



Vancouver Registry
Estate No. 11-1379247
Court No. B101206

**IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY
IN THE MATTER OF THE PROPOSAL OF
HON'S WUN-TUN HOUSE LTD.**

Vancouver Registry
Estate No. 11-1379250
Court No. B101205

**IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY
IN THE MATTER OF THE PROPOSAL OF
HON'S WUN-TUN HOUSE (KEEFER) LTD.**

ORDER MADE AFTER APPLICATION

BEFORE THE HONOURABLE) Thursday, April 7, 2011
MR. JUSTICE DAVIES)
)

ON THE APPLICATION of Hon's Wun-Tun House Ltd. & Hon's Wun-Tun House (Keefer) Ltd.
(collectively, "Hon's")

Coming on for Hearing at Vancouver on Thursday, April 7, 2011, and on hearing Kendall E. Andersen, counsel for Hon's, and no one else appearing although duly served in accordance with the *Rules of Court*; AND UPON READING the pleadings filed herein.

THIS COURT ORDERS that,

1. the Amended Consolidated Proposal filed by Hon's on January 26, 2011, attached hereto as Schedule "A", be and is hereby ratified and approved.
2. proceedings B101205 and B101206 are hereby consolidated such that the Orders pronounced today may be filed in one consolidated Order bearing Vancouver Registry Numbers for both proceedings.

BY THE COURT


DISTRICT REGISTRAR

APPROVED AS TO FORM:


Counsel for Hon's Wun-Tun House Ltd.
& Hon's Wun-Tun House (Keefer) Ltd.



Schedule "A"

Vancouver Registry
Estate No. 11-1379247
Court No. B101206

IN THE MATTER OF THE PROPOSAL OF
HON'S WUN-TUN HOUSE LTD.

Vancouver Registry
Estate No. 11-1379250
Court No. B101205

IN THE MATTER OF THE PROPOSAL OF
HON'S WUN-TUN HOUSE (KEEFER) LTD.

AMENDED CONSOLIDATED PROPOSAL

HON'S WUN-TUN HOUSE LTD. ("Hon's") and HON'S WUN-TUN HOUSE (KEEFER) LTD. ("Hon's Keefer", and together with Hon's hereinafter referred to collectively as the "Companies"), submit the following Amended Consolidated Proposal to the unsecured creditors of the Companies under the *Bankruptcy and Insolvency Act* (the "BIA") Part III, Division 1, Section 50:

1. **Definitions.** Defined terms not otherwise defined in the body of this Amended Consolidated Proposal shall have the meaning set out in Schedule "A" hereto.
2. THAT the Proposal of Hon's and Hon's Keefer is consolidated because (a) there are several inter-company obligations owing between Hon's and Hon's Keefer (b) the operations of Hon's and Hon's Keefer have been intertwined for several years, and (c) the continued operation of Hon's Keefer is dependent upon the success of Hon's. Accordingly all creditors of the Companies are hereby presented with a single, Amended Consolidated Proposal for their consideration and approval.
3. THAT payment in priority to all other claims of all claims directed by the BIA to be so paid in the distribution of the property of a bankrupt shall be paid in the following manner:

- (a) Preferred Creditors shall be paid in full as set forth in Section 136(1) of the BIA in priority to all claims of Unsecured Creditors.
 - (b) Employees and former employees shall be paid, immediately after Court Ratification, amounts equal to the amounts that they would be qualified to receive under Section 136(1) of the BIA if the Company became bankrupt on the Filing Date, as well as wages, salaries, commissions or compensation for services rendered after the Filing Date and before Court Ratification, together with, in the case of traveling salesmen, disbursements properly incurred by those salesmen in and about the Company's business during the same period.
4. THAT, notwithstanding anything to the contrary in this Amended Consolidated Proposal, payment of all Administrative Fees and Expenses shall be made in priority to all claims of Preferred Creditors and Unsecured Creditors.
5. THAT claims arising in respect of Post Filing Goods and Services shall be paid in full by the Companies in the ordinary course of business in priority to the claims of Preferred Creditors and Unsecured Creditors.
6. THAT all newly arising obligations of the Companies to Canada Revenue Agency ("CRA") since the Filing Date for source deductions, Goods and Services Tax or Harmonized Sales Tax and other amounts required to be withheld by the Companies on behalf of CRA shall be paid in full as they fall due.
7. THAT, unless the Crown consents, all claims of Her Majesty in right of Canada or of a province coming within Section 60(1.1) of the BIA shall be paid in full within six months after Court approval of this Amended Consolidated Proposal.
8. THAT payment of all amounts to be paid by the Companies pursuant to paragraphs 3 - 7 of this Proposal will be paid from the Dividend Fund.
9. THAT, subject to the Levy, all Proven Claims of Unsecured Creditors will receive: a *pro rata* share of the Dividend Fund upon the completion of the Sale and Leaseback Transaction.
10. THAT the amounts payable pursuant to paragraph 9 to each Unsecured Creditor with a Proven Claim shall be paid as follows:
 - (a) 100% of its Proven Claim up to the amount of \$500, subject to availability of funds; and
 - (b) its *pro rata* share (based on the amount of its Proven Claim (less the amount paid pursuant to (a) above), in relation to all Proven Claims of Unsecured Creditors (less the amounts paid pursuant to (a) above)) of all remaining amounts available for distribution after the payment to all Unsecured Creditors of the amounts set out in (a) above.

11. THAT no interest shall be charged by Preferred Creditors or Unsecured Creditors after the date of filing of this Amended Consolidated Proposal.
12. THAT the amounts payable to Unsecured Creditors and Preferred Creditors as dividends under this Amended Consolidated Proposal shall be payable by the Companies for distribution in accordance with this Amended Consolidated Proposal and the BIA.
13. THAT all claims of creditors against the directors of the Companies that arose prior to the filing date and that related to the obligations of the Companies where the directors are by law liable in their capacity as directors for the payment of such obligations, shall be compromised and satisfied in full upon Court Ratification of this Amended Consolidated Proposal and the performance by the Companies of its obligations hereunder.
14. THAT at the First Meeting of Creditors to be held to consider this Amended Consolidated Proposal the creditors may appoint one or more, but not exceeding five, Inspectors to advise the Trustee in respect of such matters as may be appropriate, including:
 - (a) To advise the Trustee concerning any dispute which may arise as to the validity of claims of creditors in this Amended Consolidated Proposal;
 - (b) To advise the Trustee in respect of such other matters as may be referred to the Inspectors by the Trustee; and
 - (c) To extend the time for any payment or distribution required to be made pursuant to this Amended Consolidated Proposal.
15. THAT this Amended Consolidated Proposal may be amended by the Companies at any time prior to or at the First Meeting of Creditors provided that any such amendments shall be considered by the Companies to be in the best interests of the creditors. This Amended Consolidated Proposal may be amended or further amended by the Companies after the First Meeting of Creditors:
 - (a) If the amendment is considered by the Trustee and the Inspectors to be non-substantive in nature or in the interest of all of the creditors of the Companies, with the approval of the Inspectors only;
 - (b) If the amendment is considered by the Inspectors to be in the interests of all of the creditors of the Companies, with the approval of the Inspectors only; or
 - (c) Upon a vote conducted by the Trustee at a further meeting of creditors and upon approval of the Court.
16. THAT the Trustee and Inspectors shall be exempt from any personal liability in fulfilling their duties or exercising any powers conferred on them hereunder, or

generally in carrying out the terms of this Amended Consolidated Proposal, and each of them shall be liable only for any wilful and wrongful act, default or neglect.

17. THAT the Trustee, the Companies or the Inspectors may apply to the Court for directions from time to time.
18. THAT the secured indebtedness of the Companies to Secured Creditors and the security interests of such Secured Creditors shall be unaffected by this Amended Consolidated Proposal.
19. THAT Rosebrook Investments Corp. may file a proof of claim in respect of the lease disclaimed by Hon's in an amount equal to the actual loss resulting from the disclaimer.
20. THAT Wah Loong Developments Inc. may file a proof of claim in respect of the lease disclaimed by Hon's in an amount equal to the aggregate of: (a) the rent provided for in the lease for the first year of the lease following September 29, 2010, and (b) fifteen per cent of the rent for the remainder of the term of the lease after that year.

DATED at Vancouver, this 526th day of January, 2011.

HON'S WUN-TUN HOUSE LTD.

By: 

Authorized Signatory

HON'S WUN-TUN HOUSE (KEEFER) LTD.

By: 

Authorized Signatory

SCHEDULE "A"

Definitions

"Administrative Fees and Expenses" means the Trustee's proper fees and expenses, including legal fees and disbursements (if any) incurred by the Trustee, on or incidental to the appointment of the Trustee, the negotiations in connection with the preparation of this Amended Consolidated Proposal and any subsequent proposals and any proceedings relating to, arising out of, or under this Amended Consolidated Proposal including the preparation and implementation of the Amended Consolidated Proposal and any subsequent proposals, including bankruptcy proceedings and including advice to the Companies;

"Court" means the Supreme Court of British Columbia, in Bankruptcy;

"Court Ratification" means (a) the approval of the Amended Consolidated Proposal by Order of the Court having received the report of the Trustee and other relevant information from the Companies or any interested creditor, and (b) the expiry of all appeal periods in relation to such Order of the Court;

"Dividend Fund" means the aggregate of (a) the sum of \$200,000 which amount will be loaned to the Companies by the Purchaser or a third party; and (b) the aggregate net proceeds from the sale of the Hon's Real Property pursuant to the Sale and Leaseback Transaction which funds shall be loaned or invested by Ip Enterprises to the Companies pursuant to a secured promissory note on terms acceptable to Ip Enterprises less: (a) the payment of all costs, fees, disbursements, commissions and charges (including agent commissions and legal fees of the Companies and Ip Enterprises) in connection with the preparation of this Amended Consolidated Proposal and the completion of the Sale and Leaseback Transaction and (b) the payment in full of all claims of Secured Creditors and creditors of Ip Enterprises with mortgages, charges or other encumbrances registered against title to the Hon's Real Property;

"Filing Date" means July 5, 2010, the date a Notice of Intention to File a Proposal was filed by each of the Companies with the Office of the Superintendent of Bankruptcy;

"First Meeting of Creditors" means the meeting of creditors at which the Amended Consolidated Proposal, including any amendments thereto, will be tabled and voted upon.

"Hon's Real Property" means the real property owned by Ip Enterprises and Hon's Keefer upon which the business of Hon's is operated as follows:

| | <u>Civic Address</u> | <u>Legal Description</u> |
|----|--|--|
| 1. | 418 Alexander Street, Vancouver, BC | Parcel Identifier No.: 008-703-281 Lot 9 Block 41 District Lot 196 Plan 196 |

| | Civic Address | Legal Description |
|----|--|---|
| 2. | 418 Alexander Street, Vancouver, BC | Parcel Identifier No.: 008-703-388 Lot 10 Block 41 District Lot 196 Plan 196 |
| 3. | 422 Alexander Street, BC | Parcel Identifier No.: 015-589-358 Lot 11 Block 41 District Lot 196 Plan 196 |
| 4. | 474 Alexander Street, Vancouver, BC | Parcel Identifier No.: 003-643-301 Lot 14 Block 41 District Lot 196 Plan 196 |
| 5. | 476 Alexander Street, Vancouver, BC | Parcel Identifier No.: 004-691-903 Lot 15 Block 41 District Lot 196 Plan 196 |
| 6. | 496 Alexander Street, Vancouver, BC | Parcel Identifier No.: 006-585-353 Lot 16 Block 41 District Lot 196 Plan 196 |

"Ip Enterprises" means Ip Enterprises Ltd.;

"Levy" means the levy payable to the Superintendent of Bankruptcy pursuant to Section 147 of the BIA;

"Post Filing Goods and Services" means in respect of this Amended Consolidated Proposal the goods supplied or services rendered to the Companies with the approval of the Companies after the Filing Date;

"Preferred Creditors" means those persons with claims that are provable and proved under the BIA and which are required by Section 136 of the BIA to be paid in priority to claims of Unsecured Creditors;

"Proven Claim" means the proven claim of an Unsecured Creditor;

"Purchaser" means a purchaser of the Hon's Real Property in connection with the Sale and Leaseback Transaction;

"Sale and Leaseback Transaction" means a transaction to be entered into by the Companies and Ip Enterprises with a Purchaser by no later than February 11, 24, 2011 whereby the Hon's Real Property shall be sold by Ip Enterprises and Hon's Keefer to the Purchaser and leased back to the Companies and which shall provide for, among other things:

(1) an aggregate gross purchase price for the Hon's Real Property of not less than \$3,350,000 ~~3,000,000~~;

(2) a deposit of not less than \$335,000 ~~300,000~~ to be paid by the Purchaser by no later than February 24, 2011 which deposit shall be held by the Companies' agent, legal counsel of the Trustee; and

(3) a completion date of no later than May 31, 2011;

"Secured Creditors" means those persons with claims which are secured by mortgages, charges, liens, security interests or other encumbrances that would, in a bankruptcy of the Companies, have priority over the claims of Preferred Creditors and Unsecured Creditors;

"Trustee" means Campbell Saunders, Ltd. or its duly appointed successor or successors appointed under or in connection with the carrying out of this Amended Consolidated Proposal;

"Trustee's proper fees" means the time charges incurred, at normal hourly rates, by the Trustee or its duly appointed successor or successors appointed under or in connection with the carrying out of this Amended Consolidated Proposal;

"Unsecured Creditors" means those persons with claims that are proved in respect of debts and liabilities present or future to which the Companies were subject at the Filing Date or to which the Companies may become subject by reason of any obligations incurred before the Filing Date including for certainty all claims that would be treated as unsecured claims of the Companies in a bankruptcy of the Companies, except for those claims:

- (a) that are by Secured Creditors;
- (b) that have been finally and conclusively disallowed or found by the Court not to be provable claims;
- (c) that are by Preferred Creditors; or
- (d) that are for Administrative Fees and Expenses.