve the desired benefit without unduly impairing the openness of the Court's process.

90. The Receiver does not believe that any party will be prejudiced if the information is sealed at this time. Accordingly, the Receiver believes that the proposed sealing order is appropriate.

IX. RECEIVERSHIP PROCEEDINGS

91. Following its appointment as Receiver and prior to completing its administration of these Receivership Proceedings, the Receiver intends to perform the following activities, among others:

- issue the statutory Notice and Statement of the Receiver for the Company pursuant to subsection 245(1) and 246(1) of the BIA;
- work with the Manning Purchaser to complete the Manning Transaction and with the Regency Purchaser to the complete the Regency Transaction;
- quantify McKesson's PMSI security interest; and
- administer the employee claims process under the *Wage Earner Protection Program Act* for the Terminated Employees.

X. CONCLUSION AND RECOMMENDATION

92. Based on the foregoing and as outlined in this Pre-Filing Report, the Proposed Receiver respectfully requests that this Court make an order granting the relief set out in the Bank's Notice of Application, dated May 31, 2024.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 3rd day of June, 2024.

GRANT THORNTON LIMITED,
In its capacity as Proposed Receiver of HOHS Drugs Limited and not in its personal or corporate capacity

Name: Bruce S. Bando, CPA, CA, CIRP, LIT
Title: Vice-President

Court File No:

BANK OF MONTREAL
Applicant

- and -

HOHS DRUGS LIMITED and HUAN DANG
Respondents

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT TORONTO

PRE-FILING REPORT TO THE COURT
SUBMITTED BY GRANT THORNTON LIMITED
IN ITS CAPACITY AS PROPOSED RECEIVER

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Lawyers for Grant Thornton Limited
In its capacity as the Proposed Court-appointed Receiver of HOHS Drugs Limited

Appendix 2

Court File No. CV-24-00721374-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE	)	TUESDAY, THE 11TH
	)	
JUSTICE CAVANAGH	)	DAY OF JUNE, 2024

B E T W E E N:

BANK OF MONTREAL

Applicant

and

HOHS DRUGS LIMITED AND HUAN DANG

Respondents

RECEIVERSHIP ORDER

THIS APPLICATION made by the Applicant for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "**CJA**") appointing Grant Thornton Limited ("**GTL**") as receiver and manager (in such capacities, the "**Receiver**") without security, of all of the issued and outstanding shares in the capital of HOHS Drugs Limited (the "**Debtor**") and all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, was heard this day at 330 University Avenue, Toronto, Ontario by judicial videoconference.

ON READING the Affidavit of Leo Chun sworn May 29, 2024 (the "**Chun Affidavit**") and the Exhibits thereto and the pre-filing report to the Court submitted by GTL in its capacity as proposed Receiver dated June 3, 2024 (the "**Report**") and on hearing the submissions of counsel for the Applicant, counsel for GTL and all other counsel on the Counsel Slip, no one appearing for any other party although duly served as appears from the Affidavit of Service, filed, and on reading the Consent of GTL to act as the Receiver,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. **THIS COURT ORDERS** that pursuant to section 243(1) of the BIA and section 101 of the CJA, GTL is hereby appointed Receiver, without security, of all of the issued and outstanding shares in the capital of the Debtor owned by the Respondent, Huan Dang (the "**Shares**"), and all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "**Pharmacy Property**" and together with the Shares, the "**Property**").

RECEIVER'S POWERS

3. **THIS COURT ORDERS** that the Debtor shall remain in possession of the Pharmacy Property and shall continue to operate the Debtor's business as described in the Chun Affidavit (the "**Business**") in the ordinary course pending the completion of the transactions provided for in the Regency APA and Manning SPA, each as defined in the Chun Affidavit (the "**Transactions**").

4. **THIS COURT ORDERS** that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality

of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

(a) countersign and deliver the Regency APA and/or the Manning SPA, and once the Regency APA and/or the Manning SPA is approved by the Court, perform the obligations of the Receiver contemplated by the Regency APA and/or the Manning SPA;

(b) to monitor, take possession of and exercise control over any of the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;

(c) to take physical inventories and the placement of such insurance coverage as may be necessary or desirable;

(d) to engage pharmacists, consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;

(e) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;

(f) to settle, extend or compromise any indebtedness owing to the Debtor;

(g) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;

(h) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;

(i) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business, with the approval of this Court and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, shall not be required;

(j) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a Purchaser or Purchasers thereof, free and clear of any liens or encumbrances affecting such Property;

(k) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;

(l) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;

(m) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;

(n) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;

(o) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have;

(p) to contact, make any necessary inquiries and obtain information pertaining to the Debtor from the Ontario College of Pharmacists, the Ministry of Health and Long-Term Care, the Ontario Drug Benefit Program and any insurance company; and

(q) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

5. **THIS COURT ORDERS** that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons

acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order, including, but not limited to the Ontario College of Pharmacists, the Ministry of Health and Long-Term Care, the Ontario Drug Benefit Program and any insurance company (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

6. **THIS COURT ORDERS** that all Persons shall forthwith advise the Receiver of the existence of any patient records and prescription information ("**Patient Records**"), books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information, (the foregoing, collectively with the Patient Records, the "**Records**") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 6 or in paragraph 7 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

7. **THIS COURT ORDERS** that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give

unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

8. **THIS COURT ORDERS** that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days notice to such landlord and any such secured creditors.

NO PROCEEDINGS AGAINST THE RECEIVER

9. **THIS COURT ORDERS** that no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

10. **THIS COURT ORDERS** that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

11. **THIS COURT ORDERS** that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, (iv) prevent the registration of a claim for lien, or (v) exempt the Debtor from inspection pursuant to section 14 of the *Ontario Drug Benefit Act*.

NO INTERFERENCE WITH THE RECEIVER

12. **THIS COURT ORDERS** that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

13. **THIS COURT ORDERS** that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the Supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

14. **THIS COURT ORDERS** that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

15. **THIS COURT ORDERS** that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

16. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to the Regency Purchaser and Manning Purchaser, each as defined in the Chun Affidavit and together the "**Purchasers**", for the purpose of completing the Transactions. Each of the Purchasers shall maintain and protect the privacy of such information and limit the use of such information for the purpose of completing the Transactions, and if its respective Transaction is not completed, shall return all such information to the Receiver, or in the alternative destroy all such information. The Purchasers shall be entitled to continue to use the personal information provided to them, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

17. **THIS COURT ORDERS** that, pursuant to section 42 of the Ontario *Personal Health Information Protection Act, 2004* ("**PHIPA**"), the Receiver shall only disclose personal health information to the Purchasers for the purpose of allowing the Purchasers to assess and evaluate

the operations of the Debtor , provided that in advance of such disclosure the Purchaser signs an acknowledgment of this Order indicating that it agrees to keep the information confidential and secure and not to retain any of the information longer than is necessary for the purpose of the assessment and evaluation and if its respective Transaction is not completed, shall return all such information to the Receiver, or in the alternative destroy all such information and provide the Receiver with confirmation of such destruction. Such acknowledgment shall be deemed to be an agreement between the Receiver and the Purchasers for the purposes of section 42 of the PHIPA.

18. **THIS COURT ORDERS** that the Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in custody or control of records of personal health information held by the Debtor for the purposes of PHIPA, unless it is actually in custody or control of such records of personal health information.

LIMITATION ON ENVIRONMENTAL LIABILITIES

19. **THIS COURT ORDERS** that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the Ontario *Environmental Protection Act*, the *Ontario Water Resources Act*, or the Ontario *Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to

report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

20. **THIS COURT ORDERS** that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

21. **THIS COURT ORDERS** that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

22. **THIS COURT ORDERS** that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a Judge of the Commercial List of the Ontario Superior Court of Justice.

23. **THIS COURT ORDERS** that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

24. **THIS COURT ORDERS** that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed $250,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

25. **THIS COURT ORDERS** that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

26. **THIS COURT ORDERS** that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "**Receiver's Certificates**") for any amount borrowed by it pursuant to this Order.

27. **THIS COURT ORDERS** that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

SERVICE AND NOTICE

28. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the *Rules of Civil Procedure*. Subject to Rule 3.01(d) of the *Rules of Civil Procedure* and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL 'www.grantthornton.ca/HOHSDrugs'.

29. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Debtor's creditors or other interested parties at their respective addresses as last shown on the records of the Debtor and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

30. **THIS COURT ORDERS** that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

31. **THIS COURT ORDERS** that nothing in this Order shall prevent the Receiver from acting as a Trustee in bankruptcy of the Debtor.

32. **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 the Receiver and its 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 the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

33. **THIS COURT ORDERS** that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

34. **THIS COURT ORDERS** that the Plaintiff shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the Plaintiff's security or, if not so provided by the Plaintiff's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

35. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

36. **THIS COURT ORDERS** that the confidential exhibits to the Chun Affidavit and the confidential appendices to the Report shall be sealed until the earlier of (a) the completion of the Transactions, and (b) further order of this Court.

37. **THIS COURT ORDERS** that the Receiver, its counsel and counsel for the Applicant are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Debtor's creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction

of a legal or judicial obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations,* Reg. 81000-2-175 (SOR/DORS)

Mr. Justice
Cavanagh

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. ______________

AMOUNT $______________

1. THIS IS TO CERTIFY that Grant Thornton Limited, the receiver (the "**Receiver**") of all of the issued and outstanding shares in the capital of HOHS Drugs Limited (the "**Debtor**") and all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated the 11^{th} day of June, 2024 (the "**Order**") made in an action having Court file number CV-24-00721374-00CL, has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of $[●] being part of the total principal sum of $[●] which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the [●] day of each month] after the date hereof at a notional rate per annum equal to the rate of [●] per cent above the prime commercial lending rate of Bank of [●] from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

1. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

2. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

3. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

4. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the __________, day of ___, 2024.

Grant Thornton Limited, solely in its capacity as Receiver of the Property, and not in its personal capacity

Per: ________________________________

Name:
Title:

BANK OF MONTREAL and HOHS DRUGS LIMITED and HUAN DANG Court File No. CV-24-00721374-00CL

Applicant Respondents

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding Commenced at
Toronto

APPOINTMENT ORDER

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Lawyers for the Applicant,
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Appendix 3

Court File No. CV-24-00721374-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE	)	TUESDAY, THE 11TH
	)	
JUSTICE CAVANAGH	)	DAY OF JUNE, 2024

B E T W E E N:

BANK OF MONTREAL

Applicant

and

HOHS DRUGS LIMITED AND HUAN DANG

Respondents

APPROVAL AND VESTING ORDER
(Regency Transaction)

THIS APPLICATION made by Bank of Montreal ("**BMO**") for an order, among other things: (i) approving the asset purchase agreement (the "**Purchase Agreement**") between Grant Thornton Limited ("**GTL**") in its capacity as the Court-appointed receiver and manager (the "**Receiver**") of the property, assets, and undertaking of, and all of the issued and outstanding shares in the capital of, HOHS Drugs Limited (the "**Debtor**") and 1000801194 Ontario Inc. (the "**Purchaser**") dated April 17, 2024 and the transaction contemplated thereby (the "**Transaction**"); and (ii) vesting in the Purchaser all of the Debtor's right, title and interest in and to the Purchased Assets (as defined in the Purchase Agreement); was heard this day at 330 University Avenue, Toronto, Ontario by judicial videoconference.

ON READING the Affidavit of Leo Chun sworn May 29, 2024 and the Exhibits thereto, the pre-filing report to the Court of GTL in its capacity as proposed Receiver dated June 3, 2024, and on hearing the submissions of counsel for BMO, GTL and all other counsel on the Counsel Slip, no one appearing for any other party although duly served as appears from the Affidavit of Service, filed,

DEFINED TERMS

1. **THIS COURT ORDERS** that capitalized terms used in this order and not otherwise defined herein shall have the meanings ascribed to them in the Purchase Agreement.

APPROVAL OF THE TRANSACTION AND VESTING OF ASSETS

2. **THIS COURT ORDERS** that the Purchase Agreement and the Transaction be and are hereby approved and the execution of the Purchase Agreement by the Receiver is hereby authorized and approved, with such minor amendments (including to the Schedules) as the parties may deem necessary. The Receiver is hereby authorized and directed to perform its obligations under the Purchase Agreement and to take such additional steps and execute such additional documents as may be necessary or desirable to effect the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

3. **THIS COURT ORDERS** that upon the delivery of the Receiver's certificate to the Purchaser substantially in the form attached as **Schedule "A"** hereto (the "**Receiver's Certificate**"), all of the Debtor's right, title and interest in and to the Purchased Assets described in the Purchased Agreement shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, pledges, rights or options to acquire, or other claims of any kind or nature whatsoever,

whether known or unknown, absolute or contingent, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, whether or not they have 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 created by the Order of the Honourable Justice Conway dated June 11, 2024; and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system, 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 "B"**) 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.

4. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Receiver's Certificate all Claims and Encumbrances 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 that possession or control immediately prior to the sale.

5. **THIS COURT ORDERS AND DIRECTS** the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

6. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver is authorized and permitted

to disclose and transfer to the Purchaser all human resources and payroll information in the Debtor's records pertaining to the Business. The Purchaser 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 the Debtor.

7. **THIS COURT ORDERS** that, notwithstanding:

(a) the pendency of these proceedings;

(b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**") in respect of any of the Respondents and any bankruptcy order issued pursuant to any such applications; and

(c) any assignment in bankruptcy made in respect of any of the Respondents;

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 any of the Respondents and shall not be void or voidable by creditors of the Respondents, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the BIA 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.

8. **THIS COURT ORDERS** that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

9. **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 the Receiver and its 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 the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

10. **THIS COURT ORDERS** that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

11. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

12. **THIS COURT ORDERS** that this order is effective from the date that it is made and is enforceable without any need for entry and filing.

Mr. Justice
Cavanagh

SCHEDULE "A"
RECEIVER'S CERTIFICATE

Court File No. __________

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

B E T W E E N:

BANK OF MONTREAL

Applicant

and

HOHS DRUGS LIMITED AND HUAN DANG

Respondents

RECITALS

A. Pursuant to an Order of the Honourable Justice Cavanagh of the Ontario Superior Court of Justice (the "**Court**") dated June 11, 2024, Grant Thornton Limited was appointed as the receiver (the "**Receiver**") of the property, assets, and undertaking of, and all of the issued and outstanding shares in the capital of, HOHS Drugs Limited (the "**Debtor**").

B. Pursuant to an Order of the Court dated June 11, 2024, the Court approved the asset purchase agreement made as of April 17, 2024 (the "**Purchase Agreement**") between the Receiver and 1000801194 Ontario Inc. (the "**Purchaser**") and provided for the vesting in the Purchaser of the Debtor's right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming: (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in Article 7 of the Purchase Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Purchase Agreement.

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Cash Purchase Price payable at the Closing Time pursuant to the Purchase Agreement;

2. The conditions to Closing as set out in Article 7 of the Purchase Agreement have been satisfied or waived by the Receiver and the Purchaser; and

3. The Transaction has been completed to the satisfaction of the Receiver.

4. This Certificate was delivered by the Receiver at ________ [TIME] on _______ [DATE].

GRANT THORNTON LIMITED, solely in its capacity as the Court-appointed receiver of all of the issued and outstanding shares in the capital of HOHS Drugs Limited and of the assets, undertaking and properties of HOHS Drugs Limited, and not in its personal or corporate capacities

Per: ______________________________

Name:
Title:

Schedule "B"

Permitted Encumbrances

N/A

BANK OF MONTREAL and HOHS DRUGS LIMITED and HUAN DANG Court File No. CV-24-00721374-00CL

Applicant Respondents

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding Commenced at
Toronto

APPROVAL AND VESTING ORDER
REGENCY TRANSACTION
(RETURNABLE JUNE 11, 2024)

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Lawyers for the Applicant,
Bank of Montreal

Appendix 4

Court File No. CV-24-00721374-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE	)	TUESDAY, THE 11TH
	)	
JUSTICE CAVANAGH	)	DAY OF JUNE, 2024

B E T W E E N:

BANK OF MONTREAL

Applicant

and

HOHS DRUGS LIMITED AND HUAN DANG

Respondents

APPROVAL AND VESTING ORDER
(Manning Transaction)

THIS APPLICATION made by Bank of Montreal ("**BMO**") for an order, among other things: (i) approving the share purchase agreement dated April 4, 2024 (the "**Purchase Agreement**") between Grant Thornton Limited ("**GTL**") in its capacity as the court-appointed receiver and manager (the "**Receiver**") of the property, assets, and undertaking of, and all of the issued and outstanding shares in the capital of, HOHS Drugs Limited (the "**Debtor**") and Frank Murgic Pharmacist Professional Corporation, or its assignee or nominee (the "**Purchaser**"), for the purchase and sale of all of the issued and outstanding shares in the capital of the Debtor (the "**Shares**"), (ii) adding 1000915701 ("**ResidualCo**") as a Respondent in these receivership proceedings in order to carry out the transactions contemplated by the Purchase Agreement (collectively, the "**Transaction**"); (iii) transferring and vesting all of the Respondents' right, title and interest in and to the Excluded Liabilities, Excluded Assets, and Excluded Contracts (each as defined in the Purchase Agreement) in and to ResidualCo; (iii) vesting all of the right, title and interest in and to the Shares in the Purchaser; and (v) discharging all Encumbrances against the Debtor and the Retained Assets other than Permitted Encumbrances, if any; was heard this day at 330 University Avenue, Toronto, Ontario by judicial videoconference.

ON READING the Affidavit of Leo Chun sworn May 29, 2024 and the Exhibits thereto, the pre-filing report to the Court of GTL in its capacity as proposed Receiver dated June 3, 2024, and on hearing the submissions of counsel for BMO and GTL and all other counsel on the Counsel Slip, no one appearing for any other party although duly served as appears from the Affidavit of Service, filed,

DEFINED TERMS

1. **THIS COURT ORDERS** that capitalized terms used in this order and not otherwise defined herein shall have the meanings ascribed to them in the Purchase Agreement.

APPROVAL AND VESTING

2. **THIS COURT ORDERS AND DECLARES** that the Purchase Agreement and the Transaction be and are hereby approved and the execution of the Purchase Agreement by the Receiver is hereby authorized and approved, with such minor amendments (including to the Schedules) as the parties may deem necessary. The Receiver is hereby authorized and directed to perform its obligations under the Purchase Agreement and to take such additional steps and execute such additional documents as may be necessary or desirable to effect the Transaction and for the conveyance of the Shares to the Purchaser.

3. **THIS COURT ORDERS AND DECLARES** that this order shall constitute the only authorization required by the Receiver to proceed with the Transaction including, without limitation, the Pre-Closing Reorganization, and that no shareholder or other approval shall be required in connection therewith.

4. **THIS COURT ORDERS AND DECLARES** that, upon the delivery of the Receiver's certificate to the Purchaser, substantially in the form attached as **Schedule "A"** hereto (the "**Receiver's Certificate**"), the following steps shall occur and shall be deemed to have occurred in the sequence as set out in the Pre-Closing Reorganization and as set out below (the "**Reorganization Steps**"), provided that the Pre-Closing Reorganization as set out below may be amended to implement the Transaction on such terms as may be agreed by the parties:

(a) First, all of the Debtor's right, title and interest in and to the Excluded Assets shall transfer to, and vest absolutely and exclusively in, ResidualCo and all debts, liabilities, obligations, indebtedness, contracts, leases, agreements, and undertakings of any kind or nature whatsoever, whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or equity and whether based in statute or otherwise, together with any and all encumbrances, security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have 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 created by the order dated June 11, 2024 (the "**Appointment Order**"); and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act (Ontario)* or any other personal property registry systems; (all of which are collectively referred to as the "**Encumbrances**") shall continue to attach to the Excluded Assets with the same nature and priority as they had immediately prior to the transfer;

(b) Second, all of the Excluded Liabilities (which, for greater certainty, includes all debts, obligations, Liabilities, Encumbrances, indebtedness, Excluded Contracts, leases, agreements, undertakings, Claims, claims and potential claims of Terminated Employees, rights and entitlements of any kind or nature whatsoever, whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or in equity and whether based in statute or otherwise), shall transfer to, be assumed by and vest absolutely and exclusively in ResidualCo such that the Excluded Liabilities shall become obligations of ResidualCo and shall no longer be obligations of the Debtor, and the Debtor and all of its assets, licenses, undertakings and properties of every nature and kind whatsoever and wherever situate (including, for certainty, the Retained Assets, the "**Debtor's Property**") shall be and are hereby forever released and discharged from such Excluded Liabilities and all Claims and Encumbrances affecting or relating to the Debtor's Property are hereby expunged and discharged as against the Debtor's Property;

(c) Third, all options, conversion privileges, equity-based awards, warrants, securities, debentures, loans, notes or other rights, agreements or commitments of any character whatsoever that are held by any person and are convertible or exchangeable for any securities of the Debtor, or which require the issuance, sale or transfer by the Debtor, of any shares or other securities of the Debtor and/or the share capital of the Debtor, or otherwise relating thereto, shall be deemed terminated and cancelled;

(d) Fourth, all right, title and interest in and to the Shares shall vest absolutely and exclusively in the Purchaser free and clear of and from any and all Claims and Encumbrances and, for greater certainty, this court orders that all of the Claims and Encumbrances affecting or relating to the Shares are hereby expunged and discharged as against the Shares; and

(e) Fifth, the Debtor shall, and shall be deemed to, cease to be a Respondent in these receivership proceedings, and shall be deemed to be released from the purview of the Appointment Order of Justice Cavanagh dated June 11, 2024 (the "**Appointment Order**") and all other orders of this Court granted in respect of these receivership proceedings, save and except for this order, the provisions of which shall continue to apply in all respects.

5. **THIS COURT ORDERS** that, following the Closing Time, and notwithstanding the Debtor ceasing to be Respondent in these receivership proceedings, the Receiver (or any successor in interest thereto and any licensed insolvency trustee appointed in respect of ResidualCo) shall be authorized to take all steps as may be necessary to uphold any and all obligations arising from the *Wage Earner Protection Program Act,* SC 2005, c 47 ("**WEPPA**"), including: (i) working with the management of the Debtor and/or the Purchaser to identify the Terminated Employees and to determine the amounts owed to Terminated Employees; (ii) providing Service Canada and

Terminated Employees with information necessary to establish eligibility for payment pursuant to WEPPA; and (iii) administering the WEPPA claims process generally.

6. **THIS COURT ORDERS AND DIRECTS** the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof in connection with the Transaction.

7. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Shares (the "**Proceeds**"), and the Excluded Assets, if any, shall stand in the place and stead of the Shares and Retained Assets, and that from and after the delivery of the Receiver's Certificate, all Claims and Encumbrances shall attach to the Proceeds and the Excluded Assets with the same priority as they had with respect to the Shares and Retained Assets immediately prior to the Transaction.

8. **THIS COURT ORDERS** that, upon delivery of the Receiver's Certificate, the Purchaser, its counsel, and/or their respective agents, shall be authorized to file or register, as applicable, all such financing change statements and other instruments as may be necessary to cancel and discharge all registrations against the Debtor pursuant to the *Personal Property Security Act* (Ontario) or any similar legislation.

9. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, the Debtor or the Receiver, as the case may be, are each authorized and permitted to disclose to the Purchaser all human resources and payroll information in the Debtor's records pertaining to past and current employees of the Debtor. The Purchaser shall maintain and protect the privacy of such information in accordance with applicable law 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 the Debtor.

10. **THIS COURT ORDERS AND DECLARES** that, at the Closing Time and without limiting the provisions of paragraph 4 hereof, the Purchaser, the Receiver and the Debtor shall be deemed released from any and all Claims and Encumbrances with respect to or arising from any taxes (including penalties and interest thereon) of, or that relate to, the Debtor (provided, as it relates to the Debtor, such release shall not apply to Taxes in respect of the business and operations conducted by the Debtor after the Closing Time) including, without limiting the generality of the foregoing, all taxes that could be assessed against the Purchaser or the Debtor pursuant to section 160 of the *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp.), or any provincial equivalent, in connection with the Debtor; any Taxes arising as a result of the Pre-Closing Reorganization; or the implementation of this Approval and Vesting Order.

11. **THIS COURT ORDERS** that except to the extent expressly contemplated by the Purchase Agreement, all Assumed Contracts as at the delivery of the Receiver's Certificate will be and remain in full force and effect upon and following delivery of the Receiver's Certificate and no individual, firm, corporation, governmental body or agency, or any other entity (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") who is a party to any such arrangement may accelerate, terminate, rescind, refuse to perform or otherwise repudiate its obligations thereunder, or enforce or exercise any right (including any right of set-off, dilution or other remedy) or make any demand under or in respect of any such arrangement and no automatic termination will have any validity or effect, by reason of:

(a) any event that occurred on or prior to the delivery of the Receiver's Certificate that would have entitled such Person to enforce those rights or remedies (including defaults or events of default arising as a result of the insolvency of the Debtor);

(b) the insolvency of the Debtor;

(c) any compromises, releases, discharges, cancellations, transactions, arrangements, reorganizations or other steps taken or effected pursuant to the Purchase Agreement, the Transaction or the provisions of this order, or any other order of the court in these receivership proceedings; or

(d) any transfer of assignment, or any direct or indirect change of control of the Debtor, or other step arising from the implementation of the Purchase Agreement, the Transaction, the Pre-Closing Reorganization or the provisions of this order.

12. **THIS COURT ORDERS** that from and after the Closing Time, all Persons shall be deemed to have waived any and all defaults of the Debtor then existing or previously committed by the Debtor, or caused by the Debtor, directly or indirectly, or non-compliance with any covenant, warranty, representation, undertaking, positive or negative pledge, term, provision, condition or obligation, expressed or implied, in any Assumed Contract, existing between such Person and the Debtor arising directly or indirectly from the filing of the receivership proceedings and the implementation of the Transaction, including without limitation any of the matters or events listed in paragraph 11 hereof.

13. **THIS COURT ORDERS** that from and after the Closing Time, any and all Persons shall be and are hereby forever barred, estopped, stayed and enjoined from commencing, taking, applying for or issuing or continuing any and all steps or proceedings, whether directly,

derivatively or otherwise, and including without limitation, administrative hearings and orders, declarations and assessment, commenced, taken or proceeded with or that may be commenced, taken or proceeded with against the Debtor or the Retained Assets relating in any way to or in respect of any Excluded Assets, Excluded Contracts or Excluded Liabilities and any other claims, obligations and other matters which are waived, released, expunged or discharged pursuant to this order.

14. **THIS COURT ORDERS** that, from and after the Closing Time:

(a) the nature of the Retained Liabilities assumed by the Purchaser or retained by the Debtor, including, without limitation, their amount and their secured or unsecured status, shall not be affected or altered as a result of the Transaction or this order;

(b) the nature of the Excluded Liabilities, including, without limitation, their amount and their secured or unsecured status, shall not be affected or altered as a result of their transfer to ResidualCo;

(c) any Person that prior to the Closing Time had a valid right or claim against the Debtor under or in respect of any Excluded Contract or Excluded Liability (each an "**Excluded Liability Claim**") shall no longer have such right or claim against the Debtor but will have an equivalent Excluded Liability Claim against ResidualCo in respect of the Excluded Contract or Excluded Liability from and after the Closing Time in its place and stead, and nothing in this order limits, lessens or extinguishes the Excluded Liability Claim of any Person as against ResidualCo; and

(d) any Person with an Excluded Liability Claim against ResidualCo following the Closing Time shall have the same rights, priority and entitlement as against ResidualCo as such Person had against the Debtor in respect of that Excluded Liability Claim prior to the Closing Time.

15. **THIS COURT ORDERS AND DECLARES** that, as of the Closing Time, ResidualCo shall be added as a Respondent in these receivership proceedings and all references in any order of this court in respect of these proceedings to (i) a "Respondent" shall be deemed to refer to and include ResidualCo, and (ii) the "Property" shall include the current and future assets, licenses, undertakings and properties of every nature and kind whatsoever, and wherever situated including all proceeds thereof, of ResidualCo (collectively, the "**ResidualCo Property**"), and, for greater certainty, the Receiver's Charge and the Receiver's Borrowings Charge (each as defined in the Appointment Order) shall constitute a charge on the ResidualCo Property.

16. **THIS COURT ORDERS** that, notwithstanding:

(e) the pendency of these proceedings;

(f) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**") in respect of any of the Respondents or ResidualCo and any bankruptcy order issued pursuant to any such applications; and

(g) any assignment in bankruptcy made in respect of any of the Respondents or ResidualCo;

the Purchase Agreement, the implementation of the Transaction (including without limitation the transfer and vesting of the Excluded Assets, Excluded Contracts and Excluded Liabilities in and to ResidualCo), and any payments by the Purchaser or the Debtor authorized herein or pursuant to the Purchase Agreement shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and/or ResidualCo and shall not be void or voidable by creditors of the Respondents or ResidualCo, as applicable, nor shall they constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall they constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

17. **THIS COURT ORDERS** that, in addition to its prescribed rights and obligations under the BIA, the Receiver is authorized, entitled and empowered to assign or cause to be assigned, at any time after the Closing Date, ResidualCo into bankruptcy and to take any steps incidental thereto, and the Receiver shall be authorized and empowered, by not obligated, to act as trustee in bankruptcy in respect of ResidualCo.

18. **THIS COURT ORDERS** that notwithstanding anything contained in this Order, the Receiver and its directors, officers, legal counsel, employees and representatives shall not be deemed to be directors, officers or employees of ResidualCo, *de facto* or otherwise, and shall incur no liability as a result of acting in accordance with this order, other than any liability as a direct result of the gross negligence or willful misconduct of the Receiver.

19. **THIS COURT ORDERS** that, following the Closing Time, the title of these proceedings is hereby changed to

BANK OF MONTREAL

Applicant

and

1000915701 ONTARIO INC., HOHS DRUGS LIMITED AND HUAN DANG

Respondents

GENERAL

20. **THIS COURT ORDERS** that, following the Closing Time, the Purchaser shall be authorized to take all steps as may be necessary to effect the discharge of the Claims and Encumbrances as against the Shares and the Retained Assets.

21. **THIS COURT ORDERS** that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

22. **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 the Receiver and its 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 the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

23. **THIS COURT ORDERS** that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located,

for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

24. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

25. **THIS COURT ORDERS** that this order is effective from the date that it is made and is enforceable without any need for entry and filing, provided that the transaction steps set out in paragraph 4 shall be deemed to have occurred sequentially, one after the other, in the order set out in paragraph 4.

Mr. Justice Cavanagh

SCHEDULE "A"
RECEIVER'S CERTIFICATE

B E T W E E N:

BANK OF MONTREAL

Applicant

and

HOHS DRUGS LIMITED AND HUAN DANG

Respondents

RECITALS

A. Pursuant to an Order of the Honourable Justice Cavanagh of the Ontario Superior Court of Justice (the "**Court**") dated June 11, 2024, Grant Thornton Limited was appointed as the receiver (the "**Receiver**") of the property, assets, and undertaking of, and all of the issued and outstanding shares in the capital of, HOHS Drugs Limited (the "**Debtor**").

B. Pursuant to an Order of the Court dated June 11, 2024, the Court approved the share purchase agreement made as of April 4, 2024 (the "**Purchase Agreement**") between the Receiver and Frank Murgic Pharmacist Professional Corporation (the "**Purchaser**") and ordered, *inter alia*, that: (i) all of the Respondents' right, title and interest in and to the Excluded Assets shall vest absolutely and exclusively in ResidualCo; (ii) all of the Excluded Contracts and Excluded Liabilities shall be transferred to, assumed by and vested in ResidualCo; and (iii) all of the right, title and interest in and to the issued and outstanding shares of the Debtor (the "**Shares**") shall vest absolutely and exclusively in the Purchaser, which vesting is, in each case, to be effective upon the delivery by the Receiver to the Purchaser of a certificate confirming that the conditions to Closing as set out in the Purchase Agreement have been satisfied or waived by the Receiver and the Purchaser, and the Transaction has been completed to the satisfaction of the Receiver..

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Purchase Agreement.

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Cash Purchase Price payable at the Closing Time pursuant to the Purchase Agreement;

2. The conditions to Closing as set out in Article 8 of the Purchase Agreement have been satisfied or waived by the Receiver and the Purchaser; and

3. The Transaction has been completed to the satisfaction of the Receiver.

4. This Certificate was delivered by the Receiver at ________ [TIME] on _______ [DATE].

GRANT THORNTON LIMITED, solely in its capacity as the Court-appointed receiver of all of the issued and outstanding shares in the capital of HOHS Drugs Limited and of the assets, undertaking and properties of HOHS Drugs Limited, and not in its personal or corporate capacities

Per: ______________________________

Name:

Title:

BANK OF MONTREAL and HOHS DRUGS LIMITED and HUAN DANG Court File No. CV-24-00721374-00CL

Applicant Respondents

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding Commenced at
Toronto

APPROVAL AND VESTING ORDER
(RETURNABLE JUNE 11, 2024)

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Lawyers for the Applicant, Bank of Montreal

Appendix 5

ONTARIO SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

COUNSEL/ENDORSEMENT SLIP

COURT FILE NO.: CV-24-00721374-00CL **DATE: June 11, 2024**

NO. ON LIST: 2

TITLE OF PROCEEDING: BANK OF MONTREAL v. HOHS DRUGS LIMITED et al

BEFORE: JUSTICE CAVANAGH

PARTICIPANT INFORMATION

For Plaintiff, Applicant, Moving Party:

Name of Person Appearing	Name of Party	Contact Info
VAN KLINK, TONY FAHEIM, MONICA	BANK OF MONTREAL	tvanklink@millerthomson.com 519-931-3509 mfaheim@Millerthomson.com

For Defendant, Respondent, Responding Party:

Name of Person Appearing	Name of Party	Contact Info
MAGISANO, DOMENICO NICOLA	HOHS DRUGS LIMITED DANG, HUAN	dmagisano@lerners.ca 416-601-4121

For Other, Self-Represented:

Name of Person Appearing	Name of Party	Contact Info
CHAITON, HARVEY AFROZ, DANISH	Grant Thornton Limited PROPOSED RECEIVER	Harvey@chaitons.com Dafroz@chaitons.com
HOGAN, TIM	Frank Murgic PPC	thogan@harrisonpensa.com

ENDORSEMENT OF JUSTICE CAVANAGH:

[1] The Applicant, Bank of Montreal ("BMO"), brings this application for an order, among other things, appointing Grant Thornton Limited ("GTL") (the "proposed Receiver") as the receiver and manager of all of the issued and outstanding shares (the "Shares") in the capital of the respondent HOHS Drugs Limited (the "Debtor"), and all the assets, undertakings and properties of the Debtor acquired for or used in relation to the Debtor's pharmacy business.

[2] The Respondent Huan Dang is a respondent to this application because of his ownership of the shares of the Debtor.

[3] Subject to the requested appointment of the proposed Receiver, BMO also seeks approval of two transactions in respect of the Debtor's assets and business:

a. an Order approving a share purchase agreement dated April 4, 2024 (the "Manning SPA") between proposed Receiver and Frank Murgic Pharmacist Professional Corporation (the "Manning Purchaser") and the transaction contemplated thereby, being an acquisition of the Shares through a reverse vesting transaction; and

b. an Order approving an asset purchase agreement dated April 17, 2024 (the "Regency APA") between the proposed Receiver and 1000801194 Ontario Inc. (the "Regency Purchaser") and the transaction contemplated thereby, being an acquisition of the pharmacy located at 2737 Keele Street, Suite 1-8, Toronto (the "Regency Pharmacy") through an approval and vesting order.

[4] The respondents were represented at the hearing and do not oppose the relief sought by BMO.

[5] This application is supported by the affidavit of Leo Chun sworn May 29, 2024. In addition, the proposed Receiver prepared and filed a Pre-filing Report dated June 3, 2024. The proposed Receiver supports the requested approval orders.

[6] BMO is the first ranking secured creditor of the Debtor.

[7] The Debtor is in default of its obligations under the terms of, among other things, a credit agreement and security documents. The Debtor is indebted to BMO for the principal amount of over $5,363,688.18. BMO demanded repayment of the total indebtedness and issued notices of intention to enforce security ("NITES") under the *Bankruptcy and Insolvency Act* (the "BIA"). Under its security, BMO is entitled to appoint a receiver of the assets, undertakings and properties of the Debtor and to realize upon the Shares pursuant to the share security documents as described in the application materials.

[8] BMO worked diligently with the Debtor for almost two years to stabilize its business and to conduct a sale process to identify purchasers for the Debtor's assets and pharmacy business. Two transactions have been identified, both of which are required to be completed through a

receivership. If so appointed, the proposed Receiver, as Receiver, will take the necessary steps to implement the transactions on the terms and conditions set out in the applicable purchase agreements. The transactions, if completed, will permit the Debtor's pharmacy business to continue as a going concern. These transactions will provide stability and certainty for the Debtor's stakeholders, including customers, suppliers and employees.

[9] One creditor of the Debtor is McKesson Canada ("McKesson"), a principal provider of inventory to the Debtor. The Application Record was sent to McKesson by courier to its address for service on its *PPSA* registration. There was a signed receipt from a person named "Michael". However, when counsel for BMO attempted to serve its factum for this application to the same address, a report came back that McKesson was not at that location. The proposed Receiver had the same issue when it tried to serve its Pre-Filing Report. Counsel for BMO then found the head office address for McKesson on its web site and delivered by courier its Application Record, Factum, and the proposed Receiver's Pre-Filing Report to McKesson at the head office address. However, the courier package was refused. No one appeared for McKesson at the hearing of this application.

[10] The Debtor owns and operates two pharmacies in Toronto: the pharmacy located at 260 Spadina Avenue, Toronto (the "Toronto Manning Drug Mart") and the Regency Pharmacy. The Debtor is a "Pre-1954 Charter Company" as contemplated under section 142(4) of the *Drug and Pharmacies Regulations Act* (Ontario). This means that, unlike pharmacies incorporated after May 14, 1954, the owner of the pharmacy is not required to be a pharmacist. A consequence of this is that the Debtor's charter and articles of incorporation (the "Charter") have commercial value.

[11] The Debtor's assets consist primarily of pharmacy assets (inventory, accounts receivable, and service contracts), as well as the Charter. Mr. Dang purchased the Shares of the Debtor in 2018 for $2,600,000, plus an inventory adjustment.

[12] Evidence with respect to the credit facilities between BMO and the Debtor, the security held by BMO, and defaults by the Debtor are set out in the application materials and summarized in the factum of BMO at paragraphs 14-20. The Debtor has been in default of its obligations under its credit agreement with BMO since 2021.

[13] In the summer of 2022, Mr. Dang advised BMO of his intention to sell the pharmacy business and Charter. Despite attempts by the Debtor to identify a purchaser for the Regency Pharmacy and the Toronto Manning Drug Mart, no transaction was completed. In February 2023, BMO issued demand letters and NITES.

[14] In March 2023, BMO engaged MC2 Business Advisors Inc. ("MC2") to develop and implement with the Debtor and Mr. Dang a sale process for the assets of the Debtor and the Charter. MC2 is a boutique advisory firm which provides a full range of mergers and acquisitions, corporate finance and advisory services, and is a recognized leader in the pharmacy sector.

[15] Ultimately, MC2, with the assistance of the Debtor, Mr. Dang, and BMO, conducted a sale process to identify a purchaser for the Debtor's pharmacy business. This sale process resulted in the transactions in respect of the Regency Pharmacy and the Shares.

[16] On April 17, 2024, the Regency Purchaser made an irrevocable offer to enter into the Regency APA whereby the Regency Purchaser agreed to purchase all of the Debtor's (and Receiver's) right, title and interest, if any, in, to and under certain purchased assets (as defined in the Regency APA). The conditions to closing this transaction include (a) the issuance of an order appointing GTL as the Receiver; (b) the issuance of an approval and vesting order approving the transaction and vesting the Regency Assets in the Regency Purchaser free and clear of all claims and encumbrances; and (c) the approval of an application for accreditation as a community pharmacy by the Regency Purchaser to the Ontario College of Pharmacists, which process is expected to be completed 45 days following submission.

[17] On April 4, 2024, the Manning Purchaser made an irrevocable offer to enter into the Manning SPA, pursuant to which the Manning Purchaser agreed to purchase the Shares. It is contemplated that the transaction under the Manning SPA will be completed by way of approval and a "reverse" vesting order. The Manning SPA is conditional upon, among other things (a) the issuance of an order appointing GTL as the Receiver, (b) the issuance of an approval and vesting order, among other things, approving the Manning SPA and vesting the Shares in the Manning Purchaser free and clear of all claims and encumbrances, (c) the completion of the transaction contemplated by the Regency APA, including the assignment of the lease in respect of Toronto Manning Drug Mart.

[18] Section 243 (1) of the *BIA* provides that on an application by a secured creditor, a court may, where the court considers it just or convenient to do so, appoint a receiver to take possession of the accounts, inventory and other property of an insolvent person and exercise control over that person's property and assets. Section 101 of the *Courts of Justice Act* provides that a judge may grant an interlocutory order appointing a receiver and manager where it appears to the judge to be just or convenient to do so.

[19] In considering whether it is just or convenient to appoint a receiver, the Court must have regard to all of the circumstances, but in particular the nature of the property and the rights and interests of all parties in relation thereto. These include the rights of a secured creditor pursuant to its security.

[20] I am satisfied that the appointment of a receiver is just and convenient in the circumstances for the following reasons:

a. the Debtor has defaulted on its obligations under the credit agreement and the security documents, and no payments have been made under the credit facilities since January 2023;

b. the security documents grant BMO the right to appoint a receiver upon default;

c. the respondents do not oppose the appointment of GTL as the Receiver; and

d. the proposed receivership will permit GTL to complete the proposed transactions which, if approved and completed, will result in a repayment of a significant portion of the indebtedness owing to BMO and a continuation of the Debtor's pharmacy business as a going concern.

[21] In *Royal Bank of Canada v. Soundair Corp.*, 1991 CanLII 2727 (ON CA), the Court of Appeal for Ontario held that in reviewing a proposed sale of assets by a receiver, the Court will consider: (a) whether the receiver is made a sufficient effort to obtain the best price and has not acted improvidently; (b) whether the interests of all the parties have been considered; (c) the efficacy and integrity of the process by which offers have been obtained; and (d) whether there has been unfairness in the working out of the process.

[22] With respect to the Regency APA, I am satisfied that the principles in *Soundair* are satisfied. A robust sale process was completed by MC2 (following prior sale efforts by the Debtor). The objective of that process was to obtain the highest and best value for the assets and business of the Regency Pharmacy. Interested parties were provided with a reasonable opportunity to conduct due diligence, consider the opportunity, and make an offer. The proposed Receiver is of the view that the proposed purchase price is fair and reasonable and does not believe that further marketing efforts would yield a superior transaction. Completion of the transaction in respect of the Regency Pharmacy will allow it to continue as a going concern for the benefit of customers, suppliers, employees and other stakeholders. I am satisfied that the sale process was run with integrity and there was no unfairness.

[23] The Regency APA and the transaction contemplated thereunder should be approved.

[24] BMO also seeks approval of the Manning SPA and the transaction contemplated thereby, which is structured as a reverse vesting order ("RVO") transaction. BMO also seeks an ancillary relief that is necessary to complete the proposed transaction, including adding ResidualCo as a respondent in these receivership proceedings, and vesting all of the Excluded Assets, Excluded Contracts, and Excluded Liabilities in ResidualCo, and discharging all Encumbrances, other than the Permitted Encumbrances, against the Retained Assets (defined terms have the meanings given to them in the application materials).

[25] Pursuant to section 183(1)(c) of the *BIA*, the Court has such jurisdiction at law and in equity as will enable it to exercise original, auxiliary, and ancillary jurisdiction in bankruptcy and another proceedings authorized by the *BIA*. It has been recognized that a principal benefit of the reverse vesting structure is the preservation of non-transferable assets, such as licenses and regulatory approvals. This Court has jurisdiction to grant the requested order.

[26] In *Just Energy Group Inc. (Re)*, 2022 ONSC 6354, McEwen J. noted, at para. 33, that reverse vesting orders should not be the norm, and that a court should carefully consider whether a reverse vesting order is warranted in the circumstances.

[27] In *Harte Gold (Re)*, 2022 ONSC 653, Penny J. identified four non-exclusive inquiries which should be made when a reverse vesting order is sought: (a) why is the RVO necessary in this case? (b) does the RVO structure produces an economic result at least as favourable as any other viable alternative? (c) is any stakeholder worse off under the RVO structure than they would have been under any other viable alternative? and (d) does the consideration being paid for the debtor's business reflect the importance and value of the intangible assets being preserved under the RVO structure?

[28] A transaction involving a pre-1954 charter pharmacy was approved by this Court in receivership proceedings in *Pulse RX Inc. and Family Pharmacy Clinic Inc.*, CV-21-00661434-00CL (Order of Gilmore J. dated May 24, 2022). In that case, like the case before me, the Charter had significant value if commercialized, it was not transferrable, and the sale arose out of a robust sale process.

[29] The Manning Purchaser is not prepared to acquire the Shares under any alternative structure. I am satisfied that a reverse vesting structure is necessary and appropriate in the circumstances. This structure (i) allows for the monetization of the Charter (which cannot be transferred or conveyed under a traditional asset sale and vesting order structure) because the Manning Purchaser is able to acquire it within the existing corporate structure, while also facilitating the retention of material contracts and the vesting out of certain excluded assets and excluded liabilities which will be transferred to ResidualCo; (ii) preserves the Debtor's historical tax attributes; and (iii) is critical to the viability of the Manning transaction and necessary to avoid the consequences resulting from the Debtor's bankruptcy. A liquidation of the Debtor's assets and business will result in a materially worse outcome for all stakeholders in comparison with the Manning transaction.

[30] The proceeds of the Manning transaction are not sufficient to repay the debt owing to BMO in full. No other subordinate creditors would receive a return under any other viable alternative. In addition, the reverse vesting order structure will be beneficial to, among other stakeholders, the Debtor's current employees. The proposed Receiver reports that without this structure, and the preservation of the Manning Business, the employment of all of the Debtor's employees would be terminated. I am satisfied that no unfairness arises from the reverse vesting structure and that no stakeholders will be worse off under the structure than they would be under any other viable alternative.

[31] I am satisfied that the Manning transaction, implemented through a reverse vesting order structure, will produce an economic result at least as favourable as any other alternative. The reverse vesting order structure will contribute to significantly improve the offer from the Manning Purchaser, thereby maximizing creditor recoveries. This will result in substantial recoveries for BMO, the primary secured creditor. The proposed Receiver reports that based on its analysis of

the Debtor's assets and business, and experience in similar mandates, it does not expect any alternative structure to provide an economic result for the Debtor's creditors that is at least as or more favourable than the Manning transaction.

[32] I am satisfied based on the proposed Receiver's Pre-filing Report that the consideration being paid for the Shares is fair and reasonable in the circumstances. The consideration is greater than the Debtor's assets would be under a bankruptcy, and reflects the importance and value to the Manning Purchaser of the assets being preserved under the reverse vesting order structure, including the Charter and the Debtor's tax attributes. The principles in *Soundair* are satisfied.

[33] BMO seeks an order sealing Confidential Exhibits "1", "2", "3", "4", and "5" to the Chun affidavit which consisted of Letters of Intent signed by the Debtor, an email from Mr. Dang to BMO regarding his sale efforts, and the Letters of Intent signed by BMO for the proposed transactions. BMO also seeks an order sealing Confidential Appendices "1", "2", and "3", to the Pre-Filing Report which, respectively, consist of the summary of the results of the sale process, the unredacted Regency APA, and the unredacted Manning SPA. Redacted versions of the Confidential Appendices (the exception of a sale process summary) are attached the Pre-Filing Report and the only redactions relate to the purchase price, the deposit and other key commercial terms under each transaction.

[34] I am satisfied that the test for a sealing order as set out in *Sherman Estate v. Donovan*, 2021 SCC 25, at para. 30, is satisfied.

[35] GTL intends to administer an employee claims process under the *Wage Earner Protection Program Act* ("WEPPA") for individuals currently employed by the Debtor whose employment will be terminated prior to the close of the transaction in respect of Toronto Manning Drug Mart. BMO therefore seeks approval of a declaration authorizing the Receiver to take all steps as may be necessary to uphold any and all obligations arising from the WEPPA. The *Wage Earner Protection Plan* is a federal government program that provides for payments to individuals in respect of wages owed to them by employers who are bankrupt or subject to a receivership. A declaration in the circumstances is necessary because, subject to the appointment of GTL as Receiver of the Debtor and approval of the Manning SPA, WEPPA will be administered following closing of the transaction, at which time liabilities owing to employees whose employment was terminated will have vested in ResidualCo. They requested declaration permits the Receiver to assist with the administration of WEPPA notwithstanding the removal of the Debtor as a respondent in the proposed receivership proceedings. I am satisfied that this relief should be granted.

[36] For these reasons, I grant the application. The closing of the transactions will not take place until at least ten days after the approval orders are issued. As I have noted, McKesson may not have received the application materials at its address for service shown on its *PPSA* registrations, and it would not accept the package of application materials sent to its head office. I direct the Receiver to serve the orders made on this application on McKesson forthwith. This will give McKesson time to seek to vary the orders, if so advised, before the transactions are completed.

[37] Orders to issue in forms of Orders signed by me today.

Mr. Justice
Cavanagh

Appendix 6

District of: Ontario
Division No.: 09-Toronto
Estate No.: 31-459905
Court No.: CV-24-00721374-00CL

IN THE MATTER OF THE RECEIVERSHIP OF
HOHS DRUGS LIMITED
FINAL STATEMENT OF RECEPTS AND DISBURSEMENTS
FOR THE PERIOD JUNE 11, 2024 TO JULY 14, 2025

	Company Bank Accounts		GTL Trust	
	Manning	**Regency**	**Account**	**Total**
Receipts				
Proceeds from the Sale of HOHS Shares	$ -	$ -	$ 4,650,000	$ 4,650,000
Proceeds from the Sale of Inventory (Manning)			192,835	192,835
Proceeds from the Sale of Other Assets (Manning)			6,329	6,329
Proceeds from the Sale of Regency Assets	-	-	165,000	165,000
Proceeds from the Sale of Inventory (Regency)			45,095	45,095
Collection of Accounts Receivable	537,320	68,384	- 43,505	562,199
Cash on hand and Deposits	-	-	21,633	21,633
Sales at the Pharmacies	15,525	695	-	16,220
HST Collected on Sales at the Pharmacies	2,018	90	-	2,109
Transfers	- 7,000	7,000	-	-
Total Receipts	**$ 547,863**	**$ 76,170**	**$ 5,037,387**	**$ 5,661,420**
Disbursements				
Suppliers	$ 86,481	$ 24,113	$ -	$ 110,594
Contractors and Payroll	7,379	6,037	14,409	27,825
HST Paid (General)	13,515	4,575	1,100	19,190
Rent	-	4,616	-	4,616
Administrative Expenses	1,470	1,176	1,660	4,307
Service Charges	753	806	32	1,591
Insurance	425	-	-	425
Utilities	-	-	755	755
Receiver's Fees	-	-	110,782	110,782
HST Paid on Receiver's Fee	-	-	14,402	14,402
Legal Fees	-	-	97,285	97,285
HST Paid on Legal Fees	-	-	12,574	12,574
Other Professional Fees	9,896	-	-	9,896
Total Disbursements	**$ 119,918**	**$ 41,324**	**$ 253,000**	**$ 414,242**
Net Cash Receipts	**$ 427,945**	**$ 34,845**	**$ 4,784,387**	**$ 5,247,178**
Estimated Reserve For Future Payments				
McKesson Canada Claim, Manning				176,252
McKesson Canada Claim, Regency				37,070
Revenue Adjustment Holdback				400,000
Claims Reserve Holdback				250,000
Receivership Professional Fees Accrual (Incl. HST)				75,000
Bankruptcy Professional Fees Accrual (Incl. HST)				50,000
Total Estimated Reserve For Future Payments				**$ 988,322**
Net Cash After Estimated Reserve For Future Payments				**$ 4,258,856**

Appendix 7

Canada Revenue Agency   Agence du revenu du Canada

5001 Yonge Street, North York, ON M2N 6R9

RECEIVED

FEB 7 2025

Account number 88147 7988 RP0001
Date issued January 31, 2025

HOHS DRUGS LIMITED
ROMAN KONOVALOV
C/O GRANT THORNTON LIMITED
200 KING ST W
11TH FLOOR, BOX 11
TORONTO ON M5H 3T4

Subject: Payroll examination statement of account

We completed the examination of your books and records. Enclosed is your PD83-1, Payroll Examination Statement of Account.

If you have questions or need information about the attached documentation, please call me at **647-355-4236**.

Thank you,

Heather Santos
Trust Accounts Examination
5001 Yonge Street
Toronto
ON
M2N 6R9
647-355-4236

Canada

Canada Revenue Agency | Agence du revenu du Canada

PROTECTED B when completed

Payroll Examination Statement of Account

Taxpayer's Name	Date
HOHS DRUGS LIMITED	**2025-01-09**

TaxPayer's Address **102 - 2737 KEELE ST** **NORTH YORK, ON M3M 2E9**	Collections Section Contact **R. MOON-WAN** Collections Section Telephone **(647)327-8306**
Account Number **881477988RP0001**	Tax Services Office **1263 Toronto North**
An examination of your payroll records performed on **2025-01-09**	covering the period(s) From **2023-01-01** to **2024-11-30**

discloses discrepancies in your remittances as follows:

Details	2024 $	2023 $	$
Total deductions and taxpayer's obligation	**39,717.53**	**116,201.27**	
Total credits (includes amounts remitted and assessed)	**39,794.42**	**116,201.25**	
Adjustments	**0.00**	**0.02**	
Difference	**-76.89**	**0.00**	
Corrections re EI and/or CPP/Second CPP (see PD86 attached)	**0.00**	**0.00**	
Balance	**-76.89**	**0.00**	
Failure to remit penalty	**0.00**	**0.00**	
Interest	**0.00**	**0.00**	
Late remitting penalty	**0.00**	**0.00**	
Failure to deduct penalty	**0.00**	**0.00**	
Late filing penalty	**0.00**	**0.00**	
Mandatory electronic filing penalty	**0.00**	**0.00**	
Total owing	**0.00**	**0.00**	

Total arrears disclosed during examination	**0.00**	**Arrears balance resulting from June 2024 late payment of $9,153.78 made August 13, 2024. Penalty amount: $856.37**
Previous arrears	**896.14**	
Adjustment (Previous arrears)	**0.00**	
Interest to date on previous arrears	**0.00**	
Sub Total	**896.14**	
Less: Current payment	**0.00**	
Balance due	**896.14**	

A notice of assessment will follow shortly. However, the amount owing is due and payable immediately and you are therefore required to provide the examination officer with the appropriate payment. Failure to do so may result in legal proceedings either by way of garnishee or action in the Federal Court which could result in seizure and sale of your assets.

HEATHER SANTOS	**2025-01-09**	
▶ For Assistant Director, Revenue Collections Division	Date	Signature for receipt only of this statement

Penalties for failure to comply

Every employer or person who deducts or withholds any amount under the *Income Tax Act*, the Canada Pension Plan and the *Employment Insurance Act*, shall be deemed to hold the amount so deducted or withheld in trust for Her Majesty. All amounts so deducted or withheld are trust funds and in the event of any liquidation, assignment, receivership or bankruptcy, the said amounts shall be deemed to be separate and form no part of the estate in liquidation, assignment, receivership or bankruptcy.

An employer or person who fails to deduct or who fails to remit tax that was deducted may be prosecuted and if convicted, will be fined not less than $1,000 and not exceeding $25,000, or may be fined and imprisoned for a period not exceeding 12 months. If the employer is a corporation, **any officer, director or agent** of the corporation who participated or acquiesced in the commission of the offence is equally liable with the corporation.

As of 2015 large employers, whose "average monthly withholding amount" (AMWA) is between $25,000 and $99,999 (Threshold 1) and those with an "AMWA" of $100,000 or more (Threshold 2) are required to remit on an accelerated basis. For threshold 1 employers, withholdings from paydays occurring during the first 15 days of the month must be received by the 25th of that month and withholdings from paydays occurring during the remainder of the month must be received by the 10th day of the next month. Threshold 2 employers are required to remit withholdings by the 3rd day (not including a Saturday, a Sunday or a holiday) from the end of defined periods in which the payday(s) occur. The periods are: from the 1st to the 7th, the 8th to the 14th, the 15th to the 21st and the 22nd to the end of the month. Regular employers will continue to remit withholdings by the 15th day of the month following the month in which the amounts were deducted or withheld.

Amounts greater than $500, that are remitted late or that are deficient **(except for wilful delays or deficiencies)** are subject to penalties under the Income Tax Act. The rate is 10% for the first late penalty assessed and 20% on subsequent late penalties assessed for the same calendar year, when the subsequent failure was made knowingly or under circumstances amounting to gross negligence. If it is determined that the payment is **wilfully** late or deficient, the $500 exemption will not be given. Daily compound interest at the prescribed rate is charged on all outstanding balances, by law.

Liability of Directors

Where a corporation has failed to deduct or withhold an amount or has failed to remit such an amount as required under the *Income Tax Act* (or any other act for which the Minister is administratively responsible), the **Directors** of the corporation at the time the corporation was required to deduct, withhold or remit **may be jointly and severally liable, together with the corporation**, to pay any amount that the corporation is liable to pay in respect of that amount, including any interest or penalties relating thereto.

However, a director who exercises the degree of care, diligence, and skill that a reasonably prudent person would exercise will not be liable. To benefit from this provision, a director should take positive action to ensure the corporation makes the necessary deductions and remittances. For further details regarding the joint and several liability of directors, you may wish to refer to Information Circular 89-2R3, a copy of which may be obtained from your tax services office.

This examination does not constitute a complete audit of the financial records and does not preclude another audit being performed.

Canada Revenue Agency | Agence du revenu du Canada

5001 Yonge Street, North York, ON M2N 6R9

Account number 88147 7988 RP0001
Date issued January 31, 2025

HOHS DRUGS LIMITED
ROMAN KONOVALOV
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Thank you,

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Canada

Canada Revenue Agency / Agence du revenu du Canada

PROTECTED B when completed

Payroll Examination Statement of Account

Taxpayer's Name **HOHS DRUGS LIMITED**	Date **2025-01-09**
TaxPayer's Address **102 - 2737 KEELE ST** **NORTH YORK, ON M3M 2E9**	Collections Section Contact **R. MOON-WAN** Collections Section Telephone **(647)327-8306**
Account Number **881477988RP0001**	Tax Services Office **1263 Toronto North**
An examination of your payroll records performed on **2025-01-09**	covering the period(s) From **2023-01-01** to **2024-11-30**

discloses discrepancies in your remittances as follows:

Details	2024 $	2023 $	 $
Total deductions and taxpayer's obligation	87,529.45	116,201.27	
Total credits (includes amounts remitted and assessed)	91,348.48	116,201.25	
Adjustments	0.00	0.02	
Difference	-3,819.03	0.00	
Corrections re EI and/or CPP/Second CPP (see PD86 attached)	0.00	0.00	
Balance	-3,819.03	0.00	
Failure to remit penalty	0.00	0.00	
Interest	0.00	0.00	
Late remitting penalty	0.00	0.00	
Failure to deduct penalty	0.00	0.00	
Late filing penalty	0.00	0.00	
Mandatory electronic filing penalty	0.00	0.00	
Total owing	0.00	0.00	

Total arrears disclosed during examination	0.00	**Arrears balance resulting from June 2024 late payment of $9,153.78 made August 13, 2024. Penalty amount: $856.37**
Previous arrears	896.14	
Adjustment (Previous arrears)	-896.14	
Interest to date on previous arrears	0.00	
Sub Total	0.00	
Less: Current payment	0.00	
Balance due	0.00	

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HEATHER SANTOS ► For Assistant Director, Revenue Collections Division	**2025-01-09** Date	 Signature for receipt only of this statement

PD83-1 E (15)

See reverse

Canada

Penalties for failure to comply

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An employer or person who fails to deduct or who fails to remit tax that was deducted may be prosecuted and if convicted, will be fined not less than $1,000 and not exceeding $25,000, or may be fined and imprisoned for a period not exceeding 12 months. If the employer is a corporation, any **officer, director or agent** of the corporation who participated or acquiesced in the commission of the offence is equally liable with the corporation.

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Liability of Directors

Where a corporation has failed to deduct or withhold an amount or has failed to remit such an amount as required under the *Income Tax Act* (or any other act for which the Minister is administratively responsible), the **Directors** of the corporation at the time the corporation was required to deduct, withhold or remit **may be jointly and severally liable, together with the corporation**, to pay any amount that the corporation is liable to pay in respect of that amount, including any interest or penalties relating thereto.

However, a director who exercises the degree of care, diligence, and skill that a reasonably prudent person would exercise will not be liable. To benefit from this provision, a director should take positive action to ensure the corporation makes the necessary deductions and remittances. For further details regarding the joint and several liability of directors, you may wish to refer to Information Circular 89-2R3, a copy of which may be obtained from your tax services office.

This examination does not constitute a complete audit of the financial records and does not preclude another audit being performed.

Appendix 8

PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM (ONTARIO) ENQUIRY RESULTS

Prepared for :	Chaitons LLP - Lynda Christodoulou
Reference :	77566
Search ID :	959812
Date Processed :	2/8/2024 2:40:37 PM
Report Type :	PPSA Electronic Response
Search Conducted on :	HOHS DRUGS LIMITED
Search Type :	Business Debtor

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE OF THE PERSONAL PROPERTY SECURITY SYSTEM IN RESPECT OF THE FOLLOWING:

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: HOHS DRUGS LIMITED

FILE CURRENCY: February 7, 2024

RESPONSE CONTAINS: APPROXIMATELY 4 FAMILIES and 9 PAGES.

THE SEARCH RESULTS MAY INDICATE THAT THERE ARE SOME REGISTRATIONS WHICH SET OUT A BUSINESS DEBTOR NAME WHICH IS SIMILAR TO THE NAME IN WHICH YOUR ENQUIRY WAS MADE. IF YOU DETERMINE THAT THERE ARE OTHER SIMILAR BUSINESS DEBTOR NAMES, YOU MAY REQUEST THAT ADDITIONAL ENQUIRIES BE MADE AGAINST THOSE NAMES.

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: HOHS DRUGS LIMITED

FILE CURRENCY: February 7, 2024

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 1 OF 4 ENQUIRY PAGE : 1 OF 9

SEARCH : BD : HOHS DRUGS LIMITED

```
00 FILE NUMBER : 747042777   EXPIRY DATE : 21DEC 2028 STATUS :
01 CAUTION FILING :          PAGE : 001 OF 001        MV SCHEDULE ATTACHED :
REG NUM : 20181221 0946 1862 9421 REG TYP: P  PPSA    REG PERIOD: 5
02 IND DOB :            IND NAME:
03 BUS NAME: HOHS DRUGS LIMITED
OCN : 71627
04 ADDRESS : 2737 KEELE STREET, #101
CITY    : NORTH YORK              PROV: ON    POSTAL CODE: M3M 2E9
05 IND DOB :            IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY    :                         PROV:       POSTAL CODE:



08 SECURED PARTY/LIEN CLAIMANT :
BANK OF MONTREAL
09 ADDRESS : 20 ERB STREET WEST, SUITE 101
CITY    : WATERLOO                PROV: ON    POSTAL CODE: N2L 1T2
CONS.                               MV                   DATE OF  OR NO FIXED
GOODS INVTRY. EQUIP  ACCTS  OTHER  INCL     AMOUNT       MATURITY    MAT DATE
10        X      X      X      X      X                                   X
YEAR MAKE                      MODEL              V.I.N.
11
12
GENERAL COLLATERAL DESCRIPTION
13 SECURITY AGREEMENT
14
15
16 AGENT: PAUL-MARK KALDAS PROFESSIONAL CORPORATION
17 ADDRESS : 295 MATHESON BOULEVARD EAST
CITY    : MISSISSAUGA             PROV: ON     POSTAL CODE: L4Z 1X8
```

CONTINUED

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: HOHS DRUGS LIMITED

FILE CURRENCY: February 7, 2024

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 1 OF 4 ENQUIRY PAGE : 2 OF 9

```
SEARCH   : BD  : HOHS DRUGS LIMITED
FILE NUMBER 747042777
PAGE   TOT                   REGISTRATION NUM      REG TYPE
01 CAUTION  :     001 OF 001  MV SCHED:     20190523 1648 1862 9935
21 REFERENCE FILE NUMBER : 747042777
22 AMEND PAGE:     NO PAGE: X  CHANGE: A  AMNDMNT REN YEARS:      CORR PER:
23 REFERENCE DEBTOR/    IND NAME:
24       TRANSFEROR:    BUS NAME: HOHS DRUGS LIMITED

25 OTHER CHANGE:
26 REASON: TO INCLUDE ASSEST OF TORONTO MANNING DRUG MART LTD, LOCATED AT 260
27 /DESCR: SPADINA AVENUE, GROUND FLOOR, TORONTO, ONTARIO
28       :
02/05 IND/TRANSFEREE:
03/06 BUS NAME/TRFEE:
OCN:
04/07 ADDRESS:
CITY:                        PROV:       POSTAL CODE:


29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :
CITY    :                            PROV :       POSTAL CODE :
CONS.                                MV                    DATE OF      NO FIXED
GOODS INVTRY EQUIP ACCTS OTHER   INCL      AMOUNT       MATURITY OR  MAT DATE
10
11
12
13 AMENDED TO INCLUDE THE ASSETS OF TORONTO MANNING DRUG MART LTD
14 LOCATED AT 260 SPADINA AVENUE, GROUND FLOOR, TORONTO, ONTARIO
15
16 NAME : MILES BACKHOUSE PROFESSIONAL CORPORATION
17 ADDRESS : 25 WATLINE AVENUE, SUITE 401
CITY    : MISSISSAUGA             PROV : ON    POSTAL CODE : L4Z 2Z1
```

CONTINUED

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: HOHS DRUGS LIMITED

FILE CURRENCY: February 7, 2024

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 1 OF 4 ENQUIRY PAGE : 3 OF 9

SEARCH : BD : HOHS DRUGS LIMITED
FILE NUMBER 747042777
PAGE TOT REGISTRATION NUM REG TYPE
01 CAUTION : 001 OF 1 MV SCHED: 20230921 1333 1532 1108
21 REFERENCE FILE NUMBER : 747042777
22 AMEND PAGE: NO PAGE: CHANGE: B RENEWAL REN YEARS: 5 CORR PER:
23 REFERENCE DEBTOR/ IND NAME:
24 TRANSFEROR: BUS NAME: HOHS DRUGS LIMITED

25 OTHER CHANGE:
26 REASON:
27 /DESCR:
28 :
02/05 IND/TRANSFEREE:
03/06 BUS NAME/TRFEE:
OCN:
04/07 ADDRESS:
CITY: PROV: POSTAL CODE:

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :
CITY : PROV : POSTAL CODE :

CONS. GOODS	INVTRY	EQUIP	ACCTS	OTHER	MV INCL	AMOUNT	DATE OF MATURITY OR	NO FIXED MAT DATE

10
11
12
13
14
15
16 NAME : D + H LIMITED PARTNERSHIP
17 ADDRESS : 2 ROBERT SPECK PARKWAY, 15TH FLOOR
CITY : MISSISSAUGA PROV : ON POSTAL CODE : L4Z 1H8

END OF FAMILY

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: HOHS DRUGS LIMITED

FILE CURRENCY: February 7, 2024

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 2 OF 4 ENQUIRY PAGE : 4 OF 9

SEARCH : BD : HOHS DRUGS LIMITED

```
00 FILE NUMBER : 747367416   EXPIRY DATE : 07JAN 2027 STATUS :
01 CAUTION FILING :          PAGE : 001 OF 2          MV SCHEDULE ATTACHED :
REG NUM : 20190107 1324 1590 7052 REG TYP: P  PPSA    REG PERIOD: 5
02 IND DOB :            IND NAME:
03 BUS NAME: HOHS DRUGS LIMITED
OCN : 71627
04 ADDRESS : 101-2737 KEELE ST.
CITY    : TORONTO                 PROV: ON    POSTAL CODE: M3M 2E9
05 IND DOB :            IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY    :                         PROV:       POSTAL CODE:



08 SECURED PARTY/LIEN CLAIMANT :
JENNIFER MORTENSEN
09 ADDRESS : 87 BLACKBURN BLVD.
CITY    : WOODBRIDGE              PROV: ON    POSTAL CODE: L4L7J7
CONS.                               MV                   DATE OF  OR NO FIXED
GOODS INVTRY. EQUIP  ACCTS  OTHER  INCL     AMOUNT       MATURITY    MAT DATE
10 X      X      X      X      X                                          X
YEAR MAKE                      MODEL              V.I.N.
11
12
GENERAL COLLATERAL DESCRIPTION
13
14
15
16 AGENT: OWENS WRIGHT LLP
17 ADDRESS : 20 HOLLY STREET, SUITE 300
CITY    : TORONTO                 PROV: ON     POSTAL CODE: M4S 3B1
```

CONTINUED

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: HOHS DRUGS LIMITED

FILE CURRENCY: February 7, 2024

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 2 OF 4 ENQUIRY PAGE : 5 OF 9

SEARCH : BD : HOHS DRUGS LIMITED

00 FILE NUMBER : 747367416 EXPIRY DATE : 07JAN 2027 STATUS :
01 CAUTION FILING : PAGE : 002 OF 2 MV SCHEDULE ATTACHED :
REG NUM : 20190107 1324 1590 7052 REG TYP: REG PERIOD:
02 IND DOB : IND NAME:
03 BUS NAME:
OCN :
04 ADDRESS :
CITY : PROV: POSTAL CODE:
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
DAVID BARRETT MEDICINE PROFESSIONAL CORPORATION
09 ADDRESS : 102-2737 KEELE ST.
CITY : TORONTO PROV: ON POSTAL CODE: M3M 2E9

CONS. GOODS	INVTRY.	EQUIP	ACCTS	OTHER	MV INCL	AMOUNT	DATE OF MATURITY	OR NO FIXED MAT DATE
10								

YEAR	MAKE	MODEL	V.I.N.
11			
12			

GENERAL COLLATERAL DESCRIPTION
13
14
15
16 AGENT:
17 ADDRESS :
CITY : PROV: POSTAL CODE:

CONTINUED

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: HOHS DRUGS LIMITED

FILE CURRENCY: February 7, 2024

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 2 OF 4 ENQUIRY PAGE : 6 OF 9

SEARCH : BD : HOHS DRUGS LIMITED
FILE NUMBER 747367416
PAGE TOT REGISTRATION NUM REG TYPE
01 CAUTION : 001 OF 1 MV SCHED: 20231228 1250 1590 4527
21 REFERENCE FILE NUMBER : 747367416
22 AMEND PAGE: NO PAGE: CHANGE: D ASSGNMT REN YEARS: CORR PER:
23 REFERENCE DEBTOR/ IND NAME:
24 TRANSFEROR: BUS NAME: HOHS DRUGS LIMITED

25 OTHER CHANGE:
26 REASON:
27 /DESCR:
28 :
02/05 IND/TRANSFEREE:
03/06 BUS NAME/TRFEE:
OCN:
04/07 ADDRESS:
CITY: PROV: POSTAL CODE:

29 ASSIGNOR:
JENNIFER MORTENSEN
08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :
DAVID BARRETT
09 ADDRESS : 87 BLACKBURN BLVD
CITY : WOODBRIDGE PROV : ON POSTAL CODE : L4L 7J7

CONS. GOODS	INVTRY	EQUIP	ACCTS	OTHER	MV INCL	AMOUNT	DATE OF MATURITY OR	NO FIXED MAT DATE
10								
11								
12								
13								
14								
15								

16 NAME : OWENS WRIGHT LLP (JDW)
17 ADDRESS : 20 HOLLY STREET, SUITE 300
CITY : TORONTO PROV : ON POSTAL CODE : M4S 3B1

CONTINUED

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

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          MINISTRY OF CONSUMER AND BUSINESS SERVICES
          PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
                      ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: HOHS DRUGS LIMITED

FILE CURRENCY: February 7, 2024


2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

   FAMILY :   2 OF   4       ENQUIRY PAGE :   7 OF   9

SEARCH  : BD  : HOHS DRUGS LIMITED
FILE NUMBER 747367416
PAGE   TOT                   REGISTRATION NUM      REG TYPE
01 CAUTION  :     01  OF 001  MV SCHED:     20231228 1452 1590 4568
21 REFERENCE FILE NUMBER : 747367416
22 AMEND PAGE:     NO PAGE:    CHANGE: B  RENEWAL REN YEARS: 3    CORR PER:
23 REFERENCE DEBTOR/    IND NAME:
24       TRANSFEROR:    BUS NAME: HOHS DRUGS LIMITED

25 OTHER CHANGE:
26 REASON:
27 /DESCR:
28       :
02/05 IND/TRANSFEREE:
03/06 BUS NAME/TRFEE:
OCN:
04/07 ADDRESS:
CITY:                        PROV:       POSTAL CODE:


29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :
CITY    :                            PROV :       POSTAL CODE :
CONS.                               MV                     DATE OF      NO FIXED
GOODS INVTRY EQUIP ACCTS OTHER   INCL      AMOUNT       MATURITY OR  MAT DATE
10
11
12
13
14
15
16 NAME : OWENS WRIGHT LLP (JDW)
17 ADDRESS : 20 HOLLY STREET, SUITE 300
CITY    : TORONTO                  PROV : ON    POSTAL CODE : M4S 3B1

END OF FAMILY

  *** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***
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```
          MINISTRY OF CONSUMER AND BUSINESS SERVICES
          PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
                      ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: HOHS DRUGS LIMITED

FILE CURRENCY: February 7, 2024


1C FINANCING STATEMENT / CLAIM FOR LIEN

   FAMILY :   3 OF   4       ENQUIRY PAGE :   8 OF   9

SEARCH  : BD  : HOHS DRUGS LIMITED

00 FILE NUMBER : 774218043   EXPIRY DATE : 07JUL 2026 STATUS :
01 CAUTION FILING :          PAGE : 01  OF 001        MV SCHEDULE ATTACHED :
REG NUM : 20210707 1703 1462 4203 REG TYP: P  PPSA    REG PERIOD: 5
02 IND DOB :            IND NAME:
03 BUS NAME: HOHS DRUGS LIMITED.
OCN :
04 ADDRESS : 101-260 SPADINA AVE
CITY    : TORONTO                PROV: ON    POSTAL CODE: M5T2E4
05 IND DOB :            IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY    :                        PROV:       POSTAL CODE:



08 SECURED PARTY/LIEN CLAIMANT :
MCKESSON CANADA CORPORATION
09 ADDRESS : 6355 VISCOUNT ROAD
CITY    : MISSISSAUGA            PROV: ON    POSTAL CODE: L4V1W2
CONS.                              MV                    DATE OF  OR NO FIXED
GOODS INVTRY. EQUIP  ACCTS  OTHER  INCL     AMOUNT       MATURITY    MAT DATE
10         X      X      X      X
YEAR MAKE                      MODEL               V.I.N.
11
12
GENERAL COLLATERAL DESCRIPTION
13
14
15
16 AGENT: MCKESSON CANADA CORPORATION CREDIT DEPARTMENT
17 ADDRESS : 6355 VISCOUNT ROAD
CITY    : MISSISSAUGA            PROV: ON     POSTAL CODE: L4V1W2

END OF FAMILY

  *** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***
```

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: HOHS DRUGS LIMITED

FILE CURRENCY: February 7, 2024

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 4 OF 4 ENQUIRY PAGE : 9 OF 9

SEARCH : BD : HOHS DRUGS LIMITED

```
00 FILE NUMBER : 774218052   EXPIRY DATE : 07JUL 2026 STATUS :
01 CAUTION FILING :          PAGE : 01  OF 001        MV SCHEDULE ATTACHED :
REG NUM : 20210707 1703 1462 4204 REG TYP: P  PPSA    REG PERIOD: 5
02 IND DOB :            IND NAME:
03 BUS NAME: HOHS DRUGS LIMITED.
OCN :
04 ADDRESS : 101-260 SPADINA AVE
CITY    : TORONTO                PROV: ON    POSTAL CODE: M5T2E4
05 IND DOB :            IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY    :                        PROV:       POSTAL CODE:



08 SECURED PARTY/LIEN CLAIMANT :
MCKESSON CANADA CORPORATION
09 ADDRESS : 6355 VISCOUNT ROAD
CITY    : MISSISSAUGA            PROV: ON    POSTAL CODE: L4V1W2
CONS.                              MV                   DATE OF  OR NO FIXED
GOODS INVTRY. EQUIP  ACCTS  OTHER  INCL     AMOUNT      MATURITY    MAT DATE
10        X
YEAR MAKE                       MODEL              V.I.N.
11
12
GENERAL COLLATERAL DESCRIPTION
13
14
15
16 AGENT: MCKESSON CANADA CORPORATION CREDIT DEPARTMENT
17 ADDRESS : 6355 VISCOUNT ROAD
CITY    : MISSISSAUGA            PROV: ON     POSTAL CODE: L4V1W2
LAST SCREEN
```

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

Appendix 9

STATEMENT OF ACCOUNT

2-Jul-24
SAP # 7039155
Regency Pharmacy
101-2737 Keele St
Toronto, ON
M3M 2E9

		Banner Agreement
Termination date		**25-Jun-24**
Agreement term start date:		1-Feb-23
Agreement term end date:		31-Jan-29
Claw-back term end date:		31-Jan-28
Months in claw-back term:		60
Remaining months in claw-back term:		43
Up-Front Funds Paid	$	58,333.33
Due per agreement to be repaid	**$**	**41,805.56**
Subtotal	$	41,805.56
HST (13%)	$	5,434.72
Total including HST:	**$**	**47,240.28**

Please make funds payable to:
McKesson Canada Corporation
c/o T9978, PO Box 9978, STN A
Toronto ON M5W 2J2
Canada

HST #: 137797197 RT0001

Appendix 10

STATEMENT OF ACCOUNT

10-Jul-24
SAP # 7041582
Toronto Manning Drug Mart
101-260 Spadina Ave
Toronto, ON
M5T 2E4

	Banner Agreement
Payment Type	*SUA*
Statement date:	**25-Jun-24**
Agreement term start date:	1-Feb-23
Agreement term end date:	31-Jan-29
Claw-back term end date:	31-Jan-28
Months in claw-back term:	60
Remaining months in claw-back term:	43
Payment Amount	$ 240,333.00
Due per agreement to be repaid	**$ 172,238.65**
Subtotal	$ 172,238.65
HST (13%)	$ 22,391.02
Total amount due including HST:	**$ 194,629.67**

Please make funds payable to:
McKesson Canada Corporation
c/o T9978, PO Box 9978, STN A
Toronto ON M5W 2J2
Canada

HST #: 137797197 RT0001

Appendix 11

2425 Matheson Blvd East 8th Floor
Mississauga, ON
L4W 5K4
416-679-9900

Section Retail to Cost Conversion Report

Date: 6/24/2024
Store Name: Regency Pharmacy
Store #: 1
Time Begin: 7:00 PM
Time End: 9:00 PM
Address: 2737 Keele Street, North york, ON, M3M 2E
Staff: 4
Supervisor: Ishan

Section	Location	Footage	Description	Counted Value	Markdown	Cost
1000	Dispensary		Bay 1 Brand	$256.45	5.00%	$243.63
1001			Bay 1 Generic	$452.26	50.00%	$226.13
1002			Bay 2 Brand	$1,828.77	5.00%	$1,737.33
1003			Bay 2 Generic	$830.68	50.00%	$415.34
1004			Bay 3 Brand	$2,039.77	5.00%	$1,937.79
1005			Bay 4 Brand	$5,608.01	5.00%	$5,327.61
1006			Bay 5 Brand	$1,645.50	5.00%	$1,563.23
1007			Bay 6 Brand	$2,576.90	5.00%	$2,448.06
1008			Bay 7 Brand	$3,039.05	5.00%	$2,887.10
1009			Bay 7 Generic	$198.95	50.00%	$99.47
1010			Bay 8 Brand	$449.60	5.00%	$427.12
1011			Bay 9 Generic	$1,239.62	50.00%	$619.81
1012			Bay 10 Generic	$2,488.70	50.00%	$1,244.35
1013			Bay 11 Generic	$4,080.13	50.00%	$2,040.07
1014			Bay 12 Generic	$2,307.62	50.00%	$1,153.81
1015			Bay 13 Generic	$2,084.51	50.00%	$1,042.26
1016			Bay 14 Generic	$2,586.82	50.00%	$1,293.41
1017			Bay 15 Generic	$2,807.37	50.00%	$1,403.68
1018			Bay 16 Brand	$1,136.82	5.00%	$1,079.97
1019			Bay 16 Generic	$159.27	50.00%	$79.63
1020			Diabetic	$2,040.18	5.00%	$1,938.17
1021			Safe Brand	$1,294.15	5.00%	$1,229.45
1022			Safe Generic	$1,347.72	50.00%	$673.86
1023			Fridge Brand	$6,141.30	5.00%	$5,834.23
1024			Fridge Generic	$9.58	50.00%	$4.79
1025			Compounding	$88.14	0.00%	$88.14
1026			OTC Shelf	$857.78	0.00%	$857.78
9999			Patient Pays	$779.63	0.00%	$779.63
				$50,375.29		$38,675.85
2000	Front Shop		Tums / polysporin	$501.05	0.00%	$501.05
2001	Aisle 1		Kids Advil / Ear Care	$419.74	0.00%	$419.74
2002		Endcap	Pharma Systems	$62.27	0.00%	$62.27
2003			Vitamins	$411.81	0.00%	$411.81
2004			Skin Cleanser	$580.40	0.00%	$580.40
2005	Wall		Probiotics / Vitamins	$483.05	0.00%	$483.05
2006			Lotion	$665.54	0.00%	$665.54
2007			Baby Shampoo	$45.87	0.00%	$45.87
2008			Teeth Care	$193.45	0.00%	$193.45
2009			Splints / Heel protection	$573.66	0.00%	$573.66
2010			Braces / Supports	$666.31	0.00%	$666.31
2011			Candy	$75.25	0.00%	$75.25
2012			Sunglasses	$1,005.00	50.00%	$502.50
2013			Cough / Cold	$486.47	0.00%	$486.47
2014			Health One Accessories	$752.14	0.00%	$752.14

Section	Location	Footage	Description	Counted Value	Markdown	Cost
				$6,922.01		$6,419.51
Grand Total				**$57,297.30**		**$45,095.36**

When you need an inventory count ....

...... Don't count on anyone except a Professional.

TOTALS Inventory Professionals

Appendix 12

Section Retail to Cost Conversion Report

TOTALS Inventory Professionals

2425 Matheson Blvd East 8th Floor
Mississauga, ON
L4W 5K4
416-679-9900

Date: 6/25/2024
Store Name: Toronto Manning Drug Mart
Store # 1
Time Begin 7:30 PM
Time End: 10:30 PM
Address: 260 Spadina Avenue, Toronto, ON, M5T 2E
Staff: 4
Supervisor: Harsimran

Section	Location	Footage	Description	Counted Value	Markdown	Cost
1000	Dispensary		Bay 1-Brand	$26,621.10	2.00%	$26,088.68
1001	1st Portion		NOT USED	$0.00	0.00%	$0.00
1002			Bay 2-Brand	$14,665.27	2.00%	$14,371.97
1003			Bay 3-Brand (Inhaler)	$26,995.21	2.00%	$26,455.30
1004			Bay 3-Generic (Inhaler)	$1,055.08	50.00%	$527.54
1005			Safe-Brand	$2,066.28	2.00%	$2,024.96
1006			Safe-Generic	$2,506.95	50.00%	$1,253.48
1007	Above Sink		Cream	$1,164.54	2.00%	$1,141.25
1008			Bay 4-Brand	$7,253.57	2.00%	$7,108.50
1009			Bay 4-Generic	$2,571.22	50.00%	$1,285.61
1010			Bay 4-Diabetic Shelf	$9,812.25	2.00%	$9,616.00
1011			Bay 5-Brand	$14,007.37	2.00%	$13,727.23
1012			Bay 5-Generic	$19,210.97	50.00%	$9,605.48
1013			Bay 6-Generic	$8,062.09	50.00%	$4,031.05
1014			Fridge	$21,576.51	2.00%	$21,144.98
1015	Second Portion		Bay 7-Generic	$4,334.61	50.00%	$2,167.31
1016			Bay 7-OTC	$3,938.71	0.00%	$3,938.71
1017			Bay 8-Generic	$5,389.27	50.00%	$2,694.63
1018			Bay 9-Generic	$13,174.69	50.00%	$6,587.35
1019			Bay 10-Generic	$6,657.36	50.00%	$3,328.68
1020			Bay 11-Generic	$19,033.48	50.00%	$9,516.74
1021			Bay 12-OTC	$1,769.31	0.00%	$1,769.31
1022	Under Counter		Bay 1-Dry Cough Teva	$294.76	50.00%	$147.38
1023			Bay 2-Brand (Cream)	$3,864.05	2.00%	$3,786.77
1024			Bay 2-Generic (Cream)	$3,019.54	50.00%	$1,509.77
1025			Bay 3-Brand (Cream)	$3,971.89	2.00%	$3,892.46
1026			Bay 3-Generic (Cream)	$1,088.88	50.00%	$544.44
1027			Bay 4-Brand (Cream)	$820.75	2.00%	$804.34
1028			Bay 4-Generic (Cream)	$642.95	50.00%	$321.48
1029			Bay 5-Brand (Cream)	$2,428.45	2.00%	$2,379.88
1030			Bay 5-Generic (Cream)	$423.17	50.00%	$211.59
1031			Bay 6-Brand (Birth Control)	$1,839.11	2.00%	$1,802.33
1032			Bay 6-Generic (Birth Control)	$202.83	50.00%	$101.41
				$230,462.26		$183,886.59
2000	Front Shop	Endcap	Battries/Household	$180.18	35.00%	$117.12
2001	Aisle	Glass R	Asian Medication	$194.82	35.00%	$126.63
2002		4	Stomach Care	$1,643.96	35.00%	$1,068.57
2003	Wall 1	4	Nasal Drops	$327.92	35.00%	$213.15
2004		4	Household	$177.48	35.00%	$115.36
2005		4	Vitamins/Fem Care	$2,686.48	35.00%	$1,746.21
2006		4	Oral Care/First Aid	$1,189.84	35.00%	$773.40
2007		4	Braces/Hair Oil	$233.88	35.00%	$152.02
2008	Pharmacy Counter		Eye/Ear Drop/Allergy	$2,126.79	35.00%	$1,382.41
2009	Behind Glass		Asian Medication	$672.79	35.00%	$437.31
2010	Above Stairs		Home health/Diapers	$1,795.37	35.00%	$1,166.99

Section	Location	Footage	Description	Counted Value	Markdown	Cost
2011	Inside Pharmacy		Hair Color-Above Fridge	$638.50	35.00%	$415.02
2012	Under Counter		Overstock	$1,899.26	35.00%	$1,234.52
				$13,767.27		$8,948.73
Grand Total				**$244,229.53**		**$192,835.32**

When you need an inventory count ....

...... Don't count on anyone except a Professional.

TOTALS
Inventory Professionals

Appendix 13

Court File No. CV-24-00721374-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

BETWEEN:

BANK OF MONTREAL

Applicant

- and -

1000915701 ONTARIO INC., HOHS DRUGS LIMITED and HUAN DANG

Respondents

AFFIDAVIT OF BRUCE S. BANDO

I, BRUCE S. BANDO, of the City of Mississauga, in the Province of Ontario, MAKE OATH AND SAY:

1. I am a Vice President of Grant Thornton Limited ("**GTL**"), Court-appointed Receiver of HOHS DRUGS LIMITED. (the "**Company**") and as such, have knowledge of the matters hereinafter deposed except where stated to be upon information in which case I do verily believe such information to be true. This affidavit is made in support of the Receiver's motion, among other things, to approve its accounts.

2. Attached and marked as **Exhibit "A"** to this my affidavit is a detailed billing setting out the fees and disbursements of GTL incurred in its role as Receiver of the Company from June 3,2024 to June 30, 2025, in the total amount of $125,183.56,

including disbursements of $146.00 and HST of $14,401.64 and such is summarized on Exhibit "**B**" to this my affidavit. The average hourly rate is $525.34.

3. Given the complexity of this insolvency matter, I believe the hourly rates and the total amount of fees are reasonable and comparable for insolvency services of this nature rendered by other firms in the City of Toronto.

4. This affidavit is sworn in connection with the approval of the fees and disbursements of GTL and for no improper purpose.

SWORN BEFORE ME at the City of Toronto, in the Province of Ontario, this 14 day of July, 2025 Jason Kanji Commissioner for Taking Affidavits, etc.	BRUCE S. BANDO

Jason Nadir Kanji
a Commissioner, etc., Province of Ontario,
for Grant Thornton Limited
Expires September 27, 2026

Exhibit "**A**" to the Affidavit of Bruce S. Bando,
sworn before me this 14 day of July 2025

A Commissioner, etc.

Jason Nadir Kanji
a Commissioner, etc., Province of Ontario,
for Grant Thornton Limited
Expires September 27, 2026

Grant Thornton

Court File No. CV-24-00721374-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

BANK OF MONTREAL

Applicant

and

HOHS DRUGS LIMITED AND HUAN DANG

Respondents

BILLING

BN 12738 4717 RT0001
Client #343389
Invoice# LSON-Drugs

To Professional fees rendered as Receiver for the period from June 3, 2024 to June 30, 2024.

Date	Full Name	Time	Detail
June 3, 2024	Bruce Bando	2.30	Review and finalize report and assemble appendices; Forward same to counsel; Various correspondence with MC2 and discussion thereof re: transition matters.
June 3, 2024	Roman Konovalov	0.80	Conference call with MC2; Communications with the principal of the company and the Bank; Call with Clearhouse accountants.
June 4, 2024	Bruce Bando	2.00	Attend to transition matters to include update to counsel and counsel to the Bank.
June 4, 2024	Roman Konovalov	1.40	Various relevant email correspondences and calls regarding the sale of the HOHS assets and shares.
June 5, 2024	Bruce Bando	0.80	Attend to various transition matters to include various correspondence with counsel to the Bank, the company, MC2 and the purchaser.
June 5, 2024	Roman Konovalov	1.60	Conference call with the Manning Purchaser; Communications with MC2; Communications with the company principal; Communications with inventory count companies.
June 6, 2024	Bruce Bando	0.70	Various correspondence with counsel re: transition and Court matters; Various correspondence with the company re: tax matters; Correspondence re: Residualco.
June 6, 2024	Roman Konovalov	1.20	Various email communications regarding the outstanding tax filings.
June 7, 2024	Bruce Bando	0.20	Various correspondence re: tax matters.
June 7, 2024	Roman Konovalov	0.20	Emails with the principal of the company and Clearhouse

Date	Full Name	Time	Detail
June 10, 2024	Ada Shahini	0.60	Set up case website; Uploaded documentation on the website; Followed up with IT to request the redirections of the website; Responded to teams email and uploaded documentation on server.
June 10, 2024	Bruce Bando	1.50	Various correspondence and discussion in preparation of tomorrow's receivership; Prepare case website; Banking related matters, planning and correspondence with the company and counsel to the Bank.
June 10, 2024	Roman Konovalov	0.40	Communications with the principal of the company regarding the remaining items prior to Court.
June 11, 2024	Ada Shahini	0.50	Reviewed and confirmed the redirection of the website and updated team; Uploaded orders on website and website folder on the server; Responded to teams email.
June 11, 2024	Bruce Bando	4.10	Prepare for and attend Court; Consider first day matters and correspondence and discussion thereto; Various correspondence with the company, the Manning purchaser and MC2 re: transition matters; Various correspondence with counsel re: the foregoing; Case website matters.
June 11, 2024	Roman Konovalov	4.50	Various email communications and discussions regarding the closing of the sales with various parties.
June 12, 2024	Ada Shahini	0.20	Replaced the Service List on the website and website folder on the server; Responded to teams email.
June 12, 2024	Bruce Bando	2.90	Prepare update to counsel and counsel to the Bank to include review of corporate tax, HST and source deduction matters; Correspondence from counsel and case website matters; Discussion and correspondence with counsel re: McKesson payments; Various correspondence with the company re: on-going operations and banking related matters.
June 12, 2024	Roman Konovalov	3.00	Various email communications regarding the closing if the sales; Call with the principal regarding the 2024 tax filings; Reviewed previous day banking, discussed the same with the Bank and discussed reversals to be made.
June 13, 2024	Bruce Bando	3.00	Various correspondence and discussion with counsel and various correspondence and discussion with counsel to the Bank re: sale, operational and transition matters; Various correspondence with the company re: same; Various internal correspondence and discussions re: same.
June 13, 2024	Roman Konovalov	1.00	Review of the bank accounts, communications regarding the sale process and review list of creditors.
June 14, 2024	Bruce Bando	0.50	Various correspondence with counsel to the Bank re: closing agenda; Various correspondence with the company and counsel to the Bank re: operational matters; Discussion re: same.
June 14, 2024	Roman Konovalov	1.00	Review of the bank accounts, various email communications relevant to the sale and the receivership.
June 17, 2024	Bruce Bando	1.20	Various correspondence with the company and the Bank re: payments; Correspondence with MC2 re: tax matters; Discussions re: transition.

Date	Full Name	Time	Detail
June 17, 2024	Roman Konovalov	0.70	Various email communications, review bank accounts, call with the principal of the company, review payroll.
June 18, 2024	Bruce Bando	1.60	Various correspondence re: banking and transition with the Bank as well as the Manning purchaser and review of information thereof; Various correspondence with the company's accountant; Correspondence from counsel to the Bank.
June 18, 2024	Roman Konovalov	0.80	Review previous day bank statements; Communications with the principal of the company; Communications with the purchasers and McKesson; Communications with the Bank.
June 19, 2024	Bruce Bando	4.40	Various correspondence with the company re: McKesson and banking related matters; Various correspondence with the Bank on banking matters; Prepare and attend conference call with McKesson; Prepare for and attend conference call with MC2; Various correspondence and discussion with counsel re: McKesson and closing matters; Regency A/C issue; Various internal correspondence and discussions re: the foregoing.
June 19, 2024	Roman Konovalov	5.00	Calls with the MC2; Communications with the Bank; Conference call with McKesson; Communications with counsel; Attend to Receiver notices; Calls with one of the purchasers; Review creditors list; Communications with the principal of the company.
June 20, 2024	Bruce Bando	3.70	Prepare for and attend conference call with the Bank; Review and amend 245 notice; Various correspondence and conference call with the company's accountant; Prepare and release reply to McKesson and various correspondence with counsel re: closing matters and McKesson; Various other correspondence with McKesson; Various correspondence with counsel to the Bank re: McKesson; Various correspondence with MC2 and counsel re: transition matters to include employees, payroll, vacation pay, inventory counts and McKesson; A/C matters at Regency.
June 20, 2024	Roman Konovalov	4.00	Various communications re closing of the sale; Calls with the purchasers and the counsel; Email exchanges with purchasers and principal of the company; Call with the Bank; Review of the bank statements and notices; Communications regarding the employees; Call with the accounting firm regarding the 2024 tax filings; Communications regarding the HST filings.
June 20, 2024	Valerie Naccarato	0.30	Upload creditor list to Ascend; Assemble Notice and Statement of Receiver package with creditor list and Court Order; Fax to OSB to obtain Estate Number.
June 21, 2024	Bruce Bando	2.50	Various correspondence with McKesson; Various correspondence and discussion with counsel to the bank; Various correspondence with counsel re: transition matters; Various correspondence and discussions on McKesson and transition matters; Correspondence with MC2.
June 21, 2024	Roman Konovalov	1.30	Email communications with various parties regarding the closing; Review bank statements re cut-off.

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will be charged interest at a rate of 1 ½% per month (18% per annum) until paid.

Date	Full Name	Time	Detail
June 22, 2024	Roman Konovalov	2.00	Reconcile SRD schedules for all company accounts.
June 24, 2024	Bruce Bando	2.80	Review and discuss draft SRD; Discussion on transition matters; Various correspondence with the accountant and gather information; Correspondence with counsel on closing matters; Correspondence with MC2 re: inventory counts; Correspondence with the company re: inventory count, banking, and transition matters.
June 24, 2024	Roman Konovalov	2.50	Communications with the principal of the company, and purchasers; Matters re: inventory count, bank account and review of transactions.
June 24, 2024	Valerie Naccarato	0.40	Prepare mailing to creditors and affidavit of mailing.
June 25, 2024	Ada Shahini	0.30	Prepared fax to CRA and faxed manually and via software the HST Filing June 1 2024 to June 10, 2024; Uploaded documentation on server and advised team.
June 25, 2024	Bruce Bando	4.30	Various correspondence and discussion with counsel re: closing matters on both pharmacies, statement of adjustments re: Regency, McKesson, employees and inventory counts; Manning inventory count matters and GT attendance; Regency inventory account matters and correspondence with the company; Review and execute Regency closing documents; Various correspondence and conference call with company accountants re: ARVO accounting tax return; Trust account matters; Correspondence re: company counsel matters; Various correspondence with Miller Thomson.
June 25, 2024	Michael Dellaire	4.20	Internal discussion re: Inventory count; Supervise inventory count; Internal call and correspondence re: updates.
June 25, 2024	Roman Konovalov	3.00	Communications regarding the sale process, closing of the Regency sale; Communications with the accountant, counsel, principal of the pharmacies, suppliers, purchasers, inventory counts.
June 26, 2024	Ada Shahini	0.20	Faxed CRA manually and via software the HST Filing June 1 2024 to June 10, 2024; Uploaded documentation on server and advised team.
June 26, 2024	Bruce Bando	7.30	Numerous correspondence, discussions and conference calls with counsel and counsel to the Bank regarding the closing of the Regency and Manning sales to include review and/ore preparation of various financial, operational, and legal documents; Various correspondence and attend conference call with McKesson and counsel to the purchaser; Attend to inventory count, employee, counsel to the company, corporate tax return, HST return, HOHS minute book, statement of adjustments, and landlord matters.
June 26, 2024	Michael Dellaire	0.50	Internal call; Internal discussions; Upload pictures taken during inventory count.
June 26, 2024	Roman Konovalov	4.50	Emails regarding the closing the Manning location, payroll, lease payments, adjusting entries, McKesson payments, calls regarding the statement of adjustment, T2 filing, and HST filing.

Date	Full Name	Time	Detail
June 27, 2024	Bruce Bando	3.20	Numerous correspondence and discussion with counsel, Bank counsel and counsel to the purchaser re: closing of the Manning transaction to include the execution of documents; HST return during the period of the receivership as well as general reporting update on Vendor deliverables with counsel; Ontario company filing matters; McKesson payment matters to include correspondence with McKesson, the Bank and counsel.
June 27, 2024	Roman Konovalov	1.80	Discussions regarding the HST, RT2 and RT1 account, communications regarding the Audit, HST manual return, other relevant communications.
June 28, 2024	Bruce Bando	0.30	Various correspondence with various counsel re: matters and documentation to close the Manning transaction; Correspondence with the Bank.
June 28, 2024	Roman Konovalov	0.10	Review bank transactions.
June 28, 2024	Rosa Wilford	0.60	Review internal instructions from team; re setting up new HST Business Number. Review estate and prepare CRA letter requesting a new Business Number, with supporting documentation; Fax. Scan to server; Respond to email; Voicemail left with CRA.

Time Charges and Expenses

B. Bando, Vice President	49.30	hours @	$	675.00	per hour	$	33,277.50
R. Konovalov, Manager	40.80	hours @	$	400.00	per hour	$	16,320.00
R. Wilford, Manager	0.60	hours @	$	400.00	per hour	$	240.00
A. Shahini, Sr. Associate	1.80	hours @	$	315.00	per hour	$	567.00
M. Dellaire, Associate	4.70	hours @	$	230.00	per hour	$	1,081.00
V. Naccarato, Analyst	0.70	hours @	$	160.00	per hour	$	112.00
	97.90					$	51,597.50
Administrative and Technology Fee (5%)						$	2,579.88
HST (13%)						$	7,043.06
Total Invoice Due						**$**	**61,220.44**

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Grant Thornton

Court File No. CV-24-00721374-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

BANK OF MONTREAL

Applicant

and

HOHS DRUGS LIMITED AND HUAN DANG

Respondents

BILLING

BN 12738 4717 RT0001
Client #343389
Invoice# LSON-10452

To Professional fees rendered as Receiver for the period from July 1, 2024 to July 31 2024.

Date	Full Name	Time	Detail
July 2, 2024	Roman Konovalov	1.30	Reviewed bank transactions, updated R&D schedule.
July 3, 2024	Bruce Bando	1.20	Various correspondence with the company and the Bank re: transition and cut-off matters; Various correspondence and discussion with counsel re: banking related matters and transfer of funds; Discussion on cut-off reporting matters.
July 3, 2024	Roman Konovalov	1.40	Email communications with the purchaser staff, Bank, and principal of the company.
July 3, 2024	Rosa Wilford	1.30	Prepare bank forms to setup new bank account; Bank letters; Correspondences to and from Bank; re activation/confirmation on new request and on-line access; Setup account estate in ascend. Prepare letter for incoming wire payments; Notify team; Save to server; Emails. Review correspondences from bank on documents for opening new account; Meet with team for review and secured signing; Scan to server; Respond to bank; Emails.
July 4, 2024	Bruce Bando	0.50	Various correspondence with counsel re: final statement of adjustments and receipt of funds into the trust account; Banking cut-off matters.

Date	Full Name	Time	Detail
July 4, 2024	Roman Konovalov	1.20	Review of the bank accounts, communications regarding the accounts, and reconciliation of the accounts.
July 4, 2024	Rosa Wilford	0.40	On-line banking and monitor account for expecting incoming wire; Notify team and to provide directions on funds received; Prepare receipt requisition form; Post deposit entries, print slip and stamp date for signing; Emails.
July 5, 2024	Roman Konovalov	0.10	Email exchange regarding the bank accounts
July 5, 2024	Rosa Wilford	0.70	Review account ledger; Prepare disbursement requisition forms for signing by authorized signing officer; Post invoice entries re Fees/License; Issue cheques; Correspondences with team on review / approvals; E-file remittance advice; Emails.
July 6, 2024	Roman Konovalov	0.80	Reconciled R&D, email communications regarding the banking.
July 8, 2024	Bruce Bando	0.50	Various correspondence and discussion with counsel re: funds wired and to be wired; Review of draft SRD and discussion thereof.
July 8, 2024	Roman Konovalov	0.40	Reviewed R&D, sales reports provided by purchaser, email communications regarding the vendor payments.
July 8, 2024	Rosa Wilford	0.50	On-line banking and monitor account for expecting incoming wire; Notify team and to provide directions on funds received; Prepare receipt requisition form; Post deposit entries, print slip and stamp date for signing; Prepare adjusting entries; Notify team completed with support; Emails.
July 9, 2024	Bruce Bando	0.10	Correspondence with McKesson.
July 9, 2024	Roman Konovalov	0.20	R&D review and changes.
July 10, 2024	Bruce Bando	0.50	Various correspondence with the Bank; Correspondence with McKesson and retrieve files; Correspondence with counsel.
July 10, 2024	Roman Konovalov	0.70	Communications regarding the potential PMSI claim.
July 10, 2024	Valerie Naccarato	0.20	Scan various deposit and cheque requisition forms to server and file originals.
July 11, 2024	Bruce Bando	0.20	Discussion McKesson and PMSI matters.
July 11, 2024	Roman Konovalov	0.40	Call with MC2 regarding MCKesson inventory.
July 12, 2024	Bruce Bando	0.30	Residual transition and McKesson matters.

Accounts are due when rendered. All accounts outstanding over 30 days
will be charged interest at a rate of 1 ½% per month (18% per annum) until paid.

Date	Full Name	Time	Detail
July 12, 2024	Roman Konovalov	0.70	Email communications with the principal of the company, purchaser, and MC2 regarding the Regency Insurance.
July 15, 2024	Roman Konovalov	1.30	R&D and bank reconciliation, communications with MC2, principal of the company, and the Manning purchaser.
July 16, 2024	Bruce Bando	0.20	Various correspondence with the Bank; Discussion on Bank request.
July 16, 2024	Roman Konovalov	1.40	Call with the principal of the company, reviewed banking, communications regarding the Bell service, accounts receivable, other emails and discussions, estimated schedule of realizations.
July 17, 2024	Bruce Bando	1.50	Discussions and review and amend of analysis for the Bank; Various correspondence from counsel thereof: Correspondence with the Bank.
July 17, 2024	Roman Konovalov	1.20	R&D review and adjustments, produced Draft Estimated Realization Schedule, communications with the principal of the Company.
July 17, 2024	Rosa Wilford	0.70	Review payment requests: Notify team for review and approvals to pay invoices; Confirm approvals; Review account ledger; Prepare disbursement requisition forms; Post invoice entries; Issue cheques; Meet with signing officers; Emails.
July 18, 2024	Bruce Bando	0.20	Correspondence with counsel; Correspondence with the Bank Reporting matters.
July 19, 2024	Roman Konovalov	0.20	Communications with the Bank, communications with the former principal of the Company.
July 22, 2024	Bruce Bando	0.20	Banking related matters.
July 23, 2024	Bruce Bando	0.20	Various correspondence with the Bank and discussion thereof re: GIC"s.
July 23, 2024	Rosa Wilford	0.60	Review payment requests and authorized approvals from Trustee on file; Review account ledger; Prepare disbursement requisition forms; Post entries; Issue Cheques; Meet with signing officers: Emails.
July 25, 2024	Bruce Bando	0.20	Discussion on status; Correspondence with counsel.
July 26, 2024	Roman Konovalov	0.20	A follow up with MC2 regarding the AR reconciliation and the outstanding cheque.

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Date	Full Name	Time	Detail
July 29, 2024	Roman Konovalov	0.10	Review of the bank transactions, correspondence with Sunshine.
July 29, 2024	Valerie Naccarato	0.30	Scan cheque requisition forms to server and file originals.
July 31, 2024	Bruce Bando	0.20	Banking related matters.

Time Charges and Expenses							
B. Bando, Vice President	6.00	hours @	$	675.00	per hour	$	4,050.00
R. Konovalov, Manager	11.60	hours @	$	400.00	per hour	$	4,640.00
R. Wilford, Manager	4.20	hours @	$	400.00	per hour	$	1,680.00
V. Naccarato, Analyst	0.50	hours @	$	160.00	per hour	$	80.00
	22.30					$	10,450.00
Administrative and Technology Fee (5%)						$	522.50
HST (13%)						$	1,426.43
Total Invoice Due						**$**	**12,398.93**

Accounts are due when rendered. All accounts outstanding over 30 days will be charged interest at a rate of 1 ½% per month (18% per annum) until paid.

Grant Thornton

Court File No. CV-24-00721374-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

BANK OF MONTREAL

Applicant

and

HOHS DRUGS LIMITED AND HUAN DANG

Respondents

BILLING

BN 12738 4717 RT0001
Client #343389
Invoice# LSON-10487

To Professional fees rendered as Receiver for the period from August 1, 2024 to August 31 2024.

Date	Full Name	Time	Detail
August 1, 2024	Roman Konovalov	0.20	Followed up with the Bank regarding bank statements, followed up with the Regency purchaser regarding the AR reconciliation.
August 1, 2024	Rosa Wilford	1.40	Review internal email instructions from team re Banking on directions on purchasing new GIC Investments; Review account ledger; Prepare Bank letters; Prepare disbursement requisition forms with supporting documentation; Provide to authorized signing officers for review and signing; Correspondences to and from Bank for authorization re; new GIC Investments; Post term deposit entries; Run report; Match to investments and on-line bank print screens; Update GIC schedule; Notify team; Emails. Provide team with updated Banking GL reports; Email.
August 7, 2024	Bruce Bando	0.40	Review security opinions provided by Chaitons.
August 7, 2024	Roman Konovalov	0.80	Reviewed bank statements and updated R&D as of July 31, 2024.

Date	Full Name	Time	Detail
August 7, 2024	Rosa Wilford	0.90	Follow-up correspondence with CRA on our request on providing a new HST Business Number via fax and email with support. On-line banking; Review estate bank account/print screens; Post EFT entries; and reconcile July 2024 statement; reconcile July 2024 GIC term deposits; Print Summary of Estate Balance Report; Print and attach copies of investments; Match to reconciliations and initial report; Provide to authorized officer for review and signing.
August 8, 2024	Roman Konovalov	0.10	A follow up with the Regency purchaser regarding the ODB Receivable.
August 8, 2024	Rosa Wilford	0.30	Review payment request and authorized approvals; Review account ledger; Prepare disbursement requisition forms with support for review and signing by authorized officers; Post invoice entries; Issue cheque; Email.
August 8, 2024	Valerie Naccarato	0.20	Scan cheque requisition form to server and file original.
August 9, 2024	Roman Konovalov	0.10	Reviewed bank statements provided by the Bank, requested Payroll account to be closed.
August 12, 2024	Roman Konovalov	0.10	Follow up with the Regency purchaser regarding the AR.
August 13, 2024	Roman Konovalov	0.30	Follow up regarding Regency receivables, communications regarding inquiries from the former principal of the company.
August 14, 2024	Roman Konovalov	0.10	Emails with the BMO representative regarding the billing and accounts.
August 19, 2024	Bruce Bando	0.50	Prepare for and attend conference call with counsel re: next steps and correspondence thereafter.
August 20, 2024	Valerie Naccarato	0.20	Scan cheque requisition form to server and file original.
August 23, 2024	Bruce Bando	0.50	Various correspondence with counsel; Correspondence with McKesson; Discussion on McKesson analysis.
August 23, 2024	Roman Konovalov	0.30	Follow up with the principal of the company regarding the inventory purchases and suppliers.
August 24, 2024	Roman Konovalov	0.50	Updated R&D based on bank statements provided by the principal of the company.
August 26, 2024	Roman Konovalov	0.40	Call with the Sunshine Drugs representative and MC2 consultants regarding remaining transition matters.
August 27, 2024	Bruce Bando	0.20	Discussion on McKesson issue.
August 27, 2024	Roman Konovalov	0.20	Email communications with Bell, the Bank, discussion regarding McKesson.

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Date	Full Name	Time	Detail
August 28, 2024	Roman Konovalov	0.30	Communications with Bell regarding the Manning location phone lines.
August 30, 2024	Roman Konovalov	0.30	Email communications with the Regency purchaser, MC2 and the Bank.

Time Charges and Expenses							
B. Bando, Vice President	1.60	hours @	$	675.00	per hour	$	1,080.00
R. Konovalov, Manager	3.70	hours @	$	400.00	per hour	$	1,480.00
R. Wilford, Manager	2.60	hours @	$	400.00	per hour	$	1,040.00
V. Naccarato, Analyst	0.40	hours @	$	160.00	per hour	$	64.00
	8.30					$	3,664.00
Administrative and Technology Fee (5%)						$	183.20
HST (13%)						$	500.14
Total Invoice Due						**$**	**4,347.34**

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Grant Thornton

Court File No. CV-24-00721374-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

BANK OF MONTREAL

Applicant

and

HOHS DRUGS LIMITED AND HUAN DANG

Respondents

BILLING

BN 12738 4717 RT0001
Client #343389
Invoice# LSON-10756

To Professional fees rendered as Receiver for the period from September 1, 2024 to September 30, 2024.

Date	Full Name	Time	Detail
September 3, 2024	Rosa Wilford	0.30	Review payment request from team on file; Review account ledger; Notify authorized officer for review and approval to process payment; Prepare disbursement requisition form with support; Post entries; Issue cheque; Emails.
September 5, 2024	Bruce Bando	0.40	Various correspondence from the principal of the company re: shares of Regency; Various correspondence with counsel re: same and reference to the SPA.
September 5, 2024	Rosa Wilford	1.10	Review payment request and authorized approval; Review account ledger; Prepare disbursement requisition form with support; Post invoice entries; Issue cheque; Emails. Reconciliation of account for August 2024; On-line banking; Run and match to reports and sign; Post EFT Entries and prepare requisition; Reconcile August 2024 GIC Investments; Provide to authorized officer for review and signing with supporting statement.
September 6, 2024	Bruce Bando	0.20	Various correspondence with the previous principal of the company and counsel thereof.
September 10, 2024	Roman Konovalov	0.90	Updated R&D, communications with the purchaser.
September 11, 2024	Roman Konovalov	0.50	Call with the purchaser of the Regency location, email communications with Huan regarding the Regency AR, Updated realization schedule.
September 12, 2024	Bruce Bando	0.20	Review SRD and discuss next steps on McKesson.
September 13, 2024	Bruce Bando	0.30	Various correspondence with former principal of the company and their counsel; Various correspondence with counsel thereof.

Date	Full Name	Time	Detail
September 16, 2024	Roman Konovalov	0.60	Call with the Regency Purchaser and the former principal regarding the AR reconciliation, Review of the CRA correspondence.
September 18, 2024	Roman Konovalov	0.20	Correspondence to Toronto Hydro regarding utility services.
September 19, 2024	Roman Konovalov	0.10	A follow up with Huan regarding the ODB payment.
September 23, 2024	Roman Konovalov	0.10	Follow up with the principal of the company regarding the Regency ODB AR.
September 26, 2024	Roman Konovalov	0.10	Follow up with the principal of the company regarding the Regency AR and Hydro Bills.
September 30, 2024	Roman Konovalov	1.70	Memorandum regarding the McKesson PMSI claim, communications with the purchaser regarding the billing, communications with the principal of the company and creditors.

Time Charges and Expenses							
B. Bando, Vice President	1.10	hours @	$	675.00	per hour	$	742.50
R. Konovalov, Manager	4.20	hours @	$	400.00	per hour	$	1,680.00
R. Wilford, Manager	1.40	hours @	$	300.00	per hour	$	420.00
	6.70					$	2,842.50
Administrative and Technology Fee (5%)						$	142.13
HST (13%)						$	388.00
Total Invoice Due						**$**	**3,372.63**

Accounts are due when rendered. All accounts outstanding over 30 days will be charged interest at a rate of 1 ½% per month (18% per annum) until paid.

Doane Grant Thornton

Court File No. CV-24-00721374-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

BANK OF MONTREAL

Applicant

and

HOHS DRUGS LIMITED AND HUAN DANG

Respondents

BILLING

BN 12738 4717 RT0001
Client #343389
Invoice# LSON-10867

To Professional fees rendered as Receiver for the period from October 1, 2024 to October 31, 2024.

Date	Full Name	Time	Detail
October 1, 2024	Bruce Bando	2.60	Review and amend memorandum to the Bank re: McKesson PMSI as well as review of documentation and legal opinion; Various correspondence with counsel and amend memorandum.
October 1, 2024	Roman Konovalov	1.30	Revisions to a memorandum to a Bank regarding McKesson PMSI claim. Sent memorandum to the Bank; Reviewed September bank transactions.
October 3, 2024	Rosa Wilford	0.80	On-line banking; Review estate bank account/print screens; Post EFT entries; and reconcile September 2024 statement; reconcile September 2024 GIC term deposits; Print Summary of Estate Balance Report; Print and attach copies of investments; Match to reconciliations and initial report; Provide to authorized officer for review and signing.
October 3, 2024	Roman Konovalov	0.10	Communications regarding the Regency AR.
October 4, 2024	Roman Konovalov	0.60	Reviewed R&D, email communications with Hydro One.
October 7, 2024	Roman Konovalov	0.80	Reviewed R&D and estimated statement of realizations, follow up with the principal regarding the Regency AR.
October 8, 2024	Bruce Bando	1.10	Various correspondence and discussion with McKesson; Various correspondence with counsel thereafter; Correspondence with the Bank and review of SPA.

Doane Grant Thornton

Date	Full Name	Time	Detail
October 8, 2024	Roman Konovalov	0.30	Communications regarding the Regency A/R
October 9, 2024	Bruce Bando	0.20	Correspondence from counsel to the Bank; Various correspondence with counsel.
October 9, 2024	Rosa Wilford	0.30	Review payment request and authorized approval; Review account ledger; Prepare disbursement requisition form with support for review and signing by authorized officers; Post invoice entries; Issue cheque; Meet with signing officers; Emails.
October 10, 2024	Valerie Naccarato	0.20	Scan cheque requisition form to server and file original.
October 10, 2024	Bruce Bando	0.30	Discussion with counsel re: McKesson.
October 11, 2024	Bruce Bando	0.20	Various correspondence with counsel to the Bank re: next steps.
October 16, 2024	Bruce Bando	0.70	Various correspondence with counsel to the Bank; Correspondence with counsel re: assignment document and provide precedent; Review dockets for McKesson allocation.
October 18, 2024	Rosa Wilford	0.30	Review payment request and authorized approval; Review account ledger; Prepare disbursement requisition form with support; Post invoice entries; Issue cheque; Emails.
October 21, 2024	Valerie Naccarato	0.40	Deposit at bank.
October 21, 2024	Rosa Wilford	0.30	Prepare receipt requisition form with support; Post deposit entries, print slip and stamp date for signing; Provide team with updated banking reports and Court Order; Emails.
October 21, 2024	Bruce Bando	0.20	Various correspondence with counsel re: assignment document and review thereof.
October 22, 2024	Bruce Bando	7.10	Begin drafting the First Report.
October 23, 2024	Roman Konovalov	0.70	Reviewed court report, called CRA regarding the audit, reviewed receipts.
October 24, 2024	Bruce Bando	0.30	Correspondence with counsel to the Bank and review thereof; Various correspondence with counsel re: assignment and report.
October 24, 2024	Valerie Naccarato	0.40	Deposit at bank.
October 25, 2024	Roman Konovalov	0.10	Call with CRA.
October 28, 2024	Valerie Naccarato	0.20	Scan deposit and cheque requisition forms to server and file originals.
October 28, 2024	Bruce Bando	1.70	Review and amend draft report and various discussions thereof.
October 28, 2024	Roman Konovalov	1.00	Follow ups regarding the AR and remaining payments to contractors, call with CRA regarding the status of the file and review of all CRA accounts.
October 29, 2024	Roman Konovalov	0.30	Communications regarding the reporting

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Date	Full Name	Time	Detail
October 29, 2024	Rosa Wilford	0.60	Review payment requests: Notify team for review and approvals to pay invoices; Confirm approvals; Review account ledger; Prepare disbursement requisition forms with support; Post invoice entries; Issue cheques; Meet with signing officers: Emails.
October 29, 2024	Bruce Bando	0.40	Various correspondence with purchasers re: employee and report matters.
October 30, 2024	Roman Konovalov	0.30	Review of the payroll records provided by the Company.
October 31, 2024	Valerie Naccarato	0.20	Scan cheque forms to the server and file originals.
October 31, 2024	Roman Konovalov	0.20	Follow up regarding the employees.

Time Charges and Expenses

B. Bando, Vice President	14.80	hours @	$	675.00	per hour	$	9,990.00
R. Konovalov, Manager	5.70	hours @	$	400.00	per hour	$	2,280.00
R. Wilford, Manager	2.30	hours @	$	300.00	per hour	$	690.00
V. Naccarato, Analyst	1.40	hours @	$	160.00	per hour	$	224.00
	24.20					$	13,184.00
Administrative and Technology Fee (5%)						$	659.20
HST (13%)						$	1,799.62
Total Invoice Due						**$**	**15,642.82**

Accounts are due when rendered. All accounts outstanding over 30 days will be charged interest at a rate of 1 ½% per month (18% per annum) until paid.

Doane Grant Thornton

Court File No. CV-24-00721374-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

BANK OF MONTREAL

Applicant

and

HOHS DRUGS LIMITED AND HUAN DANG

Respondents

BILLING

BN 12738 4717 RT0001
Client #343389
Invoice# LSON-10949

To Professional fees rendered as Receiver for the period from November 1, 2024 to November 30, 2024.

Date	Full Name	Time	Detail
November 4, 2024	Roman Konovalov	0.10	Communications with the principal of the Company regarding the employees.
November 5, 2024	Roman Konovalov	0.10	Communications with the principal of the company.
November 5, 2024	Valerie Naccarato	0.20	Open mail, scan and notify team.
November 6, 2024	Bruce Bando	1.50	Various correspondence with counsel; Review and amend blackline of the report.
November 6, 2024	Roman Konovalov	0.30	Review of the Report.
November 7, 2024	Roman Konovalov	1.50	Update R&D, reviewed Receiver Ledger.
November 7, 2024	Rosa Wilford	0.30	Review payment request and authorized approval; Review account ledger; Prepare disbursement requisition form with support; Post invoice entries; Issue cheque; Meet with signing officers; Emails.
November 10, 2024	Rosa Wilford	0.60	Reconciliation of account for October 2024; On-line banking; Run and match to reports and sign; Post EFT Entries and prepare requisition; Reconcile October 2024 GIC Investments; Provide to authorized officer for review and signing with supporting statement.
November 12, 2024	Roman Konovalov	0.20	Email regarding the CRA claims.

Date	Full Name	Time	Detail
November 12, 2024	Rosa Wilford	0.50	Complete HST Returns: Review and print Estate General Ledger Report; Prepare and net-file quarterly HST returns for the period from June 11, 2024, to August 31, 2024, re RT0002; Update excel schedule; Scan and save on server with supporting documentation.
November 15, 2024	Roman Konovalov	0.20	Email exchange with the purchaser on Manning location.
November 15, 2024	Rosa Wilford	0.30	Review payment request and authorized approval; Review account ledger; Prepare disbursement requisition form with support; Post invoice entries; Issue cheque; Meet with signing officers; Emails.
November 15, 2024	Valerie Naccarato	0.20	Scan cheque requisition form to server and file original.
November 18, 2024	Roman Konovalov	0.20	Email communications with CRA representatives.
November 20, 2024	Roman Konovalov	1.30	Call with the CRA representative regarding all CRA matters related to HOHS.
November 20, 2024	Valerie Naccarato	0.20	Scanned cheque requisition form to server and filed original.
November 21, 2024	Roman Konovalov	1.20	Produced a summary regarding the call with the CRA agent, reviewed Corporate Profile, Revisions to R&D.
November 22, 2024	Bruce Bando	0.70	Review update to the Bank and discussion thereof to include CRA issues; Various correspondence with the Bank and counsel.
November 22, 2024	Roman Konovalov	1.00	Email update to the Bank regarding the matters related to the CRA, follow up communication with Huan regarding the third-party company.
November 23, 2024	Roman Konovalov	0.30	Spoke to H. Dang regarding the RP0001 audit, reviewed documentation provided by Huan and requested additional to get ready for the RP audit.
November 26, 2024	Dave Marcaccio	1.50	Re HST assessment - Discussion with Roman, draft NOO and send for review.
November 26, 2024	Roman Konovalov	1.30	Communications with CRA regarding the HST indebtedness claimed by CRA, review of the information available to support the objection, spoke to Tax Manager regarding the Notice of Objection.
November 27, 2024	Bruce Bando	0.30	Various correspondence with the Bank; Correspondence and discussion with counsel.
November 27, 2024	Dave Marcaccio	0.50	Revise Notice of Objection, compile attachments, send to CRA and update DGT team.

Date	Full Name	Time	Detail
November 27, 2024	Roman Konovalov	0.40	Call with the counsel, communication with the CRA regarding the Objection.
November 28, 2024	Roman Konovalov	0.20	Call with the CRA Agents regarding the upcoming Audits.

Time Charges and Expenses

B. Bando, Vice President	2.50	hours @	$	675.00	per hour	$	1,687.50
D. Marcaccio, Sr. Manager	2.00	hours @	$	695.00	per hour	$	1,390.00
R. Konovalov, Manager	8.30	hours @	$	400.00	per hour	$	3,320.00
R. Wilford, Manager	1.70	hours @	$	300.00	per hour	$	510.00
V. Naccarato, Analyst	0.60	hours @	$	160.00	per hour	$	96.00
	15.10					$	7,003.50
Administrative and Technology Fee (5%)						$	350.18
Disbursements							
Courier Fee						$	146.00
HST (13%)						$	974.96
Total Invoice Due						**$**	**8,474.64**

Doane
Grant Thornton

Court File No. CV-24-00721374-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

BANK OF MONTREAL

Applicant

and

HOHS DRUGS LIMITED AND HUAN DANG

Respondents

BILLING

BN 12738 4717 RT0001
Client #343389
Invoice# LSON-11077

To Professional fees rendered as Receiver for the period from December 1, 2024 to December 31, 2024.

Date	Full Name	Time	Detail
December 3, 2024	Roman Konovalov	0.40	Communications with CRA and the company regarding the audits.
December 4, 2024	Rosa Wilford	0.70	On-line banking; Review estate bank account/print screens; Post EFT entries; and reconcile November 2024 statement; reconcile November 2024 GIC term deposits; Print Summary of Estate Balance Report; Print and attach copies of investments; Match to reconciliations and initial report; Provide to authorized officer for review and signing.
December 5, 2024	Rosa Wilford	0.30	Review payment request and authorized approval; Review account ledger; Prepare disbursement requisition form with support for review and signing by authorized officers; Post invoice entries; Issue cheque; Email.
December 6, 2024	Roman Konovalov	0.20	Reviewed CRA letters regarding RP0001 audits, connected with H. Dang and Sunshine regarding the same.
December 11, 2024	Roman Konovalov	0.50	Various emails/calls regarding the RP Audit, reviewed information provided by H. Dang for the Audit
December 20, 2024	Bruce Bando	0.30	Various correspondence with McKesson; Discussion on CRA matters.
December 20, 2024	Roman Konovalov	0.20	Call regarding the CRA matter.
December 20, 2024	Rosa Wilford	0.40	Complete HST Returns: Review and print Estate General Ledger Report; Prepare and net-file quarterly HST returns for the period from September 01, 2024, to November 30, 2024, re RT0002; Update excel schedule; Scan and save on server with supporting documentation.

Time Charges and Expenses

B. Bando, Vice President	0.30	hours @	$	675.00	per hour	$	202.50
R. Konovalov, Manager	1.30	hours @	$	400.00	per hour	$	520.00
R. Wilford, Manager	1.40	hours @	$	300.00	per hour	$	420.00
	3.00					$	1,142.50
Administrative and Technology Fee (5%)						$	57.13
HST (13%)						$	155.95
Total Invoice Due						**$**	**1,355.59**

Accounts are due when rendered. All accounts outstanding over 30 days will be charged interest at a rate of 1 ½% per month (18% per annum) until paid.

Doane Grant Thornton

Grant Thornton Limited
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200 King Street West, Box 11
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Court File No. CV-24-00721374-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

BANK OF MONTREAL

Applicant

and

HOHS DRUGS LIMITED AND HUAN DANG

Respondents

BILLING

BN 12738 4717 RT0001
Client #343389
Invoice# LSON-11372

To Professional fees rendered as Receiver for the period from January 1, 2025 to February 28, 2025.

Date	Full Name	Time	Detail
January 5, 2025	Rosa Wilford	0.70	Reconciliation of account for December 2024; On-line banking; Run and match to reports and sign; Post EFT Entries and prepare requisition; Reconcile December 2024 GIC Investments.
January 6, 2025	Roman Konovalov	0.20	Email communications with the Purchaser regarding the RP0001 audit, post-Receivership period.
January 6, 2025	Rosa Wilford	0.50	Review internal email instructions from team re Banking; Review account ledger and on-line banking print screens for un-cleared items; Prepare bank letter and disbursement requisition form with supporting documentation for stop payment re #100015 and replacement cheque #100017.
January 8, 2025	Roman Konovalov	1.00	Uploaded/reviewed payroll records, spoke to Purchaser regarding the payroll records.
January 9, 2025	Roman Konovalov	1.50	Attended and assisted in the audit of RP0001 account, communication with the Purchaser regarding the additional documents, follow up with BMO regarding the audit.
January 10, 2025	Roman Konovalov	0.10	Called CRA regarding the HST audit.
January 13, 2025	Roman Konovalov	0.10	Advised BMO regarding the Receivership cash balance; Called CRA re HST audit.
January 14, 2025	Roman Konovalov	0.20	Call with CRA rep regarding the HST audit.
January 14, 2025	Rosa Wilford	0.30	Review payment request and authorized approval; Review account ledger; Prepare disbursement requisition form with support; Post invoice entries; Issue cheque.

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Grant Thornton

Date	Full Name	Time	Detail
January 15, 2025	Dave Marcaccio	0.50	Re HST Objection - Follow-up call to CRA to check status of file; Discussion with Intake Officer, update file notes, advise. Team.
January 15, 2025	Roman Konovalov	0.20	Follow up with BMO regarding the CRA matters.
January 21, 2025	Roman Konovalov	0.10	Follow up with CRA regarding the HST audit.
January 27, 2025	Roman Konovalov	0.10	Follow up with the Bank regarding the CRA communications.
January 28, 2025	Rosa Wilford	0.40	Complete HST Return: Review and print Estate General Ledger Report; Prepare and net-file quarterly HST return for the periods October 01, 2024, to December 1-31, 2024; Update excel schedule; Scan and save on server with supporting documentation.
January 30, 2025	Roman Konovalov	1.30	Assemble RT0002 HST audit schedule, review back up and RT filings; Call with the Purchaser re: HST audit.
February 3, 2025	Roman Konovalov	1.30	Prepared HST audit documentation.
February 4, 2025	Roman Konovalov	0.10	Call with McKesson, regarding the HST charges.
February 5, 2025	Rosa Wilford	0.80	Review internal email instructions from team re Banking on directions on purchasing new GIC; Review account ledger and prepare bank letter; Correspondences to and from Bank for authorization on GIC Investment purchase; Prepare disbursement requisition form and post entries; Run report; On-line banking review print screens and match to investment; Update GIC schedule.
February 7, 2025	Rosa Wilford	0.70	On-line banking; Review estate bank account/print screens; Post EFT entries; and reconcile various January 2025 statements and sign; Reconcile January 2025 GIC term deposits; Print Summary of Estate Balance Report; Print and attach copies of investments; Match to reconciliations and initial report.
February 10, 2025	Roman Konovalov	1.00	Forward all HST audit related files; Discussion with the Purchaser of Manning regarding the AR; Reviewed preliminary schedules received from the Purchaser; Reviewed HST filings made by the company vs CRA claim.
February 11, 2025	Roman Konovalov	0.60	Calls with the Purchaser staff and finalized review of the analysis.
February 12, 2025	Roman Konovalov	0.20	Call with the Purchaser regarding the T4s.
February 13, 2025	Roman Konovalov	0.30	Call with the CRA regarding the RP0001 status, statement of account, Director change and filing thereof.
February 18, 2025	Bruce Bando	0.40	Discussion with counsel on status of CRA and next steps; Correspondence with McKesson.
February 18, 2025	Roman Konovalov	0.50	Conference Call with the Bank and counsel; Follow with CRA regarding the Statement of Account for RP account, and communications regarding the Bankruptcy; Communications with the Purchaser of Manning regarding the CRA access to books and records.
February 19, 2025	Roman Konovalov	0.80	Prepare 246(2) report.
February 20, 2025	Bruce Bando	0.30	Review, amend and sign the 246(2) reports.

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Doane Grant Thornton

Date	Full Name	Time	Detail
February 20, 2025	Roman Konovalov	1.00	Prepare memorandum regarding the AR repayment to the Purchaser; Call with CRA, update to the Bank, and efiled 246(2)
February 21, 2025	Roman Konovalov	0.20	Call with staff regarding the bankruptcy filing.
February 24, 2025	Bruce Bando	0.40	Review of draft bankruptcy documents; Review and amend covering letter to creditors.
February 24, 2025	Roman Konovalov	0.30	Reviewed Bankruptcy documents, HST Filings by the Company
February 24, 2025	Roman Konovalov	0.80	Call with the counsel regarding the HST Receivable allocation, reviewed AVO, reviewed and updated creditor list
February 26, 2025	Bruce Bando	0.40	Various matters pertaining to the filing of the bankruptcy.
February 26, 2025	Roman Konovalov	0.30	Reviewed documents to file the bankruptcy.
February 27, 2025	Bruce Bando	0.30	Continue with various bankruptcy filing matters.

Time Charges and Expenses

B. Bando, Vice President	1.80	hours @	$	675.00	per hour	$	1,215.00
D. Marcaccio, Sr. Manager	0.50	hours @	$	880.00	per hour	$	440.00
R. Konovalov, Manager	12.20	hours @	$	420.00	per hour	$	5,124.00
R. Wilford, Manager	3.40	hours @	$	300.00	per hour	$	1,020.00
	17.90					$	7,799.00
Administrative and Technology Fee (5%)						$	389.95
HST (13%)						$	1,064.56
Total Invoice Due						**$**	**9,253.51**

Paying your invoice by cheque:

Remit To: **Grant Thornton Limited**
11th Floor
200 King Street West
Toronto, ON M5H 3T4

Paying your invoice by EFT (electronic funds transfer):

Accounts are due when rendered. All accounts outstanding over 30 days will be charged interest at a rate of 1 ½% per month (18% per annum) until paid.

Doane
Grant Thornton

Account name:	**Grant Thornton Limited as Court Appointed Receiver of HOHS Drugs Limited**
Financial Institution:	**Bank of Montreal** **100 King St W – Toronto ON M5X 1A3**
Swift Code:	**BOFMCAM2**
Transit & Account #	**00022 1521 497**

When sending electronic payments, please ensure you email your remittance advice (or payment notification) to the following email address: accounts.receivable@doane.gt.ca

Please include the Grant Thornton Limited invoice number and your client reference number in your e-mail notification.

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Doane Grant Thornton

Grant Thornton Limited
11th Floor
200 King Street West, Box 11
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F +1 416 360 4948

Court File No. CV-24-00721374-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

BANK OF MONTREAL

Applicant

and

HOHS DRUGS LIMITED AND HUAN DANG

Respondents

BILLING

BN 12738 4717 RT0001
Client #343389
Invoice# LSON-11627

To: Professional fees rendered as Receiver for the period from March 1, 2025 to April 30, 2025.

Date	Full Name	Time	Detail
March 7, 2025	Bruce Bando	1.90	Review and amend First Report; Update correspondence to the Bank.
March 10, 2025	Rosa Wilford	0.30	Review email payment request and authorized approval from Trustee on file; Review account ledger, prepare disbursement requisition form; Post entries and Issue cheque.
March 12, 2025	Bruce Bando	0.10	Correspondence with counsel re: PoC of the Bank.
March 13, 2025	Roman Konovalov	0.30	Call with the CRA regarding the HST RT1 and RT2 audit.
March 14, 2025	Rosa Wilford	0.40	Reconciliation of account for February 2025; On-line banking; Run and match to reports and sign; Post EFT entries and prepare requisition.
March 26, 2025	Rosa Wilford	0.30	Prepare HST Return for the quarterly period from December 1, 2024, to February 28, 2025.
March 27, 2025	Roman Konovalov	0.70	Review and amend Court Report.
March 28, 2025	Bruce Bando	1.30	Amend report to Court for CRA and McKesson matters; Correspondence with counsel to McKesson.
March 28, 2025	Roman Konovalov	0.30	Court Report changes.
April 2, 2025	Bruce Bando	0.20	Review SRD and changes thereto.
April 2, 2025	Roman Konovalov	0.80	Updated R&D, calculation McKesson Professional Fee allocation.
April 4, 2025	Bruce Bando	0.30	Review changes made by counsel to the Report.
April 7, 2025	Roman Konovalov	0.30	Call with counsel regarding the Report and legal fees allocation

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Grant Thornton

Date	Full Name	Time	Detail
April 7, 2025	Rosa Wilford	0.60	On-line banking; Review estate bank account/print screens; Post EFT entries; and reconcile March 2025 statement and sign; Print Summary of Estate Balance Report; Print and attach copies of investments; Match to reconciliations and initial report.
April 10, 2025	Roman Konovalov	0.50	Review draft Court Report provided by the counsel.
April 14, 2025	Bruce Bando	0.20	Review reimbursement of AR collected by the Receiver belonging to the purchaser.
April 15, 2025	Bruce Bando	1.60	Review and amend SRD and report and finalize draft; Various correspondence with counsel; Correspondence with Bank's counsel.
April 15, 2025	Roman Konovalov	0.40	Court Report Review, calls with CRA.
April 17, 2025	Roman Konovalov	0.10	Call with CRA regarding the notice of objection.
April 21, 2025	Roman Konovalov	0.20	Response to counsel of the principal regarding the Receivership; call with CRA re HST.
April 22, 2025	Bruce Bando	0.20	Correspondence with counsel to the company principal; Correspondence with counsel to the Bank.
April 23, 2025	Roman Konovalov	0.30	Call with the CRA regarding the HST audits; Discussion with the purchaser re: RT0001 ITCs.
April 29, 2025	Bruce Bando	0.40	Prepare for and attend conference call with counsel.

Time Charges and Expenses

B. Bando, Vice President	6.20	hours @	$	675.00	per hour	$	4,185.00
R. Konovalov, Manager	3.90	hours @	$	420.00	per hour	$	1,638.00
R. Wilford, Manager	1.00	hours @	$	300.00	per hour	$	300.00
	11.10					$	6,123.00
Administrative and Technology Fee (5%)						$	306.15
HST (13%)						$	835.79
Total Invoice Due						**$**	**7,264.94**

Accounts are due when rendered. All accounts outstanding over 30 days will be charged interest at a rate of 1 ½% per month (18% per annum) until paid.

Doane Grant Thornton

Grant Thornton Limited
11th Floor
200 King Street West, Box 11
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Court File No. CV-24-00721374-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

BANK OF MONTREAL

Applicant

and

HOHS DRUGS LIMITED AND HUAN DANG

Respondents

BILLING

BN 12738 4717 RT0001
Client #343389
Invoice# LSON-12005

To: Professional fees rendered as Receiver for the period from May 1, 2025 to June 30, 2025.

Date	Full Name	Time	Detail
May 6, 2025	Rosa Wilford	0.70	Reconciliation of accounts for April 2025; On-line banking; Run and match to reports and sign; Post EFT Entries and prepare requisitions; Reconcile April 2025 GIC Investments; Provide to authorized officer for review and signing with supporting statements.
June 2, 2025	Roman Konovalov	0.20	Call with CRA regarding the HST audit, RP account credit
June 2, 2025	Rosa Wilford	0.30	Review payment request and authorized approval; Review account ledger; Prepare disbursement requisition form with support for review and signing by authorized officers; Post invoice entries; Issue cheque.
June 4, 2025	Rosa Wilford	0.80	On-line banking; Review estate bank account/print screens; Post EFT entries; and reconcile May 2025 statement and sign; Reconcile May 2025 GIC term deposits; Print Summary of Estate Balance Report; Print and attach copies of investments; Match to reconciliations and initial report.

Doane Grant Thornton

Date	Full Name	Time	Detail
June 12, 2025	Roman Konovalov	0.20	Calls with CRA regarding the Objection.
June 16, 2025	Roman Konovalov	0.10	RT2 filing, follow up with CRA re objection.
June 17, 2025	Bruce Bando	0.10	Various correspondence with McKesson.
June 17, 2025	Roman Konovalov	0.30	Reviewed Purchase Agreements regarding the Cost adjustment and Claim Reserve for McKesson.
June 18, 2025	Roman Konovalov	0.30	Follow up with the counsel regarding the Receiver's report.
June 18, 2025	Rosa Wilford	0.60	Complete HST Returns: Review reports and prepare and net-file quarterly HST returns for the period from December 01, 2024, to May 31, 2025, re RT0002; Update excel schedule; Scan and save on server.
June 19, 2025	Roman Konovalov	0.10	Follow up with Sunshine regarding the AR reverse payment.
June 20, 2025	Bruce Bando	0.20	Various correspondence with counsel re: report and Court date.
June 23, 2025	Bruce Bando	0.20	Various correspondence with counsel re: Court; Various correspondence with McKesson re: status.

Time Charges and Expenses

B. Bando, Vice President	0.50	hours @	$	675.00	per hour	$	337.50
R. Konovalov, Manager	1.20	hours @	$	420.00	per hour	$	504.00
R. Wilford, Manager	2.40	hours @	$	300.00	per hour	$	720.00
	4.10					$	1,561.50
Administrative and Technology Fee (5%)						$	78.08
HST (13%)						$	213.14
Total Invoice Due						**$**	**1,852.73**

Accounts are due when rendered. All accounts outstanding over 30 days will be charged interest at a rate of 1 ½% per month (18% per annum) until paid.

Exhibit "**B**" to the Affidavit of Bruce S. Bando,
sworn before me this 14 day of July 2025

Jason Kanji

A Commissioner, etc.

Jason Nadir Kanji
a Commissioner, etc., Province of Ontario,
for Grant Thornton Limited
Expires September 27, 2026

HOHS Drugs Limted
Summary of Fees of the Court-Appointed Receiver
For the period from June 3, 2024 to June 30, 2025

Period	Hours		Fees		Disbursements		Subtotal		HST		Total
June 3, 2024 to June 30, 2024	97.90	$	54,177.38				54,177.38		7,043.06	$	61,220.44
July 1-31, 2024	22.30	$	10,972.50				10,972.50		1,426.43	$	12,398.93
August 1-31, 2024	8.30	$	3,847.20		-		3,847.20		500.14	$	4,347.34
September 1-30, 2024	6.70	$	2,984.63		-		2,984.63		388.00	$	3,372.63
October 1-31, 2024	24.20	$	13,843.20		-		13,843.20		1,799.62	$	15,642.82
November 1-30, 2024	15.10	$	7,353.68	$	146.00		7,499.68		974.96	$	8,474.64
December 1-31, 2024	3.00	$	1,199.64		-		1,199.64		155.95	$	1,355.59
January 1,2025 to February 28, 2025	17.90	$	8,188.95		-		8,188.95		1,064.56	$	9,253.51
March 1, 2025 to April 30, 2025	11.10	$	6,429.15		-		6,429.15		835.79	$	7,264.94
May 1, 2025 to June 30, 2025	4.10	$	1,639.58		-		1,639.58		213.14	$	1,852.73
Total:	210.60	$	110,635.91	$	146.00	$	110,781.91	$	14,401.64	$	125,183.56

Total Hours		210.60
Average Hourly Rate	$	**525.34**

Court File No: CV-24-00721374-00CL

THE BANK OF MONTREAL **- and -** **HOHS DRUGS LIMITED AND HUAN DANG**

Applicant **Respondents**

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT TORONTO

AFFIDAVIT OF BRUCE S. BANDO

CHAITONS LLP
5000 Yonge Street, 10th Floor
Toronto, ON M2N 7E9

Danish Afroz (LSO # 65786B)
Tel: (416) 218-1137
Email: dafroz@chaitons.com

Lawyers for Grant Thornton Limited
In its capacity as the Court-appointed Receiver of HOHS Drugs Limited

Appendix 14

Court File No. CV-24-00721374-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

B E T W E E N:

BANK OF MONTREAL

Applicant

- and –

1000915701 ONTARIO INC., HOHS DRUGS LIMITED and HUAN DANG

Respondents

AFFIDAVIT OF GARY N. FELDMAN
(sworn July 8, 2025)

I, Gary N. Feldman, of the City of Toronto, in the Province of Ontario **MAKE OATH AND SAY AS FOLLOWS:**

1. I am a partner with the law firm of Chaitons LLP ("**Chaitons**"), lawyers for Grant Thornton Limited, in its capacity as court-appointed receiver (the "**Receiver**"), of all the assets, undertakings and properties of 1000915701 Ontario Inc. and HOHS Drugs Limited, and as such have knowledge of the matters to which I hereinafter depose.

2. Attached hereto and marked as **Exhibit "A"** are copies of the accounts issued by Chaitons to the Receiver for the time period commencing June 30, 2024 and ending June 30, 2025, totalling $109,859.34 (comprised of fees of $96,009.10, disbursements of $1,276.08 and HST of $12,574.16) with respect to this proceeding.

3. Attached hereto as **Exhibit "B"** is a summary of additional information with respect to the accounts referred to in paragraph 2 above, indicating all members of Chaitons who have worked on this matter, their year of call to the bar, total time charged and hourly rates, and I hereby confirm that this list represents an accurate account of such information.

4. I confirm that the accounts described in paragraph 2 above accurately reflect the services provided by Chaitons in this matter and the fees and disbursements claimed by it from June 30, 2024 to June 30, 2025.

SWORN before me at the City of Toronto, in the Province of Ontario this 8TH day of July, 2025	)))))	
A Commissioner, etc.		**GARY N. FELDMAN**

THIS IS EXHIBIT "A" TO THE AFFIDAVIT OF GARY N. FELDMAN SWORN BEFORE ME THIS 8TH DAY OF JULY, 2025

A Commissioner Etc.

Chaitons LLP

INVOICE NUMBER: 298814 **June 30, 2024**

GRANT THORNTON LIMITED
11th Floor, 200 King Street West
Toronto, ONTARIO
M5H 3T4

Re: HOHS DRUGS LIMITED
Our file: 006588-77566

FOR PROFESSIONAL SERVICES RENDERED on this matter up to and including June 30, 2024:

PROFESSIONAL FEES		
SUBJECT TO HST	$49,839.24	
SUB-TOTAL		$49,839.24
DISBURSEMENTS		
NON TAXABLE	$330.78	
SUBJECT TO HST	$585.36	
SUB-TOTAL		$916.14
HST at 13.00%		$6,555.20
GRAND TOTAL		**$57,310.58**

Amount payable on the current invoice	$57,310.58
Plus outstanding invoices on this matter	$0.00
Amount Due	**$57,310.58**
Trust Balance	$80,000.00

HST No R124110933 INVOICE NUMBER: 298814

E. & O.E. Payment due on receipt of the account. In Accordance with the Solicitor's Act, interest will be charged on any unpaid balance at the rate of 0.5% per annum commencing one month after delivery of this account.

PROFESSIONAL FEES:

May 8, 24	DAZ	Corresponding with counsel regarding scheduling of Court date for appointment of receiver, and sale approval orders;
May 9, 24	DAZ	Preparing for and attending call with Grant Thornton to discuss list of outstanding issues to be addressed leading up to the hearing date and prior to closing of transactions; Reviewing draft of Pre-Filing Report;
May 13, 24	DAZ	Call with counsel to discuss application for appointment of receiver and reverse vesting order and approval and vesting order;
May 19, 24	DAZ	Reviewing and revising Pre-Filing Report to reflect changes made to the Regency APA and Manning SPA; Reviewing case law relating to reverse vesting orders; Reviewing sale process results;
May 22, 24	DAZ	Commenting on Affidavit by BMO for receivership application; Reviewing and revising Pre-Filing Report; Reviewing case law relating to reverse vesting order;
May 23, 24	MPA	Review Share Purchase Agreement; review portions of Asset Purchase Agreement; review draft Closing Agenda; discuss agenda internally; review portions of ARVO; discuss incorporation of residualco;
May 23, 24	LGO	Reviewing asset purchase agreement, share purchase agreement, and draft orders; Discussing with D. Afroz and S. Massie with respect to incorporation of ResidualCo;
May 23, 24	DAZ	Commenting on Appointment Order for receivership application; Reviewing Closing Agenda Reviewing and revising Pre-Filing Report; Reviewing case law relating to reverse vesting order;
May 24, 24	GNF	To review of draft receivership order and providing comments;
May 24, 24	MPA	Continue reviewing documentation and revising Closing Agenda; circulate for review and comment;
May 24, 24	DAZ	Reviewing and responding to further comments by Receiver on Appointment Order; Commenting on Regency AVO and Manning ARVO;

May 27, 24	MPA	Internal call re closing agenda; review and consider share transfer mechanics; review portions of order to confirm items on closing agenda;
May 27, 24	DAZ	Commenting on Appointment Order, Regency AVO and Manning AVO; Reviewing comments from MT on Pre-filing Report; Revising Pre-Filing Report; Call with M. Pasternack regarding Closing Agenda; Sending comments to Miller Thomson;
May 28, 24	HGC	Telephone conference call with receiver and its counsel with respect to draft orders;
May 28, 24	DAZ	Call with Peter Spence with Harrison Pensa regarding deposit under Manning SPA; Preparing for and attending meeting regarding comments on Orders with Miller Thomson;
May 29, 24	DAZ	Corresponding regarding incorporating ResidualCo; Reviewing revised affidavit of BMO; Coordinating receipt of deposit under Manning SPA; Reviewing revised notice of application and draft Service List; Call with Miller Thomson regarding need for WEPPA relief in Order; Reviewing WEPPA and proposing relief relating to WEPPA in the Manning AVO; Reviewing confidential appendices provided by Grant Thornton;
May 30, 24	DAZ	Reviewing amended Appointment Order and AVOs; Reviewing and revising Pre-Filing Report; Preparing Confidential Appendix relating to Sale Process; Corresponding with various parties regarding confidentiality issues and confidential appendices;
May 31, 24	DAZ	Reviewing and revising Pre-Filing Report; Reviewing application record served by BMO; Corresponding with P. Spence – counsel to Manning Purchaser – regarding redactions to SPA;
Jun 3, 24	LGO	Discussing with P. Hancle with respect to incorporation ResidualCo; Reviewing draft articles of incorporation; Call with D. Afroz to discuss ResidualCo; Reaching out to D. Magisano with respect to draft articles of incorporation;

Jun 3, 24	DAZ	Reviewing confidential appendices and redactions thereto; Reviewing Pre-Filing Report and serving Receiver's materials and filing same with Court; Call with Huan Dang's counsel regarding directorship of residualco and other matters; Attending to various issues relating to closing of Manning transaction, including lease assignment and incorporation of Residualco;
Jun 4, 24	DAZ	Coordinating delivery of confidential appendices to Court and incorporation of Residualco;
Jun 5, 24	LGO	Following up with D. Magisano; Discussing status with D. Afroz;
Jun 5, 24	DAZ	Corresponding with Huan Dang's counsel regarding incorporation of ResidualCo; Reviewing correspondence relating to inventory count and preparing for sale approval hearing;
Jun 6, 24	MPA	Brief review of SPA; respond to questions posed re ResidualCo.;
Jun 6, 24	DAZ	Reviewing factum of the Applicant in connection with Receivership Application; Advising GTL regarding inventory calculation and other matters and incorporation of ResidualCo;
Jun 9, 24	HGC	Review application record and proposed receiver's report; emails and telephone calls with D. Afroz;
Jun 10, 24	HGC	Complete review of court materials including factum and cases; various telephone calls and emails;
Jun 10, 24	DAZ	Attending to issues relating to service of materials on McKesson;
Jun 11, 24	HGC	Finalize preparation for and attend on receivership application and motion to approve sale transactions for the Regency and Manning pharmacies; review endorsement; telephone call with D. Afroz with respect to service of orders and endorsement on McKesson Canada;
Jun 11, 24	DAZ	Preparing for and attending application for appointment of a receiver and motions for approval and vesting orders; Reviewing endorsement of J. Cavanagh; Attending to service of orders and endorsement on McKesson; Reviewing correspondence regarding closing of transactions;

Jun 12, 24	LGO	Discussing with D. Afroz with respect to closing of Manning share purchase and Regency asset purchase; Reviewing file and confirming instructions;
Jun 12, 24	DAZ	Reviewing email from Grant Thornton regarding coordinating closing of transactions; Analyzing issue of payment of McKesson invoices and PMSI;
Jun 13, 24	LGO	Following up with P. Spence on closing conditions; Following up with M. Keriakos on closing conditions;
Jun 13, 24	DAZ	Reviewing correspondence regarding service to McKesson, and amounts owing to McKesson; Reviewing email from K. Hughes regarding McKesson's PMSI; Calls with L. Gong regarding closing of transactions; Call with G. Feldman and B. Bando regarding McKesson PMSI and ROFR; Call with T. Van Klink regarding McKesson and reviewing email regarding same;
Jun 17, 24	MPA	Review Manning APA; review Manning Closing Agenda and compare to APA deliverables; comments internally;
Jun 18, 24	DAZ	Reviewing correspondence regarding Closing of pharmacy transactions; Providing proof of service of Orders and Endorsement to McKesson;
Jun 19, 24	DAZ	Reviewing correspondence regarding Closing of pharmacy transactions; Providing proof of service of Orders and Endorsement to McKesson; Drafting letter to McKesson Canada asking that HOHS Drugs Limited's ability to purchase McKesson's products be reinstated without delay and corresponding with various parties regarding same;
Jun 20, 24	DAZ	Corresponding with Receiver regarding information requested by counsel for Manning Purchaser; Providing comments to Receiver on letter to McKesson regarding procedure to supply products; Corresponding regarding scheduling of inventory count at pharmacies; Outlining various issues identified by counsel regarding closing and obtaining input from Receiver;
Jun 21, 24	DAZ	Corresponding with Huan's counsel regarding organization documents; Reviewing closing documents and correspondence regarding closing of transactions;

Jun 21, 24	BVA	Discussion with L. Gong re closing agenda for Regency; preparing documents for closing of the Regency transaction involving the sale of assets;
Jun 24, 24	MPA	Review form of release in favour of Receiver; review language in Asset Purchase Agreement relating to release; revise release; discuss internally;
Jun 24, 24	LGO	Revising release; Following up on outstanding matters with M. Keriakos; Updating B. Brando; Reviewing and revising closing documents for Manning transaction;
Jun 24, 24	DAZ	Corresponding with Receiver regarding payment of pre-filing professional fees; Reviewing SPA and APA; Reviewing closing documents relating to sale transactions; Call to discuss revised Closing Agenda; Reviewing and commenting on Receiver's release;
Jun 25, 24	HGC	Discussion with D. Afroz re tax forgiveness;
Jun 25, 24	MPA	Query from counsel on signatories re transfer of shares and pre-closing, closing and post-closing steps; consider same; review relevant provisions of APA; discuss with counsel;
Jun 25, 24	LGO	Reviewing and responding to correspondences; Following up on closing matters; Confirming instructions and information with B. Brando, R. Konovalov, and D. Afroz; Reviewing and organizing closing documents;
Jun 25, 24	DAZ	Reviewing correspondence regarding closing of Regency Transaction; Reivewing information relating to SPA and APA; Calls with L. Gong and H. Chaiton regarding debt forgiveness and income inclusion issues; Research regarding debt forgiveness rules;
Jun 26, 24	GNF	To reviewing order and series of emails to and from McKesson and conference call with Grant Thornton, McKesson and solicitors for McKesson and the purchaser to deal with issues and questions;

Jun 26, 24	LGO	Confirming and following up on outstanding matters for the closing of the assets of the Regency Pharmacy with S. Massie and M. Keriakos; Confirming satisfaction of conditions of Regency APA with B. Brando and M, Keriakos; Issuing Receiver's Certificate for Regency asset transaction; Call with D. Afroz, B. Brando, S. Massie to discuss outstanding closing issues and adjustments to purchase price; Call with P. Spence and S. Massie to discuss outstanding closing issues and closing documents; Call with G. Feldman to discuss McKesson issue; Revising and drafting various closing documents;
Jun 26, 24	DAZ	Reviewing correspondence regarding closing of Manning Transaction; Calls with L. Gong regarding same; Reviewing tax filing by Receiver and corresponding with Receiver regarding same; Reviewing Closing documents sent by BMO's counsel;
Jun 27, 24	MPA	Review email query re HOHS subsidiary; consider and respond to same; further communications re same;
Jun 27, 24	LGO	Discussing with B. Bando with respect to outstanding HST return; Coordinating signing of closing documents; Reviewing signed documents delivered by Purchaser; Discussing outstanding HST return with P. Spence; Drafting condition's certificates; Coordinating flow of funds; Dealing with various closing issues;
Jun 27, 24	DAZ	Reviewing correspondence relating to Closing of Manning Transaction; Catching up on matters relating to McKesson's PMSI;
Jun 28, 24	LGO	Updating B. Bando with respect to outstanding closing matters; Following up with P. Spence and D. Magisano with respect to closing matters; Completing and circulating Receiver's Certificate;
Jun 28, 24	DAZ	Corresponding with counsel regarding closing of Manning Transaction.

TOTAL PROFESSIONAL FEES	**$49,839.24**
HST at 13.00%	6,479.10

DISBURSEMENTS:

Subject to HST:	Service of Documents Taxable	$362.45	
	Internet Search Fee Taxable	$149.15	
	Courier and Taxi Charges Taxable	$56.40	
	Postage Charges Taxable	$3.43	
	Registered Mail Taxable	$13.93	
			$585.36
Non-Taxable:	Government Disbursement Internet Search Non-tax.	$330.78	
			$330.78

TOTAL DISBURSEMENTS	**$916.14**
HST at 13.00%	76.10
GRAND TOTAL	**$57,310.58**

CHAITONS LLP

Gary Feldman

per: ______________________________
Gary N. Feldman

LAWYERS' SUMMARY:

Lawyers and legal assistants involved	Hourly Rate	Hours Billed	Total Billed
HARVEY G. CHAITON	$648.33	9.40	$6,094.31
GARY N. FELDMAN	$623.00	2.00	$1,246.00
MICHAEL PASTERNACK	$573.52	6.80	$3,899.93
LOGAN GONG	$395.00	32.90	$12,995.50
Danish Afroz	$563.00	44.50	$25,053.50
BRANDON VALE	$250.00	2.20	$550.00
Total:		97.80	$49,839.24

Chaitons LLP

INVOICE NUMBER: 301841 **October 31, 2024**

GRANT THORNTON LIMITED
11th Floor, 200 King Street West
Toronto, ONTARIO
M5H 3T4

Re: HOHS DRUGS LIMITED
Our file: 006588-77566

FOR PROFESSIONAL SERVICES RENDERED on this matter up to and including October 31, 2024:

PROFESSIONAL FEES		
SUBJECT TO HST	$24,161.00	
SUB-TOTAL		$24,161.00
DISBURSEMENTS		
NON TAXABLE	$222.09	
SUBJECT TO HST	$113.85	
SUB-TOTAL		$335.94
HST at 13.00%		$3,155.73
GRAND TOTAL		**$27,652.67**

Amount payable on the current invoice	$27,652.67
Plus outstanding invoices on this matter	$0.00
Amount Due	**$27,652.67**
Trust Balance	$50.00

HST No R124110933 INVOICE NUMBER: 301841

E. & O.E. Payment due on receipt of the account. In Accordance with the Solicitor's Act, interest will be charged on any unpaid balance at the rate of 0.5% per annum commencing one month after delivery of this account.

PROFESSIONAL FEES:

Jul 2, 24	LGO	Reaching out to P. Spence with respect to business name cancellation; Answering questions from M. Keriakos;
Jul 2, 24	DAZ	Reviewing correspondence regarding post-closing matters for the Regency and Manning transactions;
Jul 3, 24	LGO	Discussing wiring funds to B. Bando;
Jul 4, 24	LGO	Confirming post-closing matters with D. Afroz;
Jul 4, 24	DAZ	Corresponding with L. Gong and G. Feldman regarding closing of pharmacy transactions; Reviewing emails and documents exchanged in closing of transactions; Call with G. Feldman regarding status of file; Reviewing and commenting on billing matters; Attending to matters relating to final statement of adjustments for Regency;
Jul 9, 24	DAZ	Reviewing correspondence regarding PMSI in favour of McKesson; Corresponding with G. Feldman regarding discussions with other stakeholders;
Jul 10, 24	LGO	Coordinating with P. Spence with respect to return of excess funds to Harrison Pensa;
Jul 10, 24	DAZ	Reviewing materials uploaded into data room created by McKesson's counsel regarding PMSI; Corresponding with Grant Thornton regarding their instructions relating to security review;
Jul 11, 24	DAZ	Corresponding with G. Feldman regarding review of McKesson's PMSI related documents; Call with K. Hughes regarding PMSI review;
Jul 15, 24	DAZ	Call with K. Hughes and G. Feldman regarding McKesson's PMSI; Reviewing research findings provided by K. Hughes; Reviewing background information provided in data room;
Jul 15, 24	KH	To reviewing McKesson security documents; to reviewing PPSA searches; to telephone call with D. Afroz;

Jul 16, 24	DAZ	Corresponding with Receiver regarding estimate of net realizations for BMO; Providing information regarding WIP and costs to complete proceedings;
Jul 18, 24	DAZ	Reviewing estimated net realization schedule and interim statement of receipts and disbursements; Analyzing background documents and materials relating to McKesson's PMSI;
Jul 19, 24	DAZ	Reviewing K. Hughes analysis of McKesson's PMSI and reviewing background information; Reviewing case law regarding PMSIs; Calls with K. Hughes regarding same;
Jul 19, 24	KH	To reviewing PPSA matters; to telephone call with D. Afroz; to e-mail correspondence with D. Afroz and G. Feldman;
Jul 23, 24	DAZ	Reviewing data room of information provided by McKesson; Preparing memorandum setting out analysis relating to McKesson's PMSI; Reviewing comments provided by K. Hughes
Jul 23, 24	KH	To telephone call with D. Afroz; To reviewing memo;
Jul 24, 24	DAZ	Reviewing data room of information provided by McKesson; Preparing memorandum setting out analysis relating to McKesson's PMSI; Corresponding with G. Feldman and Grant Thornton regarding same;
Jul 29, 24	DAZ	Reviewing BMO loan and security documents to prepare security review; Preparing security opinion regarding BMO's security; Preparing opinion relating to McKesson's PMSI security;
Aug 14, 24	DAZ	Reviewing correspondence and addressing question raised by Receiver regarding insurance payments in respect of HOHS Drugs Limited;
Aug 19, 24	DAZ	Preparing for and attending call with Grant Thornton regarding McKesson PMSI, motion for distribution and discharge of receiver and items to discussed in the First Report; Sending outline of First Report to Grant Thornton; Meetings with G. Feldman regarding same;
Aug 23, 24	DAZ	Reviewing and commenting on email to be sent to McKesson by Receiver; Corresponding with receiver regarding next steps in connection with receivership;
Sep 5, 24	LGO	Discussing Regency Drugs Limited issue with D. Afroz;

Sep 5, 24	DAZ	Addressing email from Huan Dang regarding exclusion of shares of Regency Drugs Ltd from SPA and winding down of company; Reviewing SPA and advising Receiver regarding same;
Sep 13, 24	DAZ	Reviewing emails and records regarding request from Receiver and corresponding with D. Magisano regarding filing of Receiver's Certificate;
Oct 1, 24	DAZ	Reviewing and commenting on memorandum prepared by Grant Thornton regarding McKesson PMSI Claims memorandum; Meeting with G. Feldman to discuss same;
Oct 8, 24	DAZ	Reviewing McKesson's security document and performing research regarding scope of McKesson's PMSI to respond to Receiver following Receiver's conversation with McKesson's counsel; Responding to Receiver regarding same;
Oct 9, 24	DAZ	Performing research on issue of allocation of receivership costs to McKesson;
Oct 10, 24	DAZ	Meeting with G. Feldman to discuss allocation of costs; Performing research on issue of allocation of receivership costs to McKesson; Call with B. Bando regarding analysis regarding allocation of costs and recommended next steps;
Oct 11, 24	DAZ	Reviewing correspondence sent by Grant Thornton to BMO's counsel regarding allocation of fees and next steps in receivership proceedings;
Oct 16, 24	LGO	Discussing with D. Afroz assignment of claim reserve and revenue adjustment to BMO; Reviewing correspondences; Reviewing share purchase agreement Drafting partial assignment of SPA;
Oct 16, 24	DAZ	Reviewing correspondence relating to assignment of reserves to BMO and winding up of receivership proceedings; Meeting with L. Gong to discuss same;
Oct 18, 24	LGO	Reviewing comments from D. Afroz on partial assignment agreement; Circulating partial assignment agreement to B. Bando;
Oct 18, 24	DAZ	Reviewing and commenting on Partial Assignment Agreement in connection with Regency SPA; Corresponding with L. Gong regarding same;

Oct 21, 24	LGO	Discussing with D. Afroz with respect to partial assignment agreement;
Oct 24, 24	DAZ	Reviewing email from BMO's counsel regarding Partial Assignment Agreement; Corresponding with Receiver and advising regarding timing of assignment of Claim Reserve;
Oct 29, 24	DAZ	Reviewing and commenting on draft Receiver's First Report; Researching law relating to priority of CRA claim for HST;
Oct 30, 24	DAZ	Reviewing and commenting on draft Receiver's First Report; Researching law relating to priority of CRA claim for HST.

TOTAL PROFESSIONAL FEES	**$24,161.00**
HST at 13.00%	3,140.93

DISBURSEMENTS:

Subject to HST:			
	Internet Search Fee Taxable	$113.85	
			$113.85
Non-Taxable:			
	Government Disbursement Internet Search Non-tax.	$72.09	
	Bank Service Charges Non-taxable	$150.00	
			$222.09

TOTAL DISBURSEMENTS	**$335.94**
HST at 13.00%	14.80
GRAND TOTAL	**$27,652.67**

HST No R124110933

INVOICE NUMBER: 301841

E. & O.E. Payment due on receipt of the account. In Accordance with the Solicitor's Act, interest will be charged on any unpaid balance at the rate of 0.5% per annum commencing one month after delivery of this account.

CHAITONS LLP

per: ______________________
Gary N. Feldman

LAWYERS' SUMMARY:

Lawyers and legal assistants involved	Hourly Rate	Hours Billed	Total Billed
LOGAN GONG	$395.00	4.60	$1,817.00
Danish Afroz	$563.00	38.00	$21,394.00
KATHRYN HUGHES	$475.00	2.00	$950.00
Total:		44.60	$24,161.00

Chaitons LLP

GRANT THORNTON LIMITED
979 ALLOY DRIVE
THUNDER BAY
ONTARIO
P7B 5Z8

Invoice Date:	June 30, 2025
Invoice Number:	405901
Our File:	006588-0077566

Re: **HOHS DRUGS LIMITED**

FOR PROFESSIONAL SERVICES RENDERED on this matter up to and including June 30, 2025

PROFESSIONAL FEES		
SUBJECT TO HST	22,008.86	
SUB-TOTAL		$22,008.86
DISBURSEMENTS		
SUBJECT TO HST	16.00	
Costs (Non-Taxable)	8.00	
SUB-TOTAL		$24.00
Net Total		$22,032.86
HST at 13.00%		$2,863.23
GRAND TOTAL		**$24,896.09**

Amount payable on the current invoice	$24,896.09
Plus outstanding invoices on this matter	$0.00
Amount Due	**$24,896.09**
Trust Balance	**$0.00**

Please Remit to:

Mail To:
Chaitons LLP
5000 Yonge St,
10th Floor,
Toronto, ON, M2N 7E9
Canada

Wire Instructions:
Bank of Montreal
4841 Yonge Street
Toronto, Ontario M2N 5X2
Bank#: 001 Transit#: 24892 CC: 000124892
Swift Code (international): BOFMCAM2
Account# 24891029697
(Please Reference Invoice Number)

HST No R124110933

E. & O.E. Payment due on receipt of the account. In Accordance with the Solicitor's Act, interest will be charged on any unpaid balance at the rate of 5% per annum commencing one month after delivery of this account.

PROFESSIONAL FEES

Date	Initials	Description
11/05/2024	DAZ	Drafting Distribution and Discharge Order; Reviewing and commenting on First Report; Drafting note to Receiver summarizing issues to be resolved in the First Report;
11/08/2024	DAZ	Reviewing case law on Court's approach to allocating costs in insolvency proceedings; Drafting note to Receiver outlining summary of research findings and recommendation regarding allocation of costs;
11/14/2024	MLA	To drafting Notice of Motion re: distribution and discharge order;
11/17/2024	MLA	To drafting factum;
11/27/2024	DAZ	Reviewing correspondence from Receiver with CRA correspondence regarding HST payable by ResidualCo; Reviewing Manning Share Purchase Agreement and Approval and Vesting Order regarding treatment of Tax liabilities post-closing; Reviewing legislation and case law relating to reversing deemed trust of HST liabilities in bankruptcy and deemed trust for employee source deductions; Calls with Grant Thornton regarding anticipated next steps in CRA audits and receivership proceedings;
12/03/2024	DAZ	Reviewing emails relating to CRA matters including formal Objection to the HST liability and employee source deduction audit and corresponding with Receiver regarding same
01/09/2025	DAZ	Reviewing correspondence regarding payroll audit by CRA for HOHS Drugs Limited and upcoming HST audit and objection
01/14/2025	DAZ	Reviewing corresponding from T. Van Klink regarding request to issue statement of claim against ResidualCo to get around limitations issue
01/15/2025	DAZ	Reviewing correspondence from Receiver regarding CRA audits and correspondence from CRA
02/20/2025	DAZ	Reviewing update provided by Receiver and earlier correspondence relating to issues to be addressed by Receiver before completing receivership proceedings
02/24/2025	DAZ	Call with Receiver regarding bankruptcy of ResidualCo, receipt of HST refund and distributions to BMO; Reviewing Manning SPA; Corresponding with BMO's counsel regarding same
03/13/2025	DAZ	Call with Receiver regarding attributing legal fees between BMO and McKesson; Reviewing case law on same and sending note to Receiver
03/28/2025	DAZ	Reviewing correspondence regarding CRA audit and revised Receiver's First Report
04/03/2025	DAZ	Reviewing and commenting on revised First Report; Call with Receiver regarding allocation of fees and recoveries of stakeholders
04/07/2025	DAZ	Call with GTL regarding allocation of professional fees to McKesson and other matters; Reviewing revised schedule prepared for GTL relating to distributions
04/10/2025	DAZ	Reviewing comments provided by GTL; Corresponding with GTL regarding call to discuss comments and fee accruals
04/12/2025	DAZ	Drafting motion materials for motion seeking discharge and distribution; Reviewing correspondence and other materials on file regarding same
04/14/2025	DAZ	Reviewing comments provided by GTL; Revising Partial Assignment Agreement; Corresponding with GTL regarding next steps
04/15/2025	DAZ	Reviewing revisions to Receiver's First Report; Reviewing statements of account, outstanding bills and current WIP;

Client: GRANT THORNTON LIMITED		Invoice Date:	June 30, 2025
Matter: HOHS DRUGS LIMITED		Invoice Number:	405901
		Matter Number:	0077566

Date	Initials	Description
04/19/2025	DAZ	Reviewing and finalizing factum; Preparing motion materials for motion for discharge and distribution
04/28/2025	DAZ	Reviewing file to prepare for call with BMO's counsel and Receiver
04/29/2025	DAZ	Attending call with Miller Thomson and Receiver; Reviewing draft Report, Orders and other motion materials; Reviewing and revising agreements assigning SPA obligations
06/18/2025	DAZ	Reviewing correspondence from McKesson and other emails regarding next steps relating to HOHS proceeding; Call with Receiver regarding changes to motion materials and scheduling of Court date; Reviewing draft Report
06/19/2025	DAZ	Corresponding with Receiver regarding scheduling of motion date and discussions with purchaser regarding post-closing adjustment;
06/20/2025	DAZ	Corresponding with Receiver, counsel and Court regarding scheduling of motion to seek interim distribution and Receiver's discharge
06/25/2025	DAZ	Reviewing draft Report regarding changes needed before service
06/27/2025	DAZ	Corresponding with Receiver regarding revisions to motion materials

LAWYERS' SUMMARY:

Lawyers and legal assistants involved	Hourly Rate	Hours Billed	Total Billed
Danish Afroz	563.00	38.10	21,450.30
Maleeha Anwar	180.18	3.10	558.56
Total		**41.20**	**$22,008.86**
HST at 13.00%			$2,861.15

DISBURSEMENTS:

Subject To HST

Description	Amount
Internet Search Fee Taxable - S84	16.00
Total	**$16.00**

Non-Taxable

Description	Amount
Government Disbursement Internet Search Non-tax. - S90	8.00
Total	**$8.00**

TOTAL DISBURSEMENTS	**$24.00**
HST at 13.00%	$2.08

HST No R124110933

E. & O.E. Payment due on receipt of the account. In Accordance with the Solicitor's Act, interest will be charged on any unpaid balance at the rate of 5% per annum commencing one month after delivery of this account.

Client: GRANT THORNTON LIMITED
Matter: HOHS DRUGS LIMITED

Invoice Date:	June 30, 2025
Invoice Number:	405901
Matter Number:	0077566

GRAND TOTAL **$24,896.09**

CHAITONS LLP

per: "Danish Afroz"
(COMPUTER GENERATED SIGNATURE)
Danish Afroz

THIS IS EXHIBIT "B" TO
THE AFFIDAVIT OF GARY N. FELDMAN
SWORN BEFORE ME THIS 8TH DAY OF
JULY, 2025

A Commissioner Etc.

SUMMARY

Lawyer	Year of Call	Hours Billed	Hourly Rate	Amount Billed
Gary Feldman	1979	2.00	$623.00	$1,246.00
Harvey Chaiton	1982	9.40	$648.33	$6,094.31
Danish Afroz	2014	120.60	$563.00	$67,897.80
Michael Pasternack	2000	6.80	$573.52	$3,899.93
Logan Gong	2017	37.50	$395.00	$14,812.50
Kathryn Hughes	2016	2.00	$475.00	$950.00
Brandon Vale	Articling Student	2.20	$250.00	$550.00
Maleeha Anwar	Summer Student	3.10	$180.18	558.56
Total Hours and Amounts Billed		**183.60**		**$96,009.10**
Average Hourly Rate			**$463.50**	
Total Disbursements				**$1,276.08**
Total Taxes (HST)				**$12,574.16**
TOTAL				**$109,859.34**

GRANT THORNTON LIMITED
Applicant

-and-

1000915701 ONTARIO INC., HOHS DRUGS LIMITED, et al.
Respondents

Court File No. CV-24-00721374-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT
TORONTO, ONTARIO

AFFIDAVIT OF GARY N. FELDMAN

CHAITONS LLP
5000 Yonge Street, 10th Floor
Toronto, Ontario M2N 7E9

Harvey Chaiton (LSO No. 21592F)
Tel: (416) 218-1129
Email: harvey@chations.com

Danish Afroz (LSO No. 65786B)
Tel: (416) 218-1137
Email: dafroz@chaitons.com

Lawyers for Grant Thornton Limited, in its capacity as the Court-appointed Receiver

DOC#15079633v1

Court File No:

BANK OF MONTREAL - and - **1000915701 ONTARIO INC., HOHS DRUGS LIMITED and HUAN DANG**
Applicant **Respondents**

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT TORONTO

FIRST REPORT TO THE COURT OF
GRANT THORNTON LIMITED
IN ITS CAPACITY AS COURT-APPOINTED RECEIVER

CHAITONS LLP
5000 Yonge Street, 10th Floor
Toronto, Ontario M2N 7E9

Danish Afroz (LSO No. 65786B)
Tel: (416) 218-1137
Email: dafroz@chaitons.com

Lawyers for Grant Thornton Limited
In its capacity as the Court-appointed Receiver

DOC#15071008v1

TAB 3

Court File No. CV-24-00721374-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE	)	THURSDAY, THE 24TH
	)	
JUSTICE STEELE	)	DAY OF JULY, 2025

B E T W E E N:

BANK OF MONTREAL

Applicant

- and –

1000915701 ONTARIO INC., HOHS DRUGS LIMITED and HUAN DANG

Respondents

DISTRIBUTION AND DISCHARGE ORDER

THIS MOTION, made by Grant Thornton Limited in its capacity as the Court-appointed receiver and manager (the "**Receiver**") without security, of the assets, undertakings and properties of 1000915701 Ontario Inc. ("**ResidualCo**"), and of all of the issued and outstanding shares (the "**Shares**") in the capital of HOHS Drugs Limited (the "**Company**" and together with ResidualCo, the "**Debtors**") and of the assets, undertakings and properties of the Company, for an order, among other things:

(i) approving the First Report of the Receiver dated July 15, 2025 (the "**First Report**") and the actions and activities of the Receiver described therein;

(ii) approving the fees and disbursements of the Receiver and its counsel, Chaitons LLP ("**Chaitons**"), including the Fee Accrual (defined below), as described in the First Report;

(iii) approving the Receiver's final statement of receipts and disbursements;

(iv) authorizing and directing the Receiver to establish, hold and maintain certain reserves, and make certain distributions, as recommended in the First Report;

(v) discharging Grant Thornton Limited as Receiver; and

(vi) releasing Grant Thornton Limited from any and all liability, as set out in paragraph 16 of this Order,

was heard this day by judicial videoconference via Zoom.

ON READING the Motion Record of the Receiver dated July 15, 2025 including the First Report and the appendices thereto, and on hearing the submissions of counsel for the Receiver, and such other counsel as were present and on the counsel slip, no one else appearing although served as appears from the Affidavit of Service of Laura Culleton sworn July 15, 2025, filed.

SERVICE AND DEFINITIONS

1. **THIS COURT ORDERS** that the time for service of the First Report and the Motion Record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS** that capitalized terms used in this Order and not otherwise defined herein shall have the meanings ascribed to them in the First Report.

APPROVAL OF RECEIVER'S ACTIVITIES, FEES, RECEIPTS & DISBURSEMENTS

3. **THIS COURT ORDERS** that the First Report, and the actions and activities of the Receiver described therein be and are hereby approved, provided, however, that only the Receiver, in its personal capacity and only with respect of its own personal liability, shall be entitled to rely upon or utilize, in any way, such approvals.

4. **THIS COURT ORDERS** that the fees and disbursements of the Receiver as set out in the First Report and the Affidavit of Bruce Bando sworn July 14, 2025 attached to the First Report, be and are hereby approved.

5. **THIS COURT ORDERS** that the fees and disbursements of Chaitons, as set out in the First Report and the Affidavit of Gary N. Feldman sworn July 8, 2025 attached to the First Report, be and are hereby approved.

6. **THIS COURT ORDERS** that an accrual of $125,000 in respect of the fees incurred or to be incurred by the Receiver and Chaitons, to the completion of this receivership proceeding and the bankruptcy proceeding of ResidualCo, excluding HST and disbursements ("**Fee Accrual**") be and is hereby approved.

7. **THIS COURT ORDERS** that neither the Receiver nor Chaitons shall be required to pass their accounts in respect of any further fees and disbursements, up to the amount of the Fee Accrual, incurred in connection with the completion by the Receiver of its remaining duties and administration of this receivership proceeding.

8. **THIS COURT ORDERS** that the Receiver is authorized and directed to pay any balance remaining in the Fee Accrual, after payment of all fees and disbursements of the Receiver and Chaitons incurred in connection with the completion by the Receiver of its remaining duties and administration of this receivership proceeding and the bankruptcy proceeding of ResidualCo, to Bank of Montreal (the "**Bank**").

9. **THIS COURT ORDERS** that the Receiver's final statement of receipts and disbursements for the period June 11, 2024 to July 14, 2025, as set out in the First Report, be and is hereby approved.

RESERVES

10. **THIS COURT ORDERS** that the Receiver is authorized and directed to establish, hold and maintain reserves (collectively, the "**Reserves**") in the amount of:

(i) $125,000, on account of the Fee Accrual, which may be used by the Receiver to make payment of the fees incurred or to be incurred by the Receiver and Chaitons to the completion of this receivership proceeding and the bankruptcy proceeding of ResidualCo ("**Fee Accrual Holdback**");

(ii) $400,000, on account of the Revenue Adjustment, which may be paid or distributed to the Bank (up to the total amount of the indebtedness owed to the Bank), as determined by the Receiver, upon settlement of the Revenue Adjustment (the "**Revenue Adjustment Holdback**"); and

(iii) $250,000 on account of the Claim Reserve, which may be paid or distributed to the Bank (up to the total amount of the indebtedness owed to the Bank), as determined by the Receiver, following the expiration of the Reserve Period (the "**Claim Reserve Holdback**").

INITIAL DISTRIBUTION

11. **THIS COURT ORDERS** that, after payment by the Receiver of the amounts secured under the Receiver's Borrowings Charge (as defined in the Receivership Order) and the professional fees and

disbursements of the Receiver and Chaitons herein approved, and subject to the Receiver maintaining the Reserves, the Receiver is hereby authorized and directed to make the Initial Distribution described in the First Report, as follows:

(i) to McKesson Canada Corporation ("**McKesson**"), the amount of $213,322.41 (net of costs allocated to McKesson's claim), in satisfaction of its purchase money security interest claim (as detailed in the First Report); and

(ii) to the Bank, as partial payment of the indebtedness owing to the Bank (as detailed in the First Report).

SUBSEQUENT DISTRIBUTIONS

12. **THIS COURT ORDERS** that the Receiver is hereby authorized and directed to make subsequent distributions to the Bank out of the Fee Accrual Holdback (to the extent not utilized to pay fees, disbursements and costs of the Receiver and Chaitons), the Revenue Adjustment Holdback (upon settlement of the Revenue Adjustment), and the Claim Reserve Holdback (following the expiry of the Reserve Period), and any other recoveries in respect of the Property, up to the amount of the indebtedness owing to the Bank.

13. **THIS COURT ORDERS** that notwithstanding anything else contained in this Order, each of the payments and distributions provided for in this Order shall be made free and clear of all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise, including, without limiting the generality of the foregoing: (a) any encumbrances or charges created by orders in the receivership proceeding of the Debtors; and (b) all charges, security interests, liens, trusts, or claims evidenced by registrations pursuant to the *Personal Property Security Act*, R.S.O. 1990, c. P.10, as amended or any other personal property or real property registry system.

14. **THIS COURT ORDERS** that, notwithstanding:

(i) the pendency of these proceedings;

(ii) any motions or applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of any of the Debtors and any bankruptcy order issued pursuant to any such motion or application; and

(iii) any assignment in bankruptcy made in respect of any of the Debtors;

any payment or distributions made pursuant to this Order are final and irreversible and shall be binding on any trustee in bankruptcy or receiver that has been or may be appointed in respect of any of the Debtors and shall not be void or voidable by creditors of such entity, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall they constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

DISCHARGE OF THE RECEIVER

15. **THIS COURT ORDERS** that upon the Receiver's completion of its remaining duties and administration of the receivership proceeding and upon the filing by the Receiver of a certificate substantially in the form attached as Schedule "A" hereto (the "**Discharge Certificate**"), the Receiver shall be discharged, provided however that, notwithstanding its discharge herein: (a) the Receiver shall remain Receiver for the performance of such incidental duties as may be required to complete the administration of the receivership herein; and (b) the Receiver shall continue to have the benefit of the provisions of all Orders made in these proceedings, including, without limitation, all approvals, protections and stay of proceedings in favour of Grant Thornton Limited in its capacity as Receiver.

16. **THIS COURT ORDERS AND DECLARES** that upon the Receiver filing the Discharge Certificate, Grant Thornton Limited is hereby released and discharged from any and all liability that Grant Thornton Limited now has or may hereafter have by reason of, or in any arising out of, the acts or omissions of Grant Thornton Limited while acting in its capacity as Receiver herein, save and except for any gross negligence or wilful misconduct on the Receiver's part. Without limiting the generality of the foregoing, Grant Thornton Limited is hereby forever released and discharged from any and all liability relating to matters that were raised, or which could have been raised, in the within receivership proceeding, save and except for any gross negligence or wilful misconduct on the Receiver's part.

GENERAL

17. **THIS COURT ORDERS** that the Receiver, its counsel and other agents are hereby authorized to take all necessary steps and actions to effect each of the payments and distributions in accordance with the provisions of this Order from time to time, and shall not incur any liability as a result of making any such payments or distributions.

18. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada.

19. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States or in any other foreign jurisdiction to give effect to this Order and to assist the Receiver and its 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 the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

20. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. (Eastern Standard Time) on the date hereof and is enforceable without further need for entry or filing.

SCHEDULE "A"

Receiver's Form of Discharge Certificate

Court File No: CV-24-00721374-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

B E T W E E N:

BANK OF MONTREAL

Applicant

- and –

1000915701 ONTARIO INC., HOHS DRUGS LIMITED and HUAN DANG

Respondents

RECEIVER'S DISCHARGE CERTIFICATE

GRANT THORNTON LIMITED, in its capacity as receiver and manager (the "**Receiver**") without security, of the assets, undertakings and properties of 1000915701 Ontario Inc. ("**ResidualCo**"), and of all of the issued and outstanding shares (the "**Shares**") in the capital of HOHS Drugs Limited (the "**Company**" and together with ResidualCo, the "**Debtors**") and of the assets, undertakings and properties of the Company, hereby certifies that the remaining receivership matters described in First Report of the Receiver dated July 15, 2025 have been completed to the satisfaction of the Receiver.

This Receiver's Certificate was delivered by the Receiver at _______________ [TIME] on _______________ [DATE].

GRANT THORNTON LIMITED, in its capacity as Receiver of the assets, undertakings and properties of 1000915701 Ontario Inc., and of all of the issued and outstanding shares in the capital of HOHS Drugs Limited, and of the assets, undertakings and properties of HOHS Drugs Limited, and not in its personal capacity

Per: _______________________________

Name:

Title:

Court File No: CV-24-00721374-00CL

BANK OF MONTREAL	**- and -**	**1000915701 ONTARIO INC., HOHS DRUGS LIMITED and HUAN DANG**
Applicant		**Respondents**

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT TORONTO

DISTRIBUTION AND DISCHARGE ORDER

CHAITONS LLP
5000 Yonge Street, 10th Floor
Toronto, Ontario M2N 7E9

Danish Afroz (LSO No. 65786B)
Tel: (416) 218-1137
Email: dafroz@chaitons.com

Lawyers for Grant Thornton Limited, in its capacity as the Court-appointed Receiver

TAB 4

~~Revised: May 11, 2010~~

Court File No. CV-24-00721374-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE	)	~~DAY~~THURSDAY, THE 24TH
	)	DAY
	)	
JUSTICE STEELE		OF JULY, ~~20~~ 2025

B E T W E E N:

~~PLAINTIFF~~

~~Plaintiff~~

BANK OF MONTREAL

Applicant

\- and –

~~DEFENDANT~~

~~Defendant~~

1000915701 ONTARIO INC., HOHS DRUGS LIMITED and HUAN DANG

Respondents

DISTRIBUTION AND DISCHARGE ORDER

THIS MOTION, made by ~~[RECEIVER'S NAME]~~Grant Thornton Limited in its capacity as the Court-appointed receiver and manager (the ~~"~~"**Receiver**~~"~~") without security, of the ~~undertaking, property and~~ assets ~~of [DEBTOR] (the "Debtor")~~, undertakings and properties of 1000915701 Ontario Inc. ("**ResidualCo**"), and of all of the issued and outstanding shares (the "**Shares**") in the capital of HOHS Drugs Limited (the "**Company**" and together with ResidualCo, the "**Debtors**") and of the assets, undertakings and properties of the Company, for an order, among other things:

(i) ~~1.~~ approving the ~~activities of the Receiver as set out in the report~~First Report of the Receiver dated ~~[DATE]~~July 15, 2025 (the ~~"~~"**First Report**~~"~~") and the actions and activities of the Receiver described therein;

(ii) ~~2.~~ approving the fees and disbursements of the Receiver and its counsel, Chaitons LLP ("**Chaitons**"), including the Fee Accrual (defined below), as described in the First Report;

(iii) ~~3.~~ approving the ~~distribution of the remaining proceeds available in the estate of the Debtor; [~~Receiver's final statement of receipts and~~]~~ disbursements;

(iv) authorizing and directing the Receiver to establish, hold and maintain certain reserves, and make certain distributions, as recommended in the First Report;

(v) ~~4.~~ discharging ~~[RECEIVER'S NAME]~~Grant Thornton Limited as Receiver ~~of the undertaking, property and assets of the Debtor[~~; and

(vi) ~~5.~~ releasing ~~**[RECEIVER'S NAME]**~~Grant Thornton Limited from any and all liability, as set out in paragraph ~~5~~16 of this Order~~]~~[1],

was heard this day ~~at 330 University Avenue, Toronto, Ontario~~by judicial videoconference via Zoom.

ON READING the ~~Report, the affidavits~~Motion Record of the Receiver dated July 15, 2025 including the First Report and ~~its counsel as to fees (the "Fee Affidavits")~~the appendices thereto, and on hearing the submissions of counsel for the Receiver, and such other counsel as were present and on the counsel slip, no one else appearing although served as ~~evidenced by~~appears from the Affidavit of ~~[NAME]~~Service of Laura Culleton sworn ~~[DATE]~~July 15, 2025, filed[2]~~;~~ .

SERVICE AND DEFINITIONS

1. **THIS COURT ORDERS** that the time for service of the First Report and the Motion Record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS** that capitalized terms used in this Order and not otherwise defined herein shall have the meanings ascribed to them in the First Report.

APPROVAL OF RECEIVER'S ACTIVITIES, FEES, RECEIPTS & DISBURSEMENTS

[1] ~~If this relief is being sought, stakeholders should be specifically advised, and given ample notice. See also Note 4, below.~~

[2] ~~This model order assumes that the time for service does not need to be abridged.~~

3. **THIS COURT ORDERS** that the First Report, and the actions and activities of the Receiver described therein be and are hereby approved, provided, however, that only the Receiver, in its personal capacity and only with respect of its own personal liability, shall be entitled to rely upon or utilize, in any way, such approvals.

4. **THIS COURT ORDERS** that the fees and disbursements of the Receiver as set out in the First Report and the Affidavit of Bruce Bando sworn July 14, 2025 attached to the First Report, be and are hereby approved.

5. **THIS COURT ORDERS** that the fees and disbursements of Chaitons, as set out in the First Report and the Affidavit of Gary N. Feldman sworn July 8, 2025 attached to the First Report, be and are hereby approved.

6. **THIS COURT ORDERS** that an accrual of $125,000 in respect of the fees incurred or to be incurred by the Receiver and Chaitons, to the completion of this receivership proceeding and the bankruptcy proceeding of ResidualCo, excluding HST and disbursements ("**Fee Accrual**") be and is hereby approved.

7. **THIS COURT ORDERS** that neither the Receiver nor Chaitons shall be required to pass their accounts in respect of any further fees and disbursements, up to the amount of the Fee Accrual, incurred in connection with the completion by the Receiver of its remaining duties and administration of this receivership proceeding.

8. **THIS COURT ORDERS** that the Receiver is authorized and directed to pay any balance remaining in the Fee Accrual, after payment of all fees and disbursements of the Receiver and Chaitons incurred in connection with the completion by the Receiver of its remaining duties and administration of this receivership proceeding and the bankruptcy proceeding of ResidualCo, to Bank of Montreal (the "**Bank**").

9. **THIS COURT ORDERS** that the Receiver's final statement of receipts and disbursements for the period June 11, 2024 to July 14, 2025, as set out in the First Report, be and is hereby approved.

RESERVES

10. **THIS COURT ORDERS** that the Receiver is authorized and directed to establish, hold and maintain reserves (collectively, the "**Reserves**") in the amount of:

(i) $125,000, on account of the Fee Accrual, which may be used by the Receiver to make payment of the fees incurred or to be incurred by the Receiver and Chaitons to the completion of this receivership proceeding and the bankruptcy proceeding of ResidualCo ("**Fee Accrual Holdback**");

(ii) $400,000, on account of the Revenue Adjustment, which may be paid or distributed to the Bank (up to the total amount of the indebtedness owed to the Bank), as determined by the Receiver, upon settlement of the Revenue Adjustment (the "**Revenue Adjustment Holdback**"); and

(iii) $250,000 on account of the Claim Reserve, which may be paid or distributed to the Bank (up to the total amount of the indebtedness owed to the Bank), as determined by the Receiver, following the expiration of the Reserve Period (the "**Claim Reserve Holdback**").

INITIAL DISTRIBUTION

11. **THIS COURT ORDERS** that, after payment by the Receiver of the amounts secured under the Receiver's Borrowings Charge (as defined in the Receivership Order) and the professional fees and disbursements of the Receiver and Chaitons herein approved, and subject to the Receiver maintaining the Reserves, the Receiver is hereby authorized and directed to make the Initial Distribution described in the First Report, as follows:

(i) to McKesson Canada Corporation ("**McKesson**"), the amount of $213,322.41 (net of costs allocated to McKesson's claim), in satisfaction of its purchase money security interest claim (as detailed in the First Report); and

(ii) to the Bank, as partial payment of the indebtedness owing to the Bank (as detailed in the First Report).

SUBSEQUENT DISTRIBUTIONS

12. **THIS COURT ORDERS** that the Receiver is hereby authorized and directed to make subsequent distributions to the Bank out of the Fee Accrual Holdback (to the extent not utilized to pay fees, disbursements and costs of the Receiver and Chaitons), the Revenue Adjustment Holdback (upon settlement of the Revenue Adjustment), and the Claim Reserve Holdback (following the expiry of the Reserve Period), and any other recoveries in respect of the Property, up to the amount of the indebtedness owing to the Bank.

13. **THIS COURT ORDERS** that notwithstanding anything else contained in this Order, each of the payments and distributions provided for in this Order shall be made free and clear of all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise, including, without limiting the generality of the foregoing: (a) any encumbrances or charges created by orders in the receivership proceeding of the Debtors; and (b) all charges, security interests, liens, trusts, or claims evidenced by registrations pursuant to the *Personal Property Security Act*, R.S.O. 1990, c. P.10, as amended or any other personal property or real property registry system.

14. **THIS COURT ORDERS** that, notwithstanding:

(i) the pendency of these proceedings;

(ii) any motions or applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of any of the Debtors and any bankruptcy order issued pursuant to any such motion or application; and

(iii) any assignment in bankruptcy made in respect of any of the Debtors;

any payment or distributions made pursuant to this Order are final and irreversible and shall be binding on any trustee in bankruptcy or receiver that has been or may be appointed in respect of any of the Debtors and shall not be void or voidable by creditors of such entity, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall they constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

DISCHARGE OF THE RECEIVER

15. ~~1.~~ **THIS COURT ORDERS** that ~~the activities of the Receiver, as set out in the Report, are hereby approved.~~

~~2. THIS COURT ORDERS that the fees and disbursements of the Receiver and its counsel, as set out in the Report and the Fee Affidavits, are hereby approved.~~

~~3. THIS COURT ORDERS that, after payment of the fees and disbursements herein approved, the Receiver shall pay the monies remaining in its hands to [NAME OF PARTY][3].~~

~~4. THIS COURT ORDERS that~~upon the Receiver's completion of its remaining duties and administration of the receivership proceeding and upon ~~payment of~~ the ~~amounts set out in paragraph 3 hereof [and upon the Receiver~~ filing by the Receiver of a certificate ~~certifying that it has completed the other activities described in the Report]~~substantially in the form attached as Schedule "A" hereto (the "**Discharge Certificate**"), the Receiver shall be discharged ~~as Receiver of the undertaking, property and assets of the Debtor~~, provided however that, notwithstanding its discharge herein: (a) the Receiver shall remain Receiver for the performance of such incidental duties as may be required to complete the administration of the receivership herein~~,~~; and (b) the Receiver shall continue to have the benefit of the provisions of all Orders made in ~~this proceeding~~these proceedings, including, without limitation, all approvals, protections and ~~stays~~stay of proceedings in favour of ~~[RECEIVER'S NAME]~~Grant Thornton Limited in its capacity as Receiver.

16. ~~5.~~ ~~[~~**THIS COURT ORDERS AND DECLARES** that **~~[RECEIVER'S NAME]~~**upon the Receiver filing the Discharge Certificate, Grant Thornton Limited is hereby released and discharged from any and all liability that **~~[RECEIVER'S NAME]~~**Grant Thornton Limited now has or may hereafter have by reason of, or in any **~~way~~** arising out of, the acts or omissions of **~~[RECEIVER'S NAME]~~**Grant Thornton Limited while acting in its capacity as Receiver herein, save and except for any gross negligence or wilful misconduct on the Receiver~~'~~'s part. Without limiting the generality of the foregoing, **~~[RECEIVER'S NAME]~~**Grant Thornton Limited is hereby forever released and discharged from any and all liability relating to matters that were raised, or which could have been raised, in the within receivership **~~proceedings~~**proceeding, save and except for any gross negligence or wilful misconduct on the Receiver~~'~~'s part.**~~]~~**[4]

[3] ~~This model order assumes that the material filed supports a distribution to a specific secured creditor or other party.~~

[4] ~~The model order subcommittee was divided as to whether a general release might be appropriate. On the one hand, the Receiver has presumably reported its activities to the Court, and presumably the reported activities have been approved in prior Orders. Moreover, the Order that appointed the Receiver likely has protections in favour of the Receiver. These factors tend to indicate that a general release of the Receiver is not necessary. On the other hand, the Receiver has acted only in a representative capacity, as the Court's officer, so the Court may find that it is appropriate to insulate the Receiver from all liability, by way of a general release. Some members of the subcommittee felt that, absent a general release, Receivers might hold back funds and/or wish to conduct a claims bar process, which would unnecessarily add time and cost to the receivership. The general release language has~~

GENERAL

17. **THIS COURT ORDERS** that the Receiver, its counsel and other agents are hereby authorized to take all necessary steps and actions to effect each of the payments and distributions in accordance with the provisions of this Order from time to time, and shall not incur any liability as a result of making any such payments or distributions.

18. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada.

19. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States or in any other foreign jurisdiction to give effect to this Order and to assist the Receiver and its 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 the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

20. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. (Eastern Standard Time) on the date hereof and is enforceable without further need for entry or filing.

____

~~been added to this form of model order as an option only, to be considered by the presiding Judge in each specific case. See also Note 1, above.~~

SCHEDULE "A"

Receiver's Form of Discharge Certificate

Court File No: CV-24-00721374-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

B E T W E E N:

BANK OF MONTREAL

Applicant

- and –

1000915701 ONTARIO INC., HOHS DRUGS LIMITED and HUAN DANG

Respondents

RECEIVER'S DISCHARGE CERTIFICATE

GRANT THORNTON LIMITED, in its capacity as receiver and manager (the "**Receiver**") without security, of the assets, undertakings and properties of 1000915701 Ontario Inc. ("**ResidualCo**"), and of all of the issued and outstanding shares (the "**Shares**") in the capital of HOHS Drugs Limited (the "**Company**" and together with ResidualCo, the "**Debtors**") and of the assets, undertakings and properties of the Company, hereby certifies that the remaining receivership matters described in First Report of the Receiver dated July 15, 2025 have been completed to the satisfaction of the Receiver.

This Receiver's Certificate was delivered by the Receiver at ________________ [TIME] on ________________ [DATE].

GRANT THORNTON LIMITED, in its capacity as Receiver of the assets, undertakings and properties of 1000915701 Ontario Inc., and of all of the issued and outstanding shares in the capital of HOHS Drugs Limited, and of the assets, undertakings and properties of HOHS Drugs Limited, and not in its personal capacity

Per: ________________________________

Name:

Title:

Court File No: CV-24-00721374-00CL

BANK OF MONTREAL	**- and -**	**1000915701 ONTARIO INC., HOHS DRUGS LIMITED and HUAN DANG**
Applicant		**Respondents**

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT TORONTO

DISTRIBUTION AND DISCHARGE ORDER

CHAITONS LLP
5000 Yonge Street, 10th Floor
Toronto, Ontario M2N 7E9

Danish Afroz (LSO No. 65786B)
Tel: (416) 218-1137
Email: dafroz@chaitons.com

Lawyers for Grant Thornton Limited, in its capacity as the Court-appointed Receiver

Document comparison by Workshare Compare on Tuesday, July 15, 2025 9:03:02 AM

Input:	
Document 1 ID	file://C:\Users\LyndaC\Desktop\Model Discharge & Distribution Order.DOC
Description	Model Discharge & Distribution Order
Document 2 ID	file://C:\Users\LyndaC\Desktop\Distribution and Discharge Order - HOHS Drugs Limited.doc
Description	Distribution and Discharge Order - HOHS Drugs Limited
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:

	Count
Insertions	180
Deletions	80
Moved from	1
Moved to	1
Style changes	0
Format changes	0
Total changes	262

BANK OF MONTREAL

Applicant

-and-

1000915701 ONTARIO INC., HOHS DRUGS LIMITED and HUAN DANG

Respondents

Court File No.: CV-24-00721374-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

MOTION RECORD
(Distribution and Discharge Order)
(Returnable July 24, 2025)

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