



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 Lynda Christodoulou sworn July 16, 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 way 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.

Jana
Steele

Digitally signed
by Jana Steele
Date: 2025.07.24
11:18:31 -04'00'

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:

BANK OF MONTREAL

- and -

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**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

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Tel: (416) 218-1137
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Lawyers for Grant Thornton Limited, in its capacity as
the Court-appointed Receiver