

2023

Court No. 45461
Estate No. 51-2939212

**IN THE SUPREME COURT OF NOVA SCOTIA
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT,
R.S.C 1985, C B-3, AS AMENDED**

**IN THE MATTER OF
THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
ATLANTIC SEA CUCUMBER LTD.**

OF THE COMMUNITY OF HACKETT'S COVE, IN THE PROVINCE OF NOVA SCOTIA

**SECOND REPORT OF MSI SPERGEL INC.,
IN ITS CAPACITY AS TRUSTEE UNDER THE NOTICE OF INTENTION
TO MAKE A PROPOSAL OF ATLANTIC SEA CUCUMBER LTD.**

July 11, 2023

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I. INTRODUCTION

1. On May 1, 2023 (the “**Filing Date**”), Atlantic Sea Cucumber Ltd. (“**ASC**” or the “**Company**”) filed a Notice of Intention to Make a Proposal (“**NOI**”) pursuant to section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c B-3, as amended (the “**BIA**”). msi Spergel Inc. (“**Spergel**” or the “**Proposal Trustee**”) consented to act as Trustee under the NOI (the “**NOI Proceedings**”).
2. Pursuant to section 50.4(8) of the BIA, the initial stay period under the NOI proceedings was from May 1, 2023, to May 31, 2023 (the “**Initial Stay Period**”).
3. On May 31, 2023, an Order granted by the Supreme Court of Nova Scotia (the “**Court**”) provided an extension of the time for filing a proposal pursuant to section 50.4(9) of the BIA up to and including July 15, 2023 (the “**Second Extension Period**”).
4. The Company is now seeking an Order to, among other things, convert the NOI proceedings and continue its restructuring proceedings under the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), and to appoint Spergel as Monitor of ASC under the proposed CCAA proceedings (in such capacity, the “**Proposed Monitor**”).
5. All materials filed with the Court and all orders granted by the Court in connection with the NOI Proceedings and proposed CCAA proceedings will continue to be made available to creditors and other interested parties on Spergel’s case website:
www.spergelcorporate.ca/engagements/atlantic-sea-cucumber-ltd

II. PURPOSE OF THIS REPORT

6. This is the Proposal Trustee’s second report to the Court (the “**Second Report**”). The purpose of this Second Report is to provide the Court with information pertaining to the following:
 - (a) further background of the Company including its assets, liabilities, cause of insolvency, and the status of its operations;

- (b) an update on the Company's actual cash flow for the period of May 1, 2023, to June 30, 2023 (the "**Cash Flow Reporting Period**") as compared to the Company's Cash Flow Forecast dated May 1, 2023 (the "**May 1st CFF**");
- (c) the Company's revised Cash Flow Forecast from July 1, 2023, to October 31, 2023 (the "**July 1st CFF**");
- (d) the Proposal Trustee's preliminary review of the Company's accounting records to assess whether any preference payments, settlements or reviewable transactions have occurred;
- (e) the activities of the Company and the Proposal Trustee since the Filing Date;
- (f) the purpose and objective of the proposed conversion of the NOI proceedings to CCAA proceedings;
- (g) Spergel's qualifications to act as monitor under the CCAA;
- (h) the Company's proposed interim financing facility ("**DIP Facility**") extended by Atlantic Golden Age Holdings Inc. ("**AGAH**"), as lender, to the Company pursuant to the terms of the DIP Term Sheet (as defined below) to fund the Company's working capital requirements during these proceedings;
- (i) the proposed Priority Charges over the Company's property, assets and undertaking on account of (i) the Administration Charge (as defined below); and (ii) the DIP Lender's Charge (as defined below);
- (j) the Company's request for an extension of the stay of proceedings afforded under the CCAA (the "**Stay Period**") not to exceed 10 days, or otherwise ordered by the Court;
- (k) the Company's request for approval of a sales process to be conducted by the Monitor, if appointed, and the stalking horse asset purchase agreement (the "**Stalking Horse Agreement**") between the Company, as vendor, and a company owned and incorporated by the owners/directors of AGAH, the Company's sole secured creditor (the "**Stalking Horse Bidder**"); and

- (l) the Proposal Trustee's recommendation that this Court grant orders, as requested by the Company, *inter alia*:
- i. approving the Administration Charge;
 - ii. approving the DIP Facility and the DIP Charge (as defined below); and
 - iii. approving the conversion of the NOI proceedings to proceedings under the CCAA.

III. **RESTRICTIONS AND DISCLAIMER**

7. In preparing this Second Report, the Proposal Trustee has relied upon certain information provided to it by the Company's management. The Proposal Trustee has not performed an audit or verification of such information for accuracy, completeness or compliance with Accounting Standards for Private Enterprises or International Financial Reporting Standards. Accordingly, the Proposal Trustee expresses no opinion or other form of assurance with respect to such information.
8. The cash flow forecast and projections in this Second Report relate to future events and are based on management's assumptions, which may not remain valid throughout the period of the projections. Consequently, they cannot be relied upon to the same extent as information derived from the reviewed accounts for completed accounting periods. For these reasons, the Proposal Trustee expresses no opinion as to how closely the actual cash flows achieved will correspond to the projections. Any party wishing to place reliance on the financial information should perform its own due diligence.
9. Parties using this Second Report, other than for the purposes outlined herein, are cautioned that it may not be appropriate for their purposes and consequently it should not be used for any other purpose.
10. Capitalized terms not defined in this Second Report shall have the meanings ascribed to them in the Affidavit of Mr. Songwen Gao sworn July 11, 2023 (the "**Gao Affidavit**") and filed in support of this Motion. This Second Report should be read in conjunction with the Gao Affidavit as such affidavit contains information concerning the proposed Sale and Investor Solicitation Process ("**SISP**"), DIP Financing, and conversion to proceedings under the CCAA.

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

IV. BACKGROUND INFORMATION

Company Overview

12. ASC is a privately held Nova Scotia company which was incorporated in 2015. ASC operates a sea cucumber processing facility in Hackett's Cove, Nova Scotia. The Company purchases raw sea cucumbers and processes them into various dried sea cucumber products for bulk and retail distribution. Frozen sea cucumbers are purchased primarily from harvesters in Nova Scotia and Newfoundland and Labrador. ASC sells its products to both domestic and international customers. ASC's retail products are sold primarily by Costco in the USA and Australian markets under the Rosalyn™ brand. Sales into Asian markets are primarily sold in bulk quantities.
13. The President and sole director of ASC is Mr. Songwen Gao. Mr. Gao's family trust is the 100% shareholder of ASC.
14. There are also a number of related entities which Mr. Gao controls, including Atlantic Golden Age Holdings Inc. ("**AGAH**") and AKSO Marine Biotech Inc ("**AKSO**"). AGAH is a holding company which holds a number of investments and has been a source of funding to ASC and AKSO throughout their existence. AKSO is primarily used for research and development of sea cucumber derived health products. Since 2016, AKSO has worked to develop a capsulized sea cucumber product, incurring significant research and development costs, however, to date it still requires financial support from AGAH.
15. There are two other entities which are related to Mr. Gao, include Unisky Shanghai (HK) Limited and UFUK Shanghai Limited. These two entities are owned by relatives of Mr. Gao but Mr. Gao does not have any control or influence over.

Financial Problems

16. Between 2018 and 2020, ASC experienced significant growth in revenue, however, the Covid-19 pandemic caused a sharp drop in demand from customers resulting in ASC's annual revenue dropping back below pre-pandemic levels. Sea cucumbers are a

specialty niche product in which customer demand is highly dependent on changes in customer income and economic sentiment. Below is a summary of the Company's financial performance over the past five and a half years:

Atlantic Sea Cucumber Ltd.						Internal Draft
Earnings Summary						YTD
(in CAD\$)						(6 months)
For the Fiscal Period Ending	2018-11-30	2019-11-30	2020-11-30	2021-11-30	2022-11-30	2023-05-30
Revenue	\$ 4,625,950	\$ 7,687,743	\$ 15,634,831	\$ 3,805,123	\$ 4,371,181	\$ 941,978
Cost of Sales	3,517,914	6,167,926	12,194,241	1,940,405	3,473,524	2,315,866
Gross Profit	1,108,036	1,519,817	3,440,590	1,864,718	897,657	(1,373,888)
Expenses	937,695	1,113,019	2,327,882	1,477,629	1,276,683	767,838
Income (Loss) Before Taxes	170,341	406,798	1,112,708	387,089	(379,026)	(2,141,726)
Income Taxes	23,115	50,035	54,676	38,570	(43,530)	0
Net Income (Loss)	\$147,226	\$356,763	\$1,058,032	\$348,519	(\$335,496)	(\$2,141,726)
Notes:						
- FY2018 to FY2021 figures obtained from financial statements prepared by external accountant on a review basis.						
- FY2022 figures obtained from financial statements prepared by external accountant on a compilation basis.						
- Internal draft financial statements for 6-month period ending May 30, 2023 includes a negative inventory adjustment of (\$1.23 million) in cost of sales.						

17. Attached as Appendix "A" are the Company's financial statements for the fiscal years ending November 30, 2018 to November 30, 2022.
18. As reported in the financial statements, there has been a number of transactions between ASC and related companies, AGAH and AKSO, over the years. On November 30, 2018, ASC owed AGAH a total of \$2,670,403, which AGAH had provided to ASC to purchase assets and cover various capital improvement and operating costs. With the profits generated in fiscal years 2019 and 2020, ASC decided to pay back AGAH and use more of its credit facilities with its main lender at the time, the TD Bank. However, in 2021, revenues dropped significantly, and the Company breached its loan covenants with the TD Bank and Farm Credit Canada (FCC). As a result of losses suffered in ASC and other related entities, the TD Bank and FCC called their loans in late 2021. In order to avoid a receivership over the assets of ASC, Mr. Gao, through AGAH injected funds back into ASC to pay out the TD Bank and FCC.

19. ASC's financial position has also been negatively affected by a judgment awarded against the Company for approximately \$1.625 million in favour of a seafood supplier, Weihai Haiyan Aquatic Food Co. Ltd. ("**WTH**"). The WTH claim is described in more detail later in this report.
20. Given the Company's current financial position and the uncertainty as to when demand for the Company's sea cucumber products will return, ASC commenced restructuring proceedings under the BIA.

ASSETS

21. Set out below is the Company's balance sheet as of the fiscal year end November 30, 2022, and May 31, 2023:

Atlantic Sea Cucumber Ltd.		
Balance Sheet		
(in \$CAD)		
	As of	Internal Draft
	Nov. 30, 2022¹	as of
		May 31, 2023
ASSETS		
Current Assets		
Cash	\$ 284,968	\$ 38,906
Accounts Receivable	769,593	497,174
HST Receivable	40,568	78,838
Income taxes recoverable	43,530	43,530
Due from Related Company - AKSO	193,013	25,121
Due from Related Company - UFUK	0	197,537
Inventory	1,882,250	606,488
Prepaid Expenses	63,141	15,761
	3,277,063	1,503,355
Property, Plant and Equipment	1,518,614	1,421,296
TOTAL ASSETS	4,795,677	2,924,651
LIABILITIES		
Current Liabilities		
Accounts Payable	580,293	3,488,572
Payroll Source Deductions	11,017	23,254
Customer Deposits	82,734	0
Advances from Shareholders	14,775	80,000
Due to Related Company - AGAH	2,003,802	2,163,190
Due to Related Company - Unisky	57,929	57,929
Current Portion of Long-term Debt	56,829	0
	2,807,379	5,812,945
Long-term Debt	201,935	222,308
TOTAL LIABILITIES	3,009,314	6,035,253
SHAREHOLDERS' EQUITY		
Share Capital	120	120
Retained Earnings	1,786,243	(355,484)
Adjustments - See Notes 2 & 3	0	(2,755,238)
TOTAL SHAREHOLDERS' EQUITY	1,786,363	(3,110,602)
TOTAL LIABILITIES AND EQUITY	\$ 4,795,677	\$ 2,924,651
Notes:		
1. Fiscal year ending Nov. 30, 2022 figures obtained from financial statements prepared by external accountant on a consolidation basis.		
2. A custom piece of equipment was ordered from Isoteks and recorded by the Company as an asset, however, the machinery was not delivered because the balance owing of \$1.12 million was not paid. Equipment was adjusted to remove the book value of the asset while the debt owing to Isoteks remains as part of accounts payable.		
3. Weihai debt of \$1.625 million was not recorded as a liability. Accounts payable were increased by \$1.625 million to account for the debt and shareholders equity was reduced by a similar amount.		

The major assets of the Company consist of the following:

22. Accounts Receivable

Accounts receivable is made up of trade receivable as well as one receivables from a related company:

Atlantic Sea Cucumber Ltd.		
Accounts Receivable		
	As at	As at
	30-Apr-23	31-May-23
Trade Receivables - Various	\$ 441,463	\$ 501,237
Related Receivable - UFUK	197,537	197,537
Receivable -Weihai	210,351	210,351
	862,659	909,125
Less: Allowance for Doubtful Accounts - Weihai	(210,351)	(210,351)
	\$ 652,308	\$ 706,876

23. Inventory

The inventory on hand consists of various sea cucumber products as well as packaging materials. In the First Report of the Proposal Trustee, the inventory was reported to have a cost value of \$1,908,094 as of April 30, 2023. This figure was obtained from the Company's draft internal financial statements as of April 30, 2023. Upon review by the Trustee, the value of the inventory given the pounds reported on hand seemed high. To confirm the value of the inventory, the Company conducted a physical inventory count during the week of June 12, 2023, which was overseen by the Proposal Trustee. It was determined that a certain amount of inventory had already been sold but not relieved from ending inventory. As well, the ending inventory which consists almost entirely of grade B product was valued at a grade A amount. Adjusting for the actual amount of inventory on hand and a proper grade B value resulted in a negative inventory adjustment of \$1.15 million. Ending inventory as of June 16th was estimated at \$606,488, which the Company feels is more accurate.

	As of April 30, 2023	As of May 30, 2023
1300 Inventory		
1301 Inventory - Dried Butterfly Cut	\$ 591,636	\$ 178,482
1302 Inventory - Dried Whole Cut	738,763	124,807
1303 Inventory - Dried Flowers	219,908	23,997
1304 Inventory - Dried Shark Fins	0	0
1305 Inventory - Frozen	278,605	265,084
1307 Inventory - Dried Sea Cucumber Guts	1,305	1,305
1309 Inventory of Packing supplies	77,877	12,813
Total 1300 Inventory	\$ 1,908,094	\$ 606,488
Inventory Reconciliation:		
Inventory at end of April		\$ 1,908,094
Cost of Goods Sold in May		(148,254)
Inventory Adjustment		(1,153,353)
Adjusted Ending Inventory as of May 30, 2023		\$ 606,488

24. Equipment

Equipment consists of various fish processing equipment located at the Company's facility in Hackett's Cove, Nova Scotia.

25. Land and Building

Land and Building consists of the Company's processing facility (the "**Processing Facility**") located at 212 Paul's Point Road in Hackett's Cove, Nova Scotia. The Processing Facility was acquired by ASC in September 2015 and has a net book value of \$1.38 million as of November 30, 2022. The tax assessment value (2023) of the Processing Facility is \$641,700 (PID No. 41211806 and 41075649).

26. The Processing Facility was formerly a lobster pound which the Company renovated into a cucumber processing facility in 2016. The Company retained Beaini & Associates Engineers Limited ("**Beaini**") to design and engineer the changes to the Processing Facility; however, ASC claims the Processing Facility was never able to operate as expected or promised by Beaini. Significant work was required to rectify design errors resulting in lost revenue due to the delayed start-up. A contingent claim against Beaini was reported in the Company's fiscal year 2021 financial statements.

27. The Company may have a contingent claim against Beaini for business losses. The Company's legal counsel and the Proposal Trustee's legal counsel are still reviewing the potential loss with the Company's prior legal counsel to determine the possibility of recovery.

CREDITORS

28. According to the internal accounting records of the Company, ASC had total liabilities of approximately \$6,035,253 as May 31, 2023, as summarized below:

Secured Creditors		Notes
Atlantic Golden Age Holding Inc.	\$ 2,163,190	1
AP Canada Fund 1	Nil	2
Canada Revenue Agency - Employee Source Deductions	23,254	
Halifax Regional Municipality - Property Taxes	2,543	
	<u>2,188,987</u>	
Unsecured Creditors	<u>3,846,266</u>	
Total Creditors	<u><u>\$ 6,035,253</u></u>	

Notes:

1. In the Proposal Trustee's First Report, the amount reported by the Company as owed to Atlantic Golden Age Holdings Inc. was incorrectly calculated. \$2,163,190 is the correct amount in Canadian dollars.

2. AP Canada Fund 1 provided factoring financing. On June 27, 2023, AP Canada Fund 1 reported that it collected the two invoices factored to it and its debt is now paid off in full.

Secured Creditors

29. Atlantic Golden Age Holdings Inc.

The Company's main secured creditor is AGAH which is owed \$2,163,190 as of the Filing Date. As previously mentioned, AGAH is a related company which is beneficially owned by Mr. Gao. Since ASC's inception, Mr. Gao through AGAH provided funds to

ASC which it used to purchase assets, complete capital improvement, fund research and development, and use to operate its business.

30. In 2018, AGAH made an initial advance of approximately \$2.174 million to ASC. There was no set terms of repayment, rather the debt would be repaid when funds were available. ASC would draw down on additional funds as need throughout the years similar to a revolving line of credit.
31. As mentioned previously, the TD Bank and Farm Credit Canada (FCC) were also secured creditors who held security interests in the assets of the Company. In 2021, the TD Bank and FCC called both of their loans. In order to avoid the assets of AGAH being placed into receivership, AGAH advanced funds to ASC in order to payout TD and FCC. A summary of the year end balances of TD, FCC, and AGAH and related companies is as follows:

For the Period Ending	Nov. 30, 2018	Nov. 30, 2019	Nov. 30, 2020	Nov. 30, 2021	Nov. 30, 2022	May. 30, 2023
Due to (from) Related Parties						
Atlantic Golden Age Holdings Inc.	\$ 2,670,403	\$ 1,968,042	\$ 455,844	\$ 896,606	\$ 2,003,802	\$ 2,163,190
Akso Marine Biotech Inc.	0	0	0	0	(193,013)	25,121
Unisky Shanghai	0	0	0	0	57,929	57,929
UFUK Shanghai	0	0	0	0	0	(197,537)
Shareholders - Zheng Wang	149,123	168,538	3,642	0	14,775	80,000
Total	2,819,526	2,136,580	459,486	896,606	1,883,493	2,128,703
Long Term Debt and Line of Credit						
CEBA Loan	0	0	30,000	40,000	40,000	40,000
Farm Credit Canada	0	0	500,000	500,000	0	0
TD Bank - Line of Credit	1,295,000	1,420,000	3,935,000		0	0
TD Bank - Loan	407,968	319,675	282,787	1,453,989	0	0
ACOA	368,912	359,384	338,552	281,264	218,765	187,520
Total	\$ 2,071,880	\$ 2,099,059	\$ 5,086,339	\$ 2,275,253	\$ 258,765	\$ 227,520

As shown above, the balance owing to AGAH increased as it advanced funds to pay out the TD Bank and FCC.

32. Due to the relation of AGAH to ASC and the timing of the registration of AGAH's security interests, the Proposal Trustee instructed its legal counsel, Boyne Clarke LLP, to obtain an independent legal opinion on the validity and enforceability of AGAH's security. The Proposal Trustee retained Burchell Wickwire Holm LLP. Attached as Appendix "B" is the

legal opinion dated June 26, 2023, which concludes that AGAH's security forms a valid and binding charge over the assets of the Company.

33. Besides AGAH, there are no other secured creditors. The PPSA records indicate a GSA registered by the Royal Bank of Canada, however, the Royal Bank is not owed anything. The Royal Bank bank accounts have a credit balance.

34. AP Canada Fund 1

AP Canada Fund 1 provided factoring financing of approximately \$1.5 million. Two invoices to Sam's Club were sold to AP Canada Fund 1. There was a significant delay in payment of the two invoices, however, on June 27, 2023, AP Canada Fund 1 reported to the Company and Proposal Trustee that it collected both invoices in full resulting in its debt being paid in full.

Unsecured Creditors

35. The unsecured creditors which mainly include trade vendors and suppliers totals approximately \$3.6 million.

36. Weihai Taiwei Haiyang Aquatic Food Co. Ltd.

The largest unsecured creditor is Weihai Haiyan Aquatic Food Co. Ltd. ("WTH") who has filed a judgment against ASC in the amount of \$1,625,863 CAD. WTH's legal counsel has informed the Proposal Trustee that it intends to oppose the Company's request for relief at the July 12th application.

37. The claim of WTH relates to dried sea cucumber product that was supplied to ASC in April of 2020. ASC claimed the product supplied by WTH did not meet the quality standard and that ASC could not sell it. The Supreme Court of Nova Scotia ruled in WTH's favour and granted WTH a judgment against ASC which it registered under the PPSA and the Registry of Deeds on April 28, 2023, after the April 13 registration by AGAH.

38. The Proposal Trustee has reviewed the inventory on hand and the accounting records. Without conducting an in depth forensic analysis, the Proposal Trustee is unable to trace WTH's product and confirm whether it was sold or disposed of.

V. RELATED PARTY TRANSACTIONS – REVIEWABLE TRANSACTIONS

39. The Proposal Trustee has conducted a preliminary review of the Company's accounting records to assess whether any preference payments, settlements or reviewable transactions have occurred.
40. As mentioned, there were a number of related party transactions in which monies appear to have been transferred to related companies, however, most of these outflows appeared to have occurred in the years leading up to November 30, 2022, when the Company reported a profit. When the TD Bank called its loan, AGAH provided funding back to ASC in order to pay out the TD Bank and FCC. The balance owing to related parties on November 30, 2019, was reported to be \$1,968,042 and the balance owing as of the Filing Date was \$2,163,172 so AGAH did not appear to benefit from an improper transfer of monies.
41. Sam Gao and AGAH also funded AKSO. In 2021 and 2022, receivables from sale of dried cucumber remain unpaid. Management has reported that AKSO was not profitable and does not have the ability to repay the debt.
42. Throughout 2018 to 2020, the Company generated significant profits. With the Company's profits, they started repaying the shareholder and related party loans. However, in 2021, sales decreased, the TD Bank called its loan, and the Company had to provide funding back to the Company in order to avoid TD Bank appointing a receiver. As a result, the debt owed to AGAH's is similar to where it was at the end of 2019, as indicated below:

For the Period Ending	Nov. 30, 2018	Nov. 30, 2019	Nov. 30, 2020	Nov. 30, 2021	Nov. 30, 2022	May. 30, 2023
Due to (from) Related Parties						
Atlantic Golden Age Holdings Inc.	\$ 2,670,403	\$ 1,968,042	\$ 455,844	\$ 896,606	\$ 2,003,802	\$ 2,163,190
Akso Marine Biotech Inc.	0	0	0	0	(193,013)	(25,121)
Unisky Shanghai	0	0	0	0	57,929	57,929
UFUK Shanghai	0	0	0	0	0	(197,537)
Shareholders - Zheng Wang	149,123	168,538	3,642	0	14,775	80,000
Total	2,819,526	2,136,580	459,486	896,606	1,883,493	2,078,460
Long Term Debt and Line of Credit						
CEBA Loan	0	0	30,000	40,000	40,000	40,000
Farm Credit Canada	0	0	500,000	500,000	0	0
TD Bank - Line of Credit	1,295,000	1,420,000	3,935,000		0	0
TD Bank - Loan	407,968	319,675	282,787	1,453,989	0	0
ACOA	368,912	359,384	338,552	281,264	218,765	187,520
Total	\$ 2,071,880	\$ 2,099,059	\$ 5,086,339	\$ 2,275,253	\$ 258,765	\$ 227,520

43. As the Company's revenue increased from 2018 to 2020, the Company decided to use its profits to repay its advances from related companies and shareholders. Unfortunately, the Company's plunged in the 2021 resulting in the Company exceeding its marginable borrowing base with the TD Bank. The loan covenant breach triggered a review by the TD Bank who was concerned over its loan to asset value ratio. The TD Bank called its loan in late 2021. As of November 30, 2022, the TD Bank was owed \$4.217 million. In order to avoid the Company being placed into receivership Mr. Gao, through AGAH, advanced funds in order to pay out the TD Bank. At the time of repaying the advances made by AGAH and other related companies, the Company was not insolvent. By paying back the advances, it did not receive a clear benefit from the related party transaction.

VI. CASH FLOW – BUDGET TO ACTUAL

44. Attached as Appendix "C" is a variance analysis comparing actual cash flow results to the Company's Cash Flow Forecast dated May 1, 2023 (the "May 1st CFF").
45. In summary, the results of the Company's cash flow reporting over the period of May 1, 2023 to June 30, 2023 are as follows:
- (a) Total cash receipts of approximately \$285,000 compared to forecast receipts of \$400,000, resulting in a negative variance of approximately \$115,000. This variance

is largely due to the delay in a large order from a customer in China. This is expected to reverse in the coming month.

(b) Total disbursements of \$251,000 compared to forecast disbursements of \$432,000, resulting in a positive variance of approximately \$180,000. This difference is related to the delay in sales orders as noted above. The Company is waiting on confirmation of the order before purchasing required sea cucumbers and starting production.

46. The Company's ending cash balance as of June 30, 2023 was \$84,172.

VII. CASH FLOW FORECAST

47. Attached as Appendix "D" is the Company's revised Cash Flow Forecast from July 1, 2023, to October 31, 2023 (the "**July 1st CFF**").

48. A summary of the July 1st CFF and select assumptions underlying the forecast are as follows:

(c) Total cash projections from sale of sea cucumber product each month of \$200,000. It is difficult to predict large volume orders, however, Management believes sales will average \$200,000 over the forecast period;

(d) Total operating cash disbursements forecast of approximately \$715,000 and non-operating cash disbursements of approximately \$325,000, resulting in a net decrease of approximately \$240,000; and

(e) Proposed DIP loan of approximately \$250,000 will be required by AGAH.

49. Based on the assumption that the maximum \$225,000 is available for the Company under a DIP Facility, it is currently estimated that the funds will be sufficient in order to allow the Company to operate during the period contemplated in the SISF and to complete the NOI proceedings.

VIII. PURPOSE AND OBJECTIVE OF THE PROPOSED CONVERSION TO CCAA PROCEEDINGS

50. The Company seeks to continue the NOI proceedings under the CCAA, pursuant to section 11.6, to maximize the value of its business while it runs the Sale Process (as defined below), on a going concern basis, for the benefit of all stakeholders.
51. The Company would also benefit from the flexibility afforded under the CCAA, including the option to implement reverse vesting structures to preserve the value of the existing regulatory approvals attached to certain valuable contracts, including Sam's Club and Costco.
52. The Company proposes to commence a 'stalking horse' sale process (as described below), which will, among other things, permit the Company to:
 - (a) maximize the going-concern value for the Company's property, assets and undertakings (the "Assets") or the Company's shares (the "Shares") for the benefit of its stakeholders; and
 - (b) set a floor price for the value of the consideration to be obtained in such a sale process.
53. The time period for the Company to file a proposal under the NOI will expire on July 15, 2023. The Company will not be in a position to make a proposal by such date.
54. Accordingly, and in order to provide the time for the Sale Process described herein to be conducted and completed, the Company is seeking to convert the NOI proceedings to CCAA proceedings and to transition Spergel's role from Proposal Trustee to Court-appointed Monitor.
55. The Company requires the continued stay of all proceedings and enforcement processes taken or that might be taken in respect of ASC, the Proposed Monitor, or their respective employees and representatives, and accordingly, the Company is seeking a Stay Period until August 31, 2023. This will provide the time necessary to canvass the market fully and formally for purchasers of the business as a going-concern through a court-supervised Sale Process.

56. Under the circumstances, a bankruptcy and liquidation would result in a worse outcome for the stakeholders of ASC than the sale transaction contemplated by the Stalking Horse Agreement.

IX. QUALIFICATIONS TO ACT AS MONITOR

57. Spergel is a licensed insolvency trustee within the meaning of section 2(1) of the BIA. In addition, Spergel is not subject to any of the restrictions on who may be appointed as Monitor set out in section 11.7(2) of the CCAA.
58. Spergel has consented to act as Monitor in the proposed CCAA proceedings should the Court grant the Initial Order. A copy of Spergel's consents to act as Monitor is attached hereto as Appendix "E".
59. Spergel has retained BOYNECLARKE LLP to act as its independent legal counsel (the "**Monitor's Counsel**"). BOYNECLARKE LLP has also been acting as counsel to Spergel in its capacity as Proposal Trustee in the NOI proceedings.
60. Prior to the Filing Date, Spergel was engaged to assist the Company to consider restructuring options and conduct certain financial analyses of its business. As a result of its engagement, Spergel acquired significant knowledge of ASC' business and operations, including the key issues and challenges presently facing the Company.
61. Neither Spergel nor any of its representatives or affiliates has been at any time in the past two years: (a) a director, officer or employee of any member of the Company; (b) related to any member of the Company, or to any director or officer of any member of the Company; or (c) the auditor, accountant or legal counsel, or a partner or an employee of the auditor, accountant or legal counsel, of any member of the Company.

X. PROPOSED DIP FINANCING

62. The Proposed Monitor understands that Mr. Gao has committed to provide funding up to a maximum of \$250,000 in interim financing, which is to be used towards on-going operations, funding professional costs of these proceedings and any cash flow deficiencies, until the end of the proposed Stay Period.

63. The DIP financing is proposed to be provided by AGAH as lender, the Company's sole existing secured lender.
64. The material terms and features of the DIP facility, as outlined in the DIP Term Sheet, include:
- (a) a non-revolving credit facility in the principal amount of \$250,000;
 - (b) interest rate of 5% per annum;
 - (c) no commitment fees; and
 - (d) security ranking ahead of all other creditors of the Company.
65. It is contemplated that AGAH would be granted a Court-ordered charge over substantially all of the Assets to secure amounts owing by the Company pursuant to the DIP Facility (the "**DIP Lender's Charge**"). The DIP Lender's Charge will rank in priority to all other charges and encumbrances other than the Administration Charge (as defined below).
66. The Proposed Monitor makes the following observations in respect of certain of the terms of the proposed DIP Facility:
- (a) the DIP Facility shall be available in advances consistent with the Cash Flow Forecast; and
 - (b) based on its experience and the information available to it, the Proposed Monitor is of the view that the interest rate provided in the DIP Term Sheet is not outside the range for similarly situated DIP facilities. AGAH has also agreed to forego a market standard commitment fee and other related standby availability fees.
67. Given the cash flow issues and difficult market space in which the Company operates, the Proposed Monitor is of the view that it would be difficult and impractical for the Company to obtain alternative interim financing on better commercial terms than are being offered by AGAH. AGAH is also the incumbent secured creditor, understands the business and it is unclear whether they would support their interest being primed.

68. As a result, the Proposed Monitor is of the view that the DIP Facility and the DIP Lender's Charge are appropriate in the circumstances.

XI. ADMINISTRATION CHARGE

69. The Company is seeking a charge in an amount not to exceed \$300,000 (the "**Administration Charge**") to secure the fees and expenses of the Monitor, its counsel and the Company's counsel for services rendered both leading up to and after the Filing Date.
70. The Administration Charge is a customary provision in an Initial Order in a CCAA proceeding. It is required by the professionals engaged to assist a debtor company in the CCAA proceedings and to protect them if the debtor is unable to pay professional fees and costs during the CCAA process. The Administration Charge is to rank first on the Assets.
71. The quantum of the Administration Charge sought by the Company was determined in consultation with the Proposal Trustee and having regard for the Cash Flow Forecast.

XII. PRIORITY CHARGES

72. The Administration Charge and DIP Lender's Charge shall together be defined as the "**Priority Charges**".
73. The Company proposes the Court-ordered charges have the following priority:
- (a) First, the Administration Charge; and
 - (b) Second, the DIP Lender's Charge.

XIII. PROPOSED SALE PROCESS

74. In order to provide third parties with an opportunity to consider an acquisition of the Company's Assets or Shares, the Company is working with the Proposed Monitor to prepare a stalking horse sales process to market the Company's Assets or Shares (the "**Sale Process**"). The Proposed Monitor understands that the Company intends to return to Court for an Order approving the Sale Process.

XIV. CREDITOR NOTIFICATION

75. The proposed Initial Order requires the Monitor to:
- (a) publish without delay a notice in the national edition of The Halifax Herald newspaper containing the information prescribed under the CCAA; and
 - (b) within five days of the granting of the Initial Order to:
 - i. make the Initial Order publicly available in the manner prescribed under the CCAA;
 - ii. send, in the prescribed manner, a notice to every known creditor who has a claim against the Company of more than \$1,000 advising that the order is publicly available; and
 - iii. prepare a list, showing the names and addresses of those creditors, and the estimated amounts of those claims, and make it publicly available in the prescribed manner.
76. If appointed Monitor, Spergel will also post the Initial Order and all motion materials on its Case Website in accordance with the E-Service Protocol.

XV. ACTIVITIES OF THE PROPOSAL TRUSTEE SINCE FILING DATE

77. The Proposal Trustee's activities since the First Report have included, inter alia, the following:
- (a) establishing and maintaining the Case Website where material documents pertaining to these proceedings are available in electronic form;
 - (b) implementing procedures for the monitoring of the Company's sales and cash flows and for ongoing reporting of variances to the Cash Flow Forecast;
 - (c) assisting the Company with preparing the Cash Flow Forecast and filing same with the Office of the Superintendent of Bankruptcy pursuant to the BIA;
 - (d) meeting and corresponding with the Company and its legal counsel regarding the Cash Flow Forecast, cash management, supplier issues, landlord matters and

various other matters in connection with the Company's operations and its NOI proceedings;

- (e) responding to calls and enquiries from creditors and other stakeholders in connection with the NOI proceedings;
- (f) reviewing materials filed with the Court in respect of the NOI proceedings, and this Motion with respect to the requested conversion to CCAA proceedings; and
- (g) drafting this Second Report.

XVI. CONCLUSION AND RECOMMENDATIONS

78. Based on the foregoing, Spergel, in its capacity as Proposal Trustee, and in its capacity as Proposed Monitor, respectfully recommends that this Court issue an order, inter alia:

- (a) converting the Company's NOI proceedings to CCAA proceedings;
- (b) appointing Spergel as the Monitor under the CCAA proceedings;
- (c) extending the Stay Period for 10 days;
- (d) approving the DIP Term Sheet, pursuant to which ASC will obtain DIP financing up to a maximum of \$250,000;
- (e) granting the Priority Charges; and
- (f) Such further and other relief as may be requested and this Court deems just.

Dated at Halifax, Nova Scotia this 11th day of July, 2023

msi Spergel inc.,
solely in its capacity as Trustee in the Proposal of Atlantic Sea Cucumber Ltd.
and not in its personal or corporate capacity

- and –

msi Spergel inc.
as the Proposed Monitor in Atlantic Sea Cucumber Ltd.
and not in its personal or corporate capacity

Per: 

Sean MacNeil, CPA, CIRP, LIT
Licensed Insolvency Trustee

Appendix A

Financial Statements for the Periods Ending November
30, 2019, 2020, 2021 and 2022

ATLANTIC SEA CUCUMBER LTD

COMPILED FINANCIAL INFORMATION
(Unaudited - see Compilation Engagement Report)

NOVEMBER 30, 2022



COMPILATION ENGAGEMENT REPORT

To Management of Atlantic Sea Cucumber Ltd.,

On the basis of information provided by management, we have compiled the balance sheet of Atlantic Sea Cucumber Ltd. as at November 30, 2022, and the statement of income, and retained earnings for the year then ended, and notes on the Basis of Accounting.

Management is responsible for the accompanying financial information, including the accuracy and completeness of the underlying information used to compile it and the selection of the basis of accounting.

We performed this engagement in accordance with Canadian Standard on Related Services (CSRS) 4200, *Compilation Engagements*, which requires us to comply with relevant ethical requirements. Our responsibility is to assist management in the preparation of the financial information.

We did not perform an audit engagement or a review engagement, nor were we required to perform procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an audit opinion or a review conclusion, or provide any form of assurance on the financial information.

Readers are cautioned that the financial information may not be appropriate for their purposes.



Bluenose Accounting

Chartered Professional Accountants

April 22, 2023

ATLANTIC SEA CUCUMBER LTD**BALANCE SHEET**
(Unaudited - see Compilation Engagement Report)

NOVEMBER 30	2022	2021
ASSETS		
CURRENT ASSETS		
Cash	\$ 284,968	\$ 203,960
HST recoverable	40,568	50,064
Accounts receivable	769,593	1,157,181
Income taxes recoverable	43,530	-
Inventory	1,882,250	2,849,911
Prepaid expenses	63,141	112,135
Investment tax credit refund	-	6,750
	<u>3,084,050</u>	<u>4,380,001</u>
PROPERTY, PLANT AND EQUIPMENT (Note 4)	<u>1,518,614</u>	<u>1,566,497</u>
	<u><u>\$ 4,602,664</u></u>	<u><u>\$ 5,946,498</u></u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 580,293	\$ 540,439
Income taxes payable	-	38,570
Employee deductions payable	11,017	11,612
Customer deposits	82,734	62,160
Advances from related party (Note 5)	1,868,719	896,606
Due to shareholders	14,775	-
Current portion of long-term debt (Note 6)	<u>56,829</u>	<u>2,016,489</u>
	2,614,367	3,565,876
LONG-TERM DEBT (Note 6)	<u>201,935</u>	<u>258,764</u>
	<u>2,816,302</u>	<u>3,824,640</u>
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 7)	120	120
RETAINED EARNINGS	<u>1,786,242</u>	<u>2,121,738</u>
	<u>1,786,362</u>	<u>2,121,858</u>
	<u><u>\$ 4,602,664</u></u>	<u><u>\$ 5,946,498</u></u>

Approved by the Directors:

Sam Gao Director_____
Director

ATLANTIC SEA CUCUMBER LTD**STATEMENT OF RETAINED EARNINGS**
(Unaudited - see Compilation Engagement Report)

YEAR ENDED NOVEMBER 30	2022	2021
RETAINED EARNINGS AT BEGINNING OF YEAR	\$ 2,121,738	\$ 1,773,219
(LOSS) NET INCOME FOR THE YEAR	<u>(335,496)</u>	<u>348,519</u>
RETAINED EARNINGS AT END OF YEAR	<u>\$ 1,786,242</u>	<u>\$ 2,121,738</u>

SG

ATLANTIC SEA CUCUMBER LTD**STATEMENT OF OPERATIONS**
(Unaudited - see Compilation Engagement Report)

YEAR ENDED NOVEMBER 30	2022	2021
REVENUE		
Sales	\$ 4,213,793	\$ 3,455,776
Interest and other	<u>10</u>	<u>193</u>
	4,213,803	3,455,969
COST OF SALES	<u>3,473,524</u>	<u>1,940,405</u>
GROSS PROFIT	740,279	1,515,564
EXPENSES		
Advertising	163,973	144,089
Amortization	147,557	140,333
Automotive	1,053	772
Bad debts	10,722	210,351
Dues and licenses	6,314	5,961
Insurance	64,506	133,740
Interest and bank charges	113,300	110,812
Management fees (Note)	-	90,000
Meals and entertainment	3,376	1,295
Office	17,101	2,907
Professional fees	276,704	144,584
Property tax	17,545	11,326
Rent	4,905	9,868
Repairs and maintenance	64,887	51,675
Salaries, commissions and benefits	371,204	396,756
Supplies	5,854	13,965
Telephone	4,567	6,922
Travel	3,115	720
Utilities	<u>-</u>	<u>1,553</u>
	<u>1,276,683</u>	<u>1,477,629</u>
(LOSS) INCOME BEFORE OTHER INCOME	(536,404)	37,935
OTHER INCOME		
Grants	46,080	18,963
Government assistance	<u>111,298</u>	<u>330,191</u>
	<u>157,378</u>	<u>349,154</u>
(LOSS) INCOME BEFORE INCOME TAXES (RECOVERY)	(379,026)	387,089
INCOME TAX (RECOVERY)	<u>(43,530)</u>	<u>38,570</u>
(LOSS) NET INCOME FOR THE YEAR	<u><u>\$ (335,496)</u></u>	<u><u>\$ 348,519</u></u>

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ATLANTIC SEA CUCUMBER LTD**NOTES TO COMPILED FINANCIAL INFORMATION**
(Unaudited - see Compilation Engagement Report)

NOVEMBER 30**2022****2021**

1. NATURE OF OPERATIONS

Atlantic Sea Cucumber Ltd. was incorporated under the Nova Scotia Companies Act on May 20th, 2015. The company exporting dried sea cucumbers.

2. BASIS OF ACCOUNTING

The basis of accounting applied in the preparation of the balance sheet of Atlantic Sea Cucumber Ltd. as at November 30, 2022, and the income statement for the year then ended is on the historical cost basis, reflecting cash transactions with the addition of:

- accounts receivable less an allowance for doubtful accounts
- inventory accounted at net realizable value
- property, plant and equipment amortized on the same basis as for income tax
- accounts payable and accrued liabilities
- current income taxes payable as at the reporting date

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Amortization**

Property, plant and equipment are recorded at historical cost and amortized on the same basis as for income tax as follows:

Building	4%	declining balance method
Computer	55%	declining balance method
Equipment	20%	declining balance method
Land	0%	does not depreciate
Processing equipment	50%	declining balance method
Software	100%	declining balance method
Vehicle	30%	declining balance method

The company applies one-half of the annual amortization rate in the year that an asset is purchased.

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ATLANTIC SEA CUCUMBER LTD
NOTES TO COMPILED FINANCIAL INFORMATION
(Unaudited - see Compilation Engagement Report)

NOVEMBER 30	2022	2021
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4. PROPERTY, PLANT AND EQUIPMENT

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Building	\$ 1,454,357	\$ 324,445	\$ 1,129,912	\$ 1,197,562
Computer hardware	5,963	5,456	507	1,127
Equipment	70,029	34,109	35,920	25,455
Processing equipment	1,021,097	981,196	39,901	79,801
Land	257,027	-	257,027	257,027
Software	203,594	152,114	51,480	-
Vehicle	<u>27,070</u>	<u>23,203</u>	<u>3,867</u>	<u>5,525</u>
	<u>\$ 3,039,137</u>	<u>\$ 1,520,523</u>	<u>\$ 1,518,614</u>	<u>\$ 1,566,497</u>

5. ADVANCES FROM RELATED PARTY

Advances from related company include \$2,003,802 payable to Atlantic Goldend Age Holding Inc., \$193,013 receivable from Akso Marine Biotech Inc., and \$57,929 payable to Unisky Shanghai (HK) Limited, are non-interest bearing with no set terms of repayment.

SG

ATLANTIC SEA CUCUMBER LTD**NOTES TO COMPILED FINANCIAL INFORMATION
(Unaudited - see Compilation Engagement Report)**

NOVEMBER 30	2022	2021
6. LONG-TERM DEBT		
CEBA interest free loan with voluntary repayment and partially forgivable up to \$20,000 if fully paying back on December 31, 2023	\$ 40,000	\$ 40,000
Farm Credit Canada interest payment only loan bearing interest at 3.45% for two years term and matured on June 30, 2022, secured by personal and movable property	-	500,000
Callable TD term loan repayable in monthly payments of \$3,924 and bearing interest at 3.24%, due April 2022, secured by accounts receivable, inventory and applicable specified goods	-	<u>243,989</u>
Callable TD demand loan repayable in monthly payments of \$50,000 and bearing interest at prime plus 1%, due April 2022, secured by accounts receivable, inventory, inventory and applicable specified goods	-	<u>1,210,000</u>
ACOA loan repayable in monthly payments of \$5,208 bearing 0% interest, due May 2026	<u>218,764</u>	<u>281,264</u>
	258,764	2,275,253
Less: Due within one year	<u>56,829</u>	<u>2,016,489</u>
Long-term portion	<u>\$ 201,935</u>	<u>\$ 258,764</u>

7. SHARE CAPITAL

Authorized	5,000 Common Shares with no par value		
	1,000 DD-1 Preferred Shares with par value of \$0.01 each		
	10 DD-2 Preferred Shares with par value of \$1 each		
Issued	100 Common Shares	\$ 100	\$ 100
	1,000 Class DDP-1 Shares	10	10
	10 Class DDP-2 Shares	<u>10</u>	<u>10</u>
		<u>\$ 120</u>	<u>\$ 120</u>

SG

ATLANTIC SEA CUCUMBER LTD.
REVIEWED NON-CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
NOVEMBER 30, 2021

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Board Members of **ATLANTIC SEA CUCUMBER LTD.**

We have reviewed the accompanying non-concolidated financial statements of **ATLANTIC SEA CUCUMBER LTD.** that comprise the balance sheet as at NOVEMBER 30, 2021 , and the statements of income, retained earnings and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of **ATLANTIC SEA CUCUMBER LTD.** as at NOVEMBER 30, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Bluenose Accounting

Bluenose Accounting

Halifax, Nova Scotia

February 25, 2022

ATLANTIC SEA CUCUMBER LTD.**NON-CONSOLIDATED STATEMENT OF BALANCE SHEET**
(Unaudited see review engagement report)

NOVEMBER 30	2021	2020
ASSETS		
CURRENT ASSETS		
Cash	\$ 203,960	\$ 913,537
Accounts receivable (Note 4)	1,157,181	2,606,837
HST receivable	50,064	177,933
Inventory (Note 5)	2,849,911	3,248,456
Prepaid expenses	112,135	266,034
Investment tax credit refund	<u>6,750</u>	<u>1,428</u>
	4,380,001	7,214,225
PROPERTY, PLANT & EQUIPMENT (Note 6)	<u>1,566,497</u>	<u>1,587,348</u>
	<u>\$ 5,946,498</u>	<u>\$ 8,801,573</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 540,439	\$ 1,417,478
Income tax payable	38,570	64,302
Payroll source deductions	11,612	589
Customer deposit	62,160	-
Advances from shareholders (Note 7)	-	3,642
Due to related companies (Note 8)	896,606	455,884
Line of credit (Note 9)	-	3,935,000
Current portion of long-term debt (Note 12)	<u>2,016,485</u>	<u>96,086</u>
	3,565,872	5,972,981
LONG-TERM DEBT (Note 12)	<u>258,768</u>	<u>1,055,253</u>
	<u>3,824,640</u>	<u>7,028,234</u>
SHAREHOLDER'S EQUITY		
SHARE CAPITAL (Note 15)	120	120
RETAINED EARNINGS	<u>2,121,738</u>	<u>1,773,219</u>
	<u>2,121,858</u>	<u>1,773,339</u>
	<u>\$ 5,946,498</u>	<u>\$ 8,801,573</u>

Approved by the Directors:

Director

Director

ATLANTIC SEA CUCUMBER LTD.

NON-CONSOLIDATED STATEMENT OF RETAINED EARNINGS
(Unaudited see review engagement report)

NOVEMBER 30	2021	2020
RETAINED EARNINGS AT BEGINNING OF YEAR	\$ 1,773,219	\$ 715,187
NET INCOME FOR THE YEAR	<u>348,519</u>	<u>1,058,032</u>
RETAINED EARNINGS AT END OF YEAR	<u>\$ 2,121,738</u>	<u>\$ 1,773,219</u>

ATLANTIC SEA CUCUMBER LTD.**NON-CONSOLIDATED STATEMENT OF INCOME**
(Unaudited see review engagement report)

YEAR END NOVEMBER 30	2021	2020
REVENUE		
Sales	\$ 3,455,776	\$ 15,350,808
Facilities income	-	55,108
Interest and misc	<u>193</u>	<u>-</u>
	3,455,969	15,405,916
COST OF GOODS SOLD	<u>1,940,405</u>	<u>12,194,241</u>
GROSS PROFIT	1,515,564	3,211,675
EXPENSES		
Advertising	144,089	559,111
Amortization	140,333	168,216
Automobile	772	1,004
Bad debts	210,351	-
Insurance	133,740	90,048
Interest and bank charges	110,812	177,039
License and dues	5,961	24,476
Management fee	90,000	50,000
Meals and entertainment	1,295	3,504
Office and administration	2,907	38,334
Product development	-	550,000
Professional fees	144,584	96,585
Property taxes	11,326	18,291
Rent	9,868	14,627
Repairs and maintenance	51,675	51,769
Salaries and benefits	396,756	433,227
Supplies	13,965	7,499
Telephone	6,922	4,584
Travel	720	30,082
Utilities	<u>1,553</u>	<u>9,486</u>
	<u>1,477,629</u>	<u>2,327,882</u>
INCOME BEFORE OTHER INCOME	37,935	883,793
OTHER INCOME:		
Government assistance	<u>349,154</u>	<u>228,915</u>
INCOME BEFORE INCOME TAXES	387,089	1,112,708
INCOME TAXES	<u>38,570</u>	<u>54,676</u>
NET INCOME FOR THE YEAR	<u>\$ 348,519</u>	<u>\$ 1,058,032</u>

ATLANTIC SEA CUCUMBER LTD.**NON-CONSOLIDATED STATEMENT OF CASH FLOWS**
(Unaudited see review engagement report)

YEAR END NOVEMBER 30	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Revenue	\$ 3,805,123	\$ 15,634,831
Less cost of sales	(1,940,405)	(12,194,241)
Less net expenses	(1,477,629)	(2,327,882)
Plus amortization and other non-cash expenses	140,333	168,216
Change in accounts receivable	1,449,656	(1,628,282)
Change in customer deposits	62,160	-
Change in accounts payable	(877,039)	307,795
Change in HST and payroll	138,892	(169,404)
Change in prepaid expenses	153,899	(261,982)
Change in inventory	398,545	173,914
Change in investment tax credit refund	(5,322)	22,408
Less income tax expense	(38,570)	(54,676)
Change in income taxes payable	<u>(25,732)</u>	<u>14,267</u>
	<u>1,783,911</u>	<u>(315,036)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets (net of investment tax credit)	(119,482)	(75,782)
Net proceeds (advances) to related companies	<u>440,722</u>	<u>(1,512,158)</u>
	<u>321,240</u>	<u>(1,587,940)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Change in shareholder investment	(3,642)	(164,896)
Net proceeds from long-term borrowing	1,123,914	472,280
Net (payments) proceeds from LOC	<u>(3,935,000)</u>	<u>2,515,000</u>
	<u>(2,814,728)</u>	<u>2,822,384</u>
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	(709,577)	919,408
CASH AND EQUIVALENTS AT BEGINNING OF YEAR	<u>913,537</u>	<u>(5,871)</u>
CASH AND EQUIVALENTS AT END OF YEAR	<u><u>\$ 203,960</u></u>	<u><u>\$ 913,537</u></u>

Cash and equivalents consist of cash on hand and balances held with banks, bank overdrafts and investments in money market instruments. Cash and equivalents included in the cash flow statement comprise the following balance sheet accounts:

REPRESENTED BY:

Cash	<u><u>\$ 203,960</u></u>	<u><u>\$ 913,537</u></u>
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ATLANTIC SEA CUCUMBER LTD.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited see review engagement report)

NOVEMBER 30, 2021

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for private enterprises (ASPE). The financial statements include the following significant accounting policies:

a) Cash and cash equivalents

The entity's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and term deposits with a maturity period of three months or less from the date of acquisition. Term deposits that the entity cannot use for current transactions because they are pledged as security are also excluded from cash and cash equivalents.

b) Amortization

Property, plant & equipment are recorded at cost. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives as follows when assets are ready for use:

Land	0%
Building	4% declining balance
Computer	20% declining balance
Furniture and equipment	20% declining balance
Processing equipment	50% declining balance
Vehicle	30% declining balance
Software	100% declining balance

The organization records one-half of the annual amortization in the year that capital assets is purchased.

c) Revenue recognition

Revenue is accounted for when there is persuasive evidence that an arrangement exists, delivery has occurred, the price is fixed or determinable, and collection is reasonably assured.

Revenue from product sales are recognized upon shipment of product.

Government assistance are included in the determination of net income for the period and are separately recorded as other income.

d) Translation of foreign currency transactions and items

Monetary assets and liabilities are translated at the exchange rate in effect at the balance sheet date. Other assets and liabilities are translated at the exchange rate in effect at the transaction date. Revenues and expenses are also translated at the exchange rate in effect at the transaction date. Exchange gains and losses are included in the income statement.

e) Taxes payable method

The company accounts for income taxes using the taxes payable method.

ATLANTIC SEA CUCUMBER LTD.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited see review engagement report)

NOVEMBER 30

f) Use of estimates

The preparation of financial statements in conformity with Canadian ASPE requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost is determined using the first in, first out method. Net realizable value is the estimated selling price in ordinary course of business, less the costs of completion and costs necessary to make the sale. When the reversal of previously written down inventories is recognized, this reversal is recognized in income. The cost of inventories includes raw materials only.

h) Impairment of long-lived assets

A long-lived asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

i) Financial instrument measurement

The company initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets subsequently measured at amortized cost include accounts receivable, HST receivable, and investment tax credit refund. Financial liabilities measured at amortized cost include the accounts payable and accrued liabilities, payroll source deductions, income tax payable, advances from shareholders, advances from related companies and long-term debt.

2. GOING CONCERN

The financial statements have been prepared in accordance with Canadian ASPE on a going concern basis. Under the going concern assumption, a company is viewed as being able to realize its assets and discharge its liabilities in the normal course of operations.

3. FINANCIAL INSTRUMENTS

The company is exposed to various risks through its financial instruments. The following analysis presents the company's exposures to significant risk at the reporting date, November 30, 2021.

ATLANTIC SEA CUCUMBER LTD.**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS**
(Unaudited see review engagement report)

NOVEMBER 30**2021****2020**

Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities. The entity is exposed to the risk mainly in respect of its accounts payable. The company generates enough cash from operation activities to fund operations and fulfil obligations as they become due. Sufficient financing facilities are in place should cash requirements exceed cash generated from operations.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the company to concentrations of credit risk consist of cash and accounts receivable. The company deposits its cash in reputable financial institutions and therefore believes the risk of loss to be remote. The company is exposed to credit risk from accounts receivable. The company believes this credit risk is minimized as the organization only deal business with reputable and reliable customers. A provision for impairment of accounts receivable is established when there is objective evidence that the organization will not be able to collect all amounts due.

Interest Rate Risk

Interest rate risk is the risk that the market rate of borrowing will increase. The company's exposure to this risk is related to its long term debt should its terms be negotiated at a time when interest rates are higher. The company believes this risk to be minimal due to the current interest rate level and its credit history.

Currency risk

The company is exposed to currency risk in respect of its accounts receivable denominated in US dollars from its US customers and in respect of certain accounts payable denominated in US dollars for purchases of inventory. The company believes this risk to be minimal due to the stability of the USD exchange rate.

4. ACCOUNTS RECEIVABLES

Accounts receivables	\$ 1,367,532	\$ 2,606,837
Less: Allowance for doubtful account	<u>210,351</u>	<u>-</u>
	<u>\$ 1,157,181</u>	<u>\$ 2,606,837</u>

5. INVENTORY

Finished goods	\$ 1,868,501	\$ 3,100,376
Raw materials	<u>981,410</u>	<u>148,081</u>
	<u>\$ 2,849,911</u>	<u>\$ 3,248,457</u>

ATLANTIC SEA CUCUMBER LTD.**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited see review engagement report)**

NOVEMBER 30 **2021** **2020**

6. PROPERTY, PLANT & EQUIPMENT

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 257,027	\$ -	\$ 257,027	\$ 257,027
Building	1,474,927	277,365	1,197,562	1,195,947
Computer	5,963	4,836	1,127	2,504
Furniture and equipment	52,744	27,289	25,455	22,511
Processing equipment	1,021,097	941,296	79,801	71,858
Vehicle	27,070	21,545	5,525	7,892
Software	<u>100,634</u>	<u>100,634</u>	<u>-</u>	<u>29,609</u>
	<u>\$ 2,939,462</u>	<u>\$ 1,372,965</u>	<u>\$ 1,566,497</u>	<u>\$ 1,587,348</u>

7. ADVANCES FROM SHAREHOLDERS

The advances made by the shareholders are non-interest bearing and are not subject to any specific repayment terms.

8. DUE TO RELATED COMPANIES

The amount due to related companies under common control are non-interest bearing and has no fixed terms of repayment. During the year, related companies incurred expenses and advanced \$1,334,517 (2020: \$2,027,993), were reimbursed \$893,795 (2020: \$3,540,152). All translations recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

9. LINE OF CREDIT

The company has switched its line of credit balances to a demand loan in the year and there is no line of credit balances as of NOVEMBER 30, 2021.

The line of credit in the previous year bearing interest at prime plus 1% with a variable limit to a maximum of \$4,000,000, repayable on demand and secured with the company's accounts receivables, inventory and goods, and real property

Line of credit balance \$ - \$ 3,935,000

The borrowing limit for the line of credit in the previous year varies based upon the lesser of \$4,000,000 and total of (i) 90% of EDC insured account receivables less over 90-day accounts. (ii) 80% of Canadian and U.S.A based account receivables less over 90-day accounts. (iii) 50% of the inventory less 30 day lienable priority payables, not to exceed \$2,000,000.

ATLANTIC SEA CUCUMBER LTD.**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)**

NOVEMBER 30	2021	2020
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10. ECONOMIC DEPENDENCE

During the year, the company has made significant sales to one of its customers. These sales represent 93% of the company's sales (85% in 2020). The company currently is in phase 3 of supplying the goods to this customer which suggested a total implied value of approximately close to 8 million in USD. However, this customer is not bound by the phase 3 contract and there is also no expiration for phase 3. At the date of this financial statement issued, the company has roughly fulfilled 15% of phase 3.

11. CONTINGENT LIABILITY

During the year, one of the company's suppliers has sued the company for non-payment on one of the 2020 invoices. However, the company denied the charges and claimed the other party's breach of contract with fraudulent behaviors first. The management is confident that they will eventually win the lawsuit. No reasonable estimation can be made at this point.

12. LONG-TERM DEBT

CEBA Interest free loan, paritally forgivable up of \$20,000 if fully paying back on or before December 31, 2023	\$ 40,000	\$ 30,000
Farm Credit Canada interest payment only loan bearing interest at 3.45% for two years term and matured on June 30, 2022, secured by personal and movable property	500,000	500,000
Callable TD term loan repayable in monthly payments of \$3,924 and bearing interest at 3.24%, due April 2022, secured by accounts receivable, inventory and applicable specified goods	243,989	282,787
Callable TD demand loan repayable in monthly payments of \$50,000 and bearing interest at prime plus 1%, due April 2022, secured by accounts receivable, inventory, inventory and applicable specified goods	1,210,000	-
ACOA loan repayable in monthly payments of \$5,208 bearing 0% interest, due May 2026	<u>281,264</u>	<u>338,552</u>
	2,275,253	1,151,339
Less: Due within one year	<u>2,016,485</u>	<u>96,086</u>
	<u>\$ 258,768</u>	<u>\$ 1,055,253</u>

ATLANTIC SEA CUCUMBER LTD.

**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)**

NOVEMBER 30 **2021** **2020**

Regular principal payments required on all long-term debt for the next five years are due as follows:

2022	\$ 2,016,485
2023	62,496
2024	102,496
2025	62,496
2026	<u>62,496</u>
	<u>\$ 2,306,469</u>

Interest paid on long-term debt for the year was \$94,465 (2020 - \$16,491).

Implied interest expense claimed on ACOA's loan for the year was \$8,963 (2020 - \$9,528).

Long-term debt was apportioned between current and long-term according to the terms of financing agreement.

The company's operating line of credit was switched to a demand loan in the year by the lender with the repayment term at the lender's preference of \$50,000 per month with no written agreement signed.

13. RELATED PARTY TRANSACTIONS

During the year, the company incurred in total of \$90,000 (2020 - \$600,000) related party transactions to companies under common control including \$Nil (2020 - \$550,000) product development reimbursement to AKSO MARINE BIOTECH INC and \$90,000 (2020 - \$50,000) management fee to ATLANTIC GOLDEN AGE HOLDING INC. The transaction occurred in the normal course of operations and was measured at the transaction amount.

There are in total of \$368,097 USD account receivables over 90 days from UFUK SHANGHAI LIMITED, a foreign-related company that is directly controlled by an immediate family member. The transaction occurred in the normal course of operations and was measured at the transaction amount.

ATLANTIC SEA CUCUMBER LTD.**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)**

NOVEMBER 30	2021	2020
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14. TAXES PAYABLE METHOD - RECONCILIATION OF AMOUNTS

The company accounts for income taxes using the taxes payable method. As a result, the company's income tax benefit varies from the amount that would otherwise result from the application of the statutory income tax rates as set out below.

Net income for the year	\$ 348,519	\$ 1,058,032
Adjustments:		
Interests and penalties on taxes	6,344	3,697
Non-deductible meal and entertainment expenses at 50%	648	1,752
Provision for income taxes - current	38,570	54,676
Amortization of tangible assets	140,333	168,216
Capital cost allowance from Schedule 8	(140,333)	(168,216)
Missed interest expense claims for 2018	-	(12,264)
Reversal of COGS due to contingency at financial statement level	<u>-</u>	<u>(637,237)</u>
Net income for income tax purposes	<u>\$ 394,081</u>	<u>\$ 468,656</u>

At year-end, there are no non-capital losses to be carried forward.

Undepreciated capital cost at the end of the year for tax purposes were \$1,316,221.

15. SHARE CAPITAL

Authorized:	5,000	Common shares with no par value		
	1,000	Class DDP-1 preferred shares with a par value of \$0.01		
	10	Class DDP-2 preferred shares with a par value of \$1		
Issued	100	Common Shares	\$ 100	\$ 100
	1,000	Class DDP-1 Shares	10	10
	10	Class DDP-2 Shares	<u>10</u>	<u>10</u>
			<u>\$ 120</u>	<u>\$ 120</u>

16. CONTINGENT GAIN

During the year, the company found several severe design deficiencies in its fish plant and requested a claim to the original designing company for compensation. No reasonable estimation can be made at this point.

ATLANTIC SEA CUCUMBER LTD.

**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)**

NOVEMBER 30

2021

2020

17. SUBSEQUENT EVENT

a) COVID-19 pandemic

Since the World Health Organization declared the COVID-19 outbreak in March 2020, this continuous pandemic resulted in provincial shutdowns of most of business. While it is too soon to estimate the overall financial effect of these events, they have resulted in a decline in sales of 76% compared to prior fiscal period.

The company continues to take measures to mitigate the effects of the current crisis. It obtained emergency loans from various sources and also applied various subsidies which have already resulted \$349,154 been recognized in the year ended November 30, 2021. At the same time, management closely monitors the situation and tries to diversify its market shares from mainly USA to other regions like Europe, Australia and China.

With the combined efforts, the company is confident that the company will gradually recover from the pandemic.

b) Sales agreement with Sam's Club

After year-end, the company reached a sales agreement with Sam's Club, a subsidiary of Walmart Inc, in China with a total contract value approximately worth \$560,000 USD. The goods are currently in the stage of designing packages and are expected to be sold by Sam's Club at the earliest time in May 2022. The management is confident and expects continuous cooperation with this customer in future.

c) Exclusive sales agreement for its sub-brand product

The company reached an exclusive sales agreement on one of its sub-brand products to a new customer located in Toronto. The exclusive agreement required that this customer can only purchase sea cucumbers from the company. The company has already sold over \$250,000 worth of goods to this customer after year-end and before this financial statement was issued.

d) Construction loan from a credit facility

The company along with its associated company Atlantic Golden Age Holding Inc. reach a \$1 million loan agreement with a government-backed credit facility at an interest rate 0% amortized over 7 years with respect to an expansion on its current processing facility. The total project cost is estimated at \$2.74 million and the rest of the costs other than the loan will be financed through shareholders and related parties. The credit facility hasn't released any advances yet at the date of this financial statement issued.

e) Potential refinancing

In January, the company received a loan exit letter from one of its lenders and both parties agreed that all outstanding balances will be repaid by the company before April 30, 2022. The company is currently seeking new refinancing opportunities to replace this lender, the amount and terms of borrowing are still under negotiation. At the date this financial statement is issued, the total outstanding balance is approximately 1.2 million in Canadian dollars and no agreement has been reached.

The company currently is also working on re-negotiating the loan terms with Farm Credit Canada on making installments versus making lump-sum payments at the maturity date. The management is optimistic about the negotiation but no agreement has been reached at the date of this financial statement is issued.

ATLANTIC SEA CUCUMBER LTD.
REVIEWED FINANCIAL STATEMENTS
(Unaudited)
NOVEMBER 30, 2020

REVIEW ENGAGEMENT REPORT

To the Board Members of **ATLANTIC SEA CUCUMBER LTD.**

We have reviewed the accompanying financial statements of **ATLANTIC SEA CUCUMBER LTD.** that comprise the balance sheet as at NOVEMBER 30, 2020 , and the statements of income, retained earnings and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of **ATLANTIC SEA CUCUMBER LTD.** as at NOVEMBER 30, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Bluenose Accounting

Bluenose Accounting

Halifax, Nova Scotia

May 12, 2021

ATLANTIC SEA CUCUMBER LTD.**STATEMENT OF BALANCE SHEET**
(Unaudited see review engagement report)

NOVEMBER 30	2020	2019
ASSETS		
CURRENT ASSETS		
Cash	\$ 913,537	\$ -
Accounts receivable	2,606,837	978,555
HST receivable	177,933	23,354
Inventory	3,248,456	3,422,370
Prepaid expenses	266,034	4,052
Investment tax credit refund	<u>1,428</u>	<u>23,836</u>
	7,214,225	4,452,167
PROPERTY, PLANT & EQUIPMENT (Note 4)	<u>1,587,347</u>	<u>1,679,781</u>
	<u>\$ 8,801,572</u>	<u>\$ 6,131,948</u>
LIABILITIES		
CURRENT LIABILITIES		
Cheque's written in excess of funds on deposit	\$ -	\$ 5,871
Accounts payable and accrued liabilities	1,417,477	1,109,682
Income tax payable	64,302	50,035
Payroll source deductions	589	15,414
Advances from shareholders (Note 5)	3,642	168,538
Due to related companies (Note 6)	455,884	1,968,042
Line of credit (Note 7)	3,935,000	1,420,000
Current portion of long-term debt (Note 8)	<u>95,941</u>	<u>100,329</u>
	5,972,835	4,837,911
LONG-TERM DEBT (Note 8)	<u>1,055,398</u>	<u>578,730</u>
	<u>7,028,233</u>	<u>5,416,641</u>
SHAREHOLDER'S EQUITY		
SHARE CAPITAL (Note 10)	120	120
RETAINED EARNINGS	<u>1,773,219</u>	<u>715,187</u>
	<u>1,773,339</u>	<u>715,307</u>
	<u>\$ 8,801,572</u>	<u>\$ 6,131,948</u>

Approved by the Directors:

Director

Director

ATLANTIC SEA CUCUMBER LTD.

STATEMENT OF RETAINED EARNINGS
(Unaudited see review engagement report)

NOVEMBER 30	2020	2019
RETAINED EARNINGS AT BEGINNING OF YEAR	\$ 715,187	\$ 408,424
NET INCOME FOR THE YEAR	<u>1,058,032</u>	<u>356,763</u>
	1,773,219	765,187
DIVIDENDS DECLARED	<u>-</u>	<u>(50,000)</u>
RETAINED EARNINGS AT END OF YEAR	<u>\$ 1,773,219</u>	<u>\$ 715,187</u>

ATLANTIC SEA CUCUMBER LTD.**INCOME STATEMENT**
(Unaudited see review engagement report)

YEAR END NOVEMBER 30	2020	2019
REVENUE		
Sales	\$ 15,350,808	\$ 7,618,981
Facilities income	55,108	27,841
Government grants	228,915	40,900
Interest and misc	<u>-</u>	<u>21</u>
	15,634,831	7,687,743
COST OF GOODS SOLD	<u>12,194,241</u>	<u>6,167,926</u>
GROSS PROFIT	3,440,590	1,519,817
EXPENSES		
Advertising	559,111	190,017
Amortization	168,216	191,384
Automobile	1,004	2,014
Insurance	90,048	18,132
Interest and bank charges	177,039	109,361
License and dues	24,476	5,234
Management fee	50,000	-
Meals and entertainment	3,504	7,737
Office and administration	38,334	7,812
Product development	550,000	-
Professional fees	96,585	78,230
Property taxes	18,291	17,794
Rent	14,627	15,727
Repairs and maintenance	51,769	81,893
Salaries and benefits	433,227	341,907
Supplies	7,499	4,338
Telephone	4,584	5,560
Travel	30,082	35,426
Utilities	<u>9,486</u>	<u>453</u>
	<u>2,327,882</u>	<u>1,113,019</u>
INCOME BEFORE INCOME TAXES	1,112,708	406,798
INCOME TAXES	<u>54,676</u>	<u>50,035</u>
NET INCOME FOR THE YEAR	<u>\$ 1,058,032</u>	<u>\$ 356,763</u>

ATLANTIC SEA CUCUMBER LTD.**STATEMENT OF CASH FLOWS**
(Unaudited see review engagement report)

YEAR END NOVEMBER 30	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Revenue	\$ 15,634,831	\$ 7,687,743
Less cost of sales	(12,194,241)	(6,167,926)
Less net expenses	(2,327,882)	(1,113,019)
Plus amortization and other non-cash expenses	168,216	191,384
Change in accounts receivable	(1,628,282)	(758,277)
Change in accounts payable	307,795	700,712
Change in HST and payroll	(169,404)	9,485
Change in prepaid expenses	(261,982)	258
Change in inventory	173,914	356,937
Change in investment tax credit refund	22,408	(5,460)
Less income tax expense	(54,676)	(50,035)
Change in income taxes payable	<u>14,267</u>	<u>25,573</u>
	<u>(315,036)</u>	<u>877,375</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets (net of investment tax credit)	(75,782)	(87,572)
Recovery (advance) to related companies	<u>(1,512,158)</u>	<u>(702,361)</u>
	<u>(1,587,940)</u>	<u>(789,933)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Change in shareholder investment	(164,896)	19,415
Net proceeds from long-term borrowing	472,280	(97,821)
Net proceeds from LOC borrowing	2,515,000	125,000
Less dividends paid	<u>-</u>	<u>(50,000)</u>
	<u>2,822,384</u>	<u>(3,406)</u>
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	919,408	84,036
CASH AND EQUIVALENTS AT BEGINNING OF YEAR	<u>(5,871)</u>	<u>(89,907)</u>
CASH AND EQUIVALENTS AT END OF YEAR	<u><u>\$ 913,537</u></u>	<u><u>\$ (5,871)</u></u>

Cash and equivalents consist of cash on hand and balances held with banks, bank overdrafts and investments in money market instruments. Cash and equivalents included in the cash flow statement comprise the following balance sheet accounts:

REPRESENTED BY:

Cash	\$ 913,537	\$ -
Cheques written in excess of funds on deposit	<u>-</u>	<u>(5,871)</u>
	<u><u>\$ 913,537</u></u>	<u><u>\$ (5,871)</u></u>

ATLANTIC SEA CUCUMBER LTD.

NOTES TO FINANCIAL STATEMENTS
(Unaudited see review engagement report)

NOVEMBER 30, 2020

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for private enterprises (ASPE). The financial statements include the following significant accounting policies:

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The preparation of financial statements in conformity with Canadian ASPE requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ATLANTIC SEA CUCUMBER LTD.**NOTES TO FINANCIAL STATEMENTS**
(Unaudited see review engagement report)

NOVEMBER 30

f) Inventories

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The company accounts for income taxes using the taxes payable method.

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ATLANTIC SEA CUCUMBER LTD.**NOTES TO FINANCIAL STATEMENTS**
(Unaudited see review engagement report)

NOVEMBER 30**2020****2019**

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the company to concentrations of credit risk consist of cash and accounts receivable. The company deposits its cash in reputable financial institutions and therefore believes the risk of loss to be remote. The company is exposed to credit risk from accounts receivable. The company believes this credit risk is minimized as the organization has a large and diverse customer base. A provision for impairment of accounts receivable is established when there is objective evidence that the organization will not be able to collect all amounts due.

Interest Rate Risk

Interest rate risk is the risk that the market rate of borrowing will increase. The company's exposure to this risk is related to its long term debt should its terms be negotiated at a time when interest rates are higher. The company believes this risk to be minimal due to the current interest rate level and its credit history.

Currency risk

The company is exposed to currency risk in respect of its accounts receivable denominated in US dollars from its sales to China and in respect of certain accounts payable denominated in US dollars for purchases of inventory. The company believes this risk to be minimal due to the stability of the USD exchange rate.

4. PROPERTY, PLANT & EQUIPMENT

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 257,027	\$ -	\$ 257,027	\$ 257,027
Building	1,424,465	228,518	1,195,947	1,245,778
Computer	5,963	3,459	2,504	405
Furniture and equipment	44,470	21,960	22,510	27,564
Processing equipment	960,351	888,493	71,858	125,152
Vehicle	27,070	19,178	7,892	11,275
Software	<u>100,634</u>	<u>71,025</u>	<u>29,609</u>	<u>12,580</u>
	<u>\$ 2,819,980</u>	<u>\$ 1,232,633</u>	<u>\$ 1,587,347</u>	<u>\$ 1,679,781</u>

5. ADVANCES FROM SHAREHOLDERS

The advances made by the shareholders are non-interest bearing and are not subject to any specific repayment terms.

6. DUE TO RELATED COMPANIES

The amount due to related companies are non-interest bearing and has no fixed terms of repayment. During the year, related companies incurred expenses and advanced \$2,027,993 (2019: \$497,975), were reimbursed \$3,540,152 (2019: \$1,200,336). All translations recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

ATLANTIC SEA CUCUMBER LTD.**NOTES TO FINANCIAL STATEMENTS**
(Unaudited see review engagement report)

NOVEMBER 30	2020	2019
--------------------	-------------	-------------

7. LINE OF CREDIT

Demand loan from TD with a variable limit to a maximum of \$4,000,000, bearing interest at prime plus 1% repayable on demand and secured with the company's accounts receivables, inventory and goods, and real property

Line of credit balance	<u>\$ 3,935,000</u>	<u>\$ 1,420,000</u>
------------------------	---------------------	---------------------

The credit limit for the demand loan varies based upon the lesser of \$4,000,000 and total of (i) 90% of EDC insured account receivables less over 90-day accounts. (ii) 80% of Canadian and U.S.A based account receivables less over 90-day accounts. (iii) 50% of the inventory less 30 day lienable priority payables, not to exceed \$2,000,000.

8. LONG-TERM DEBT

CEBA Interest free loan, partially forgivable up of \$10,000 if fully paying back on or before December 31, 2022	\$ 30,000	\$ -
Farm Credit Canada interest payment only loan bearing interest at 3.45% for two years term and matured on June 30, 2022	500,000	-
TD term loan repayable in monthly payments of \$4,019 and bearing interest at 3.24%, due July 2022.	282,787	319,675
ACOA loan repayable in monthly payments of \$5,208 bearing 0% interest, due August 2025.	<u>338,552</u>	<u>359,384</u>
	1,151,339	679,059
Less: Current portion	<u>95,941</u>	<u>100,329</u>
	<u>\$ 1,055,398</u>	<u>\$ 578,730</u>

Principal payments required in each of the next five years are as follows:

2021	\$ 95,941
2022	102,348
2023	103,852
2024	105,413
2025	107,032

Interest paid on long-term debt for the year was \$16,491 (2019 - \$13,016).

Implied interest expense claimed on ACOA's loan for the year was \$9,528 (2019 - \$10,736).

Long-term debt was apportioned between current and long-term according to the terms of financing agreement.

ATLANTIC SEA CUCUMBER LTD.

**NOTES TO FINANCIAL STATEMENTS
(Unaudited)**

NOVEMBER 30

2020

2019

9. RELATED PARTY TRANSACTIONS

During the year, the company incurred in total of \$600,000 related party transactions to companies under common control. One is \$550,000 product development reimbursement to AKSO MARINE BIOTECH INC, the other is \$50,000 management fee to ATLANTIC GOLDEN AGE HOLDING INC. The transaction occurred in the normal course of operations and was measured at the transaction amount.

10. SHARE CAPITAL

Authorized:	5,000	Common shares with no par value		
	1,000	Class DDP-1 preferred shares with a par value of \$0.01		
	10	Class DDP-2 preferred shares with a par value of \$1		
Issued	100	Common Shares	\$	100
	1,000	Class DDP-1 Shares		10
	10	Class DDP-2 Shares		10
			<u>\$</u>	<u>120</u>
			<u>\$</u>	<u>120</u>

11. CONTINGENT GAIN

During the year, the company disputes with one of its major suppliers regarding the value of raw materials purchased in 2019. Management is currently consulting with a lawyer and confident that they will get compensation from this supplier. However, no reasonable estimation can be made at this point. There is currently no legal action taken in place by either of the parties at the date of this financial statement issued.

12. SUBSEQUENT EVENT

a) Notice of Non-Compliance

Under an agreement between the company and a bank for a maximum \$4,000,000 line of credit, the company is required to maintain certain financial ratios to preserve the amount available under credit facility. Starting from September 2020 to March 2021, the company was not in compliance with this requirement. The bank adjusted the company's line of credit limit to \$1,765,000 on April 2, 2021 and also demand full repayment on all of its existing bank liabilities at end of June 2021. At the same time, the company is negotiating new line of credit with another bank.

Appendix B

Legal Opinion of Burchells Wickwire Holm on the Security
of Atlantic Golden Age Holding

BURCHELL WICKWIRE BRYSON ^{LLP}
lawyers | avocats

1801 Hollis Street, Suite 1800
Halifax, Nova Scotia
Canada B3J 3N4

t. 902.423.6361
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www.bwbllp.ca

Marc L. Dunning
(902) 482-7017
mdunning@bwbllp.ca

File: 21830-1088711

June 26, 2023

VIA E-MAIL: jsantimaw@boyneclarke.ca

Joshua J. Santimaw
BoyneClarke LLP
Metropolitan Place
600-99 Wyse Road
Dartmouth NS B2Y 3Z5

Dear Mr. Santimaw:

Re: Security Opinion - Atlantic Sea Cucumber Ltd.

This letter is our independent legal opinion prepared in accordance with Section 13.4(1) of the *Bankruptcy and Insolvency Act* (“BIA”) with respect to the validity and enforceability of certain security granted by Atlantic Sea Cucumber Ltd. (“ASCL”) to Atlantic Golden Age Holding Inc. (“AGAHI”).

Documents

We reviewed the following documents:

1. January 2, 2018 loan agreement between ASCL and AGAHI with respect to a \$2.174M loan by AGAHI to ASCL;
2. March 5, 2023 security agreement between ASCL and AGAHI (the “GSA”), registered in the Nova Scotia Personal Property Registry (“NSPPR”) on March 14, 2023 as Registration No. 37551231; and
3. April 13, 2023 collateral mortgage between ASCL and AGAHI with respect to PIDs 41075649 and 41211806, securing up to \$2,748,183.00 (the “Collateral Mortgage”) registered in the Nova Scotia Land Registry on April 13, 2023 as Document No. 122300339.

The GSA and Collateral Mortgage are referred to herein as the "Security".

Searches and Investigations

We examined the Security and the other documents listed above.

We conducted or caused to be conducted searches of the NSPPR and Nova Scotia Land Registry as of June 19 and June 22, 2023, respectively.

Assumptions

For the purpose of our opinion we have assumed:

1. ASCL was and is a corporation incorporated under the laws of the Province of Nova Scotia and has not been dissolved;
2. ASCL has not made an assignment in bankruptcy and is the absolute owner of its property, assets, rights and undertaking;
3. at the relevant times, ASCL had the corporate power and capacity to own its property and assets, carry on business, execute and deliver security documents to perform all of its obligations under the Security and secure its obligations as provided for in the Security;
4. the execution, delivery and performance of the obligations in the Security by the parties thereto has been duly authorized by all necessary corporate action on the part of such parties;
5. all signatures are genuine and the copy of the Security submitted to us is authentic and conforms to the original;
6. the legal capacity of all individuals executing documents;
7. the collateral described in the Security (the "Collateral") does not include consumer goods as defined in the Personal Property Security Act (Nova Scotia) (the "PPSA");
8. the principal amount of \$2.174M referred to in the loan agreement was advanced; and
9. with respect to the Security, that AGAHI has given value, ASCL has rights in the Collateral and that ASCL and AGAHI have not agreed orally or in writing to postpone the time for attachment of the security interests referred to in the Security.

Jurisdiction

This opinion is limited to the laws of the Province of Nova Scotia and the federal laws of Canada applicable thereto. We express no opinion as to the laws of any other jurisdiction.

Opinions

Based upon and relying on the foregoing, and subject to the qualifications, limitations and restrictions hereinafter expressed, we are of the opinion that the Security forms a valid binding charge on the personal and real property described therein, enforceable against the parties thereto.

The Collateral Mortgage is registered as a first charge as against ASCL's real property identified as:

- PID 41075649, Paul's Point Road, Hackett's Cove, Lot F-1; and
- PID 41211806, 212 Paul's Point Road, Hackett's Cove, Lot F-1-I.

There is a judgment in favour of Weihai Taiwei Haiyang Aquatic Food Co. Ltd. registered against these properties in the Land Registry on April 28, 2023 as Document No. 122363659, however, it was registered after, and is subordinate to, the Collateral Mortgage.

Qualifications

The foregoing opinions with respect to the Security is subject to the following qualifications, limitations, and restrictions:

1. we provide no opinion on the existence of any personal property over which the Security grants security including serial numbered goods;
2. the enforceability of the Security is subject to applicable law, including bankruptcy, insolvency, reorganization and other laws of general application limiting the enforcement of creditors' rights in general;
3. equitable remedies, including, without limitation, specific performance and injunctive relief, may be granted only in the discretion of a Court of competent jurisdiction;
4. we are not sufficiently familiar with the details of the relationship between ASCL and AGAHI to know whether any funds were advanced or whether ASCL is indebted to AGAHI;

5. all rights, duties or obligations arising under any of the Security must be exercised and discharged in good faith and in a commercially reasonable manner;
6. we express no opinion as to any clauses in the Security which purport to enable recovery of any costs of enforcement;
7. we express no opinion about the validity of any loans secured by the Security;
8. we express no opinion regarding the existence or priority of municipal liens including for municipal taxes;
9. we express no opinion regarding the creation or perfection of any security interest or other interest in any property to the extent that a security interest or other interest therein is governed by any federal legislation which is paramount to the Personal Property Security Act (Nova Scotia) including, without limitation, any vessel registered under the *Canada Shipping Act* and any rolling stock, patents, trademarks, copyrights and other intellectual property rights;
10. to the extent that the property purported to be charged by the Security includes motor vehicles, trailers, motor homes, boats, outboard motors, aircraft air frames, aircraft engines or propellers ("serial numbered goods") and is not described by serial number in the registration the property may be subject to the right of third parties registered by serial number and in priority to AGAHI;
11. we express no opinion as to the priorities as between the security held by AGAHI and any other security or any other competing claims and we express no opinion as to the validity of any enforcement steps taken or contemplated;
12. without limiting the generality of the foregoing, the priority of the security interests created by the Security are subject to the operation of the laws of Canada and Nova Scotia in effect from time to time creating statutory liens and trusts having priority over registered mortgages, charges and security interests such as those contained in the Security;
13. notwithstanding that registration under the PPSA will perfect a security interest in all forms of collateral to which the Act applies, perfection by possession of certain types of collateral may provide additional rights to a secured party; and
14. in order to maintain the effectiveness of the registrations under the PPSA may be required to undertake certain actions required under the Act including renewing registrations before they expire.

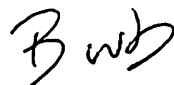
We are not aware of facts that would permit annulment of the Security under s. 95 of the BIA. In particular, we are not aware of information indicating that the persons granting the Security were insolvent at the time they purported to grant security or that the Security was otherwise entered into in fraud of creditor's rights.

This opinion is prepared solely for the benefit of the person to whom this letter is addressed and may not be used or relied on by any other person for any other purpose and may not be quoted from or referred to in any other document or manner without our prior written consent.

We trust you will find the above in order. Should you require anything further please contact me at your convenience.

Yours very truly,

BURCHELL WICKWIRE BRYSON ^{LLP}

A handwritten signature in black ink, appearing to read "B. Wickwire".

MLD/cmd

Enclosures: Property Online printouts
PPSA searches
RJSC printouts

Land Registration View

* Indicates interests inherited on subdivision or re-configuration of parcel

PID	41075649	Parcel Type	STANDARD PARCEL	Status	ACTIVE
Area	4.5 ACRE(S)	Parcel Access	PRIVATE (BY GRANT)	Manag. Unit	MU0805
Lot	LOT F-1	Created	Jan 27, 2003 12:00:00AM		
PDCA Status	APPROVED	Municipal Unit	HALIFAX REGIONAL MUNICIPALITY	Manner of Tenure	NOT APPLICABLE
LR Status	LAND REGISTRATION	LR Date	Jan 10, 2005 02:40:03PM		

Location	County	Primary Location	Source
PAULS POINT ROAD HACKETTS COVE	HALIFAX COUNTY	Yes	Not Assigned by Municipality

Comments
 LOC:[V]
 MAP:05M1249

Assessment Account	Value	Tax District	Tax Ward	Tax Sub
09512977	\$614,200 (2023 COMMERCIAL TAXABLE)	130	000	

[Back to Results](#)
[Details View](#)
[Parcel Archive View](#)
[Map View](#)

Registered Interests

Interest Holder (Qualifier)	Interest Holder Type	Mailing Address	Type	Year	Doc #	Book/Page/Plan	Registration Date	NS Non-Res?
ATLANTIC SEA CUCUMBER LTD.	FEE SIMPLE	19 CAIRNWELL CLOSE HALIFAX NS CA B3P 0A6	DEED	2015	107859804 View Form View Doc		Sep 30, 2015	No

Farm Loan Board - Occupants & Mailing Addresses

Name	Interest Holder Type	Mailing Address
No Records Found		

Benefits to the Registered Interests

Benefit Details	Interest Holder Type	Type	Year	Doc #	Book/Page/Plan	Registration Date
TOGETHER WITH AN EASEMENT/RIGHT OF WAY	EASEMENT / RIGHT OF WAY HOLDER (BENEFIT)	CORRECTION OF AUTHORIZED LAWYER'S ERROR ON CLE	2008	90439838 View Doc		Apr 17, 2008
41230517	SERVIENT TENEMENT PID	CORRECTION OF AUTHORIZED LAWYER'S ERROR ON CLE	2008	90439838 View Doc		Apr 17, 2008

Burdens on the Registered Interests

Interest Holder (Qualifier)	Interest Holder Type	Mailing Address	Type	Year	Doc #	Book/Page/Plan	Registration Date
40035792	EASEMENT/ROW HOLDER (BURDEN) - DOMINANT PID		CORRECTION OF AUTHORIZED LAWYER'S ERROR ON CLE	2008	90439838 View Doc		Apr 17, 2008

Textual Qualifications on Title

Qualifications Text

Tenants in Common not registered pursuant to the Land Registration Act

Interest Holder (Qualifier)	Interest Holder Type	Mailing Address	Type	Year	Doc #	Book/Page/Plan	Registration Date
No Records Found							

Recorded Interests

Interest Holder (Qualifier)	Interest Holder Type	Mailing Address	Type	Year	Doc #	Book/Page/Plan	Registration Date
ATLANTIC GOLDEN AGE HOLDING INC.	MORTGAGEE	212 PAUL'S POINT ROAD HACKETT'S COVE NS CA B3Z 3K7	MORTGAGE	2023	122300339 View Form View Doc		Apr 13, 2023

Parcel Description

All that certain lot, piece or parcel of land, situate lying and being at the end of Pauls Point Road, Hacketts Cove, Halifax County. Said lot being shown as Lot F-1 on a plan of subdivision of Lot D and F, prepared by J. Forbes Thompson N.S.L.S. dated November 1, 2002. Said Lot F-1 being more particularly described as follows.

Beginning at a point on the western side of a 30 foot wide right of way to Pauls Point Road, said point also being the south west corner of Lot F-1 herein described.

Thence by the magnet of the year 1973, North 31 degrees 51 minutes 59 seconds West a distance of 90.46 feet to a point.

Thence North 54 degrees 19 minutes 35 seconds East, a distance of 289.84 feet to the high water mark of a pond.

Thence easterly and northerly following the various courses of the high water mark of said pond, a distance of 600 feet more or less to a point, said point being North 24 degrees 06 minutes 16 seconds East, a distance of 491.20 feet from the last mentioned point.

Thence North 63 degrees 48 minutes 39 seconds East, a distance of 95.61 feet to a point.

Thence North 15 degrees 57 minutes 56 seconds West, a distance of 45.00 feet to the former high water mark of St. Margarets Bay.

Thence northeasterly following the former high water mark, a distance of 101 feet more or less to a point. Said point being North 55 degrees 02 minutes 06 seconds East, a distance of 100.47 feet from the last mentioned point.

Thence South 15 degrees 57 minutes 56 seconds East, a distance of 257.71 feet to a point.

Thence South 74 degrees 02 minutes 04 seconds West, a distance of 95.00 feet to a point.

Thence South 15 degrees, 57 minutes 56 seconds East, a distance of 85.05 feet.

Thence South 15 degrees 44 minutes 57 seconds East, a distance of 298.41 feet to a point.

Thence South 36 degrees 22 minutes 48 seconds East, a distance of 11.97 feet to a point.

Thence South 73 degrees 46 minutes 50 seconds West, a distance of 661.42 feet to the place of beginning.

Together with a right of way, 30 feet wide, leading from the southern boundary of Lot F-1, herein described and passing over Lot E-2, lands of Lloyd R. McRae, to Pauls Point Road, as shown on the above mentioned plan.

Subject to an easement/right of way, 30 feet wide, more fully described on the above-noted plan.

The parcel originates with an approved plan of subdivision that has been filed under the Registry Act or registered under the Land Registration Act at the Land Registration Office for the registration district of Halifax, as plan or document number 35544, in drawer number 390.

Lot F-1 contains an area of 4.5 acres more or less.

Non-Enabling Documents

Inst Type	Inst No	Year	Type	Book/Page	Registration System	Registration Date
Document	111556214 View Doc	2017	NOTICE TO REGISTRAR TO CANCEL SECURITY REQUEST		LAND REGISTRATION	Oct 12, 2017

Non-Enabling Plans

Inst Type	Inst No	Year	Type	Plan Name	Drawer Number	Registration Date
<i>No Non Enabling Plans Found</i>						

AFR Bundles

Inst Type	Inst No	Year	Type	Filing Reference	Instrument Date
Non-Registered	125358	2005	AFR BUNDLE	HC483-03-313275768	Jan 12, 2005

Parcel Relationships

Related PID	Type of Relationship
40304396	PARENT PARCEL NUMBER

- [Back to Results](#)
- [Details View](#)
- [Parcel Archive View](#)
- [Map View](#)

This parcel IS REGISTERED PURSUANT TO THE *Land Registration Act*. The registered owner of the registered interest owns the interest defined in this register in respect of the parcel described in the register, subject to any discrepancy in the location, boundaries or extent of the parcel and subject to the overriding interests [*Land Registration Act* subsection 20(1)].

No representations whatsoever are made as to the validity or effect of recorded documents listed in this parcel register. The description of the parcel is not conclusive as to the location, boundaries or extent of the parcel [*Land Registration Act* subsection 21(1)].

- [Boundary/Area Problem](#)
- [General Problem](#)
- [Municipal Tax Query](#)

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Compression: Off

Land Registration View

* Indicates interests inherited on subdivision or re-configuration of parcel

PID	41211806	Parcel Type	STANDARD PARCEL	Status	ACTIVE
Area	1195.0 SQUARE METERS	Parcel Access	NAVIGABLE WATERWAY	Manag. Unit	MU0805
Lot	PARCEL F-1-I	Created	May 10, 2006 10:41:33AM		
PDCA Status	APPROVED	Municipal Unit	HALIFAX REGIONAL MUNICIPALITY	Manner of Tenure	NOT APPLICABLE
LR Status	LAND REGISTRATION	LR Date	Feb 28, 2009 04:13:47PM		

Location	County	Primary Location	Source
212 PAULS POINT ROAD HACKETTS COVE	HALIFAX COUNTY	Yes	Assigned by Municipality

Comments
 MAP:05M1249
 Infilled Area

Assessment Account	Value	Tax District	Tax Ward	Tax Sub
10199638	\$27,500 (2023 COMMERCIAL TAXABLE)	130	000	

- [Back to Results](#)
- [Details View](#)
- [Parcel Archive View](#)
- [Map View](#)

Registered Interests

Interest Holder (Qualifier)	Interest Holder Type	Mailing Address	Type	Year	Doc #	Book/Page/Plan	Registration Date	NS Non-Res?
ATLANTIC SEA CUCUMBER LTD.	FEE SIMPLE	19 CAIRNWELL CLOSE HALIFAX NS CA B3P 0A6	DEED	2015	107859804 View Form View Doc		Sep 30, 2015	No

Farm Loan Board - Occupants & Mailing Addresses

Name	Interest Holder Type	Mailing Address
No Records Found		

Benefits to the Registered Interests

Benefit Details	Interest Holder Type	Type	Year	Doc #	Book/Page/Plan	Registration Date
No Records Found						

Burdens on the Registered Interests

Interest Holder (Qualifier)	Interest Holder Type	Mailing Address	Type	Year	Doc #	Book/Page/Plan	Registration Date
No Records Found							

Textual Qualifications on Title

Qualifications Text

Tenants in Common not registered pursuant to the Land Registration Act

Interest Holder (Qualifier)	Interest Holder Type	Mailing Address	Type	Year	Doc #	Book/Page/Plan	Registration Date
No Records Found							

Recorded Interests

Interest Holder (Qualifier)	Interest Holder Type	Mailing Address	Type	Year	Doc #	Book/Page/Plan	Registration Date
ATLANTIC GOLDEN AGE HOLDING INC.	MORTGAGEE	212 PAUL'S POINT ROAD HACKETT'S COVE NS CA B3Z 3K7	MORTGAGE	2023	122300339 View Form View Doc		Apr 13, 2023

Parcel Description

PID 41211806

Location: Hacketts Cove
 Municipality/County: Halifax Regional Municipality - Halifax County
 Designation of Parcel on Plan: Parcel F-1-I
 Title of Plan: Plan of Survey Showing Parcel F-1-I, Infilled Crown Land, North of Pauls Point Road, Hacketts Cove, Halifax County, Province of Nova Scotia
 Registration District: Halifax County
 Registration Reference of Plan: Plan No. 92180398
 Registration Date of Plan: November 20, 2008

The parcel (Parcel F-1-I) is an original Crown Grant and is not a subdivision.

Non-Enabling Documents

Inst Type	Inst No	Year	Type	Book/Page	Registration System	Registration Date
Document	92763250 View Doc	2009	ORDER TO REGISTRAR TO REGISTER TO TITLE		REGISTRY OF DEEDS	Feb 13, 2009

Non-Enabling Plans

Inst Type	Inst No	Year	Type	Plan Name	Drawer Number	Registration Date
Plan	92180398 View Plan	2008	RETRACEMENT PLAN	PLAN OF SURVEY SHOWING PARCEL F-1-1 INFILLED CROWN LAND		Nov 20, 2008

AFR Bundles

Inst Type	Inst No	Year	Type	Filing Reference	Instrument Date
<i>No AFR Bundles Found</i>					

Parcel Relationships

Related PID	Type of Relationship
<i>No Related PIDs Found</i>	

[Back to Results](#) [Details View](#) [Parcel Archive View](#) [Map View](#)

This parcel IS REGISTERED PURSUANT TO THE *Land Registration Act*. The registered owner of the registered interest owns the interest defined in this register in respect of the parcel described in the register, subject to any discrepancy in the location, boundaries or extent of the parcel and subject to the overriding interests [*Land Registration Act* subsection 20(1)].

No representations whatsoever are made as to the validity or effect of recorded documents listed in this parcel register. The description of the parcel is not conclusive as to the location, boundaries or extent of the parcel [*Land Registration Act* subsection 21(1)].

[Boundary/Area Problem](#) [General Problem](#) [Municipal Tax Query](#)

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Document Query - Printer Friendly Version

Names Last Name:
 First Name:
 Middle Name:
 Query exact? NO
 Enterprise Name: ATLANTIC SEA CUCUMBER
 Query exact? NO
 Search for: GRANTORS (AGAINST)
 Registration System: REGISTRY OF DEEDS

Select Search Category(s)
 Grantor/Grantee Index: YES
 General Powers of Attorney: YES
 Judgments: YES
 Code:
 Include Name Changes: YES

Documents Document #:
 Prefix:
 Suffix:
 Book:
 Page:

Search Options County: HALIFAX COUNTY
 Date Range: 1749-01-01 to 2023-06-22
 Mode: Replace

Document Search Results (for HALIFAX COUNTY - Data current from 1749 to Doc. 122632319 registered on 2023/06/21 11:20) (for GRANTORS searched as of 2023/06/22 14:18)

1 Records, 1 Selected, Query Type - Replace

Sel	Grantor (Against)	Grantee (ATS)	Reg Date	Book/Page	Document #	Instr Type	Exp Date	Location
YES	ATLANTIC SEA CUCUMBER LTD	WEIHAI TAIWEI HAIYANG AQUATIC FOOD CO LTD	2023-04-28	/	122363659	JUDGMENT	2028-04-13	

The following sort rules are used for Parcel and GGI Name Searches:

Person Names:	Company Names:
- Spaces and Apostrophes in last names are ignored.	- All spaces and other non-alpha or non-numeric characters (#, (,), &, -etc.) are ignored.
- Searches for either Mc or Mac will return either	

variation.

ORIGINAL

Form 46

Purpose: To record a judgment in the judgment roll by recording a Certificate of Judgment executed by the prothonotary

(Instrument code: 707)

Registration district: Halifax County

Submitter's user number: 18948

Submitter's name: Chika Chiekwe

Cox & Palmer

Court file #	Hfx No. 507676
Name of court	Supreme Court of Nova Scotia

For Office Use



Between:

Weihai Taiwei Haiyang Aquatic Food Co. Ltd.

and

Atlantic Sea Cucumber Ltd.

COURT ADMINISTRATION OFFICE

APR 18 2023 Plaintiff

HALIFAX, N.S.

Defendants

Judgment creditor information

Name (must include first and last name; must include middle name or initial if available):

-Or-

Company name: Weihai Taiwei Haiyang Aquatic Food Co. Ltd

Address (must include a valid Canada Post mailing address where judgment creditor can be served, and must include the civic address if available):

Mailing address:				
	PO Box:	2380	Town	Halifax
	Province	Nova Scotia		Postal Code B3J 3E5
Civic address: (if different from mailing address)	Street name and number	1500-1625 Grafton Street		
	Town: Halifax	Province:	Nova Scotia	

Name of lawyer (must be included if the creditor is/was represented): John T. Boyle

Other information (must include at least one other piece of information that tends to distinguish the judgment creditor from all others): Attention: Lv Lin

Judgment debtor information

Name (must include first and last name; must include middle name or initial if available):

Company: Atlantic Sea Cucumber Limited

Mailing address:	Address	212 Paul's Point Road	Town	Hacketts Cove
	Province	Nova Scotia	Postal Code	B3Z 3K7
Civic address (if different from mailing address)	Street name and number			
	Town		Province	

Name of lawyer (must be included if the debtor is/was represented): Jeff Aucoin

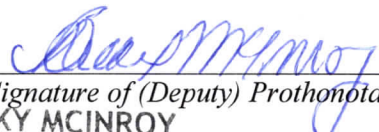
Other information (must include at least one other piece of information that tends to distinguish the judgment debtor from all others): Defendant named in the Supreme Court Action Hfx No. 507676.

Debt	\$986,256.75 USD
Interest	\$205,693.71 CAD
Costs	\$76,850.45 CAD
Disbursements	\$6,738.86 CAD
Judgment	\$986,256.75 USD + 289,283.02 CAD

I hereby certify that judgment has been entered in the above-noted action for the creditor **Weihai Taiwei Haiyang Aquatic Food Co. Ltd.** against the debtor **Atlantic Sea Cucumber Limited** for \$986,256.75 USD debt, \$205,693.71 CAD interest, \$76,850.45 CAD costs of suit, and \$6,738.86 CAD disbursements for a total of \$986,256.75 USD + 289,283.02 CAD.

I further certify that the foregoing is a true abstract of the original judgment in the above-noted action, entered in the records of the court at Halifax, which judgment was duly signed on April 13, 2023.

Given under seal of the Court at Halifax on April 18, 2023.


Signature of (Deputy) Prothonotary
BECKY MCINROY
Deputy Prothonotary

May 4, 2009
*10037939/00009/4842391/v1

(Insert name, address and contact information for lawyer/individual recording the judgment.)

Name: _____ Chika G. Chiekwe

Address: _____ Cox & Palmer
1500-1625 Grafton Street
PO Box 2380 Stn Central RPO
Halifax, NS B3J 0E8

Phone: _____ (902) 491-4158

E-mail: _____ cchiekwe@coxandpalmer.com

Fax: _____ (902) 421-3130

ATLANTIC SEA CUCUMBER LTD.

[Profile](#) [Relationships](#) [Events \(7\)](#)

Reg. Number

3289653

Reg. Name

ATLANTIC SEA CUCUMBER LTD.

Type

Limited Company

Status

Active

Effective Date

26-May-2015

Registered on

20-May-2015

Next Annual Return

31-May-2023

Addresses

Reg. Address

212 PAUL'S POINT ROAD, HACKETTS COVE, NOVA SCOTIA, B3Z 3K7, CANADA

Mailing Address

212 PAUL'S POINT ROAD, HACKETTS COVE, NOVA SCOTIA, B3Z 3K7, CANADA

[Documents \(14\)](#) [Reports \(4\)](#)

Type to filter

Company Annual Renewal Statement (SR296987)

Registered on: 17-Nov-2022, Effective from: 17-Nov-2022

Standard \$12.45

Certified \$12.45

Company Annual Renewal Statement (SR57521)

Registered on: 24-May-2021, Effective from: 24-May-2021

Standard \$12.45

ATLANTIC SEA CUCUMBER LTD.

[Profile](#) [Relationships](#) [Events \(7\)](#)

Name: [SONGWEN GAO](#)

Relationship: Director

Effective From: 20-Dec-2016

Name: [SONGWEN GAO](#)

Relationship: Officer(President, Secretary)

Effective From: 20-Dec-2016

Name: [ETHAN KIM \(5991 SPRING GARDEN ROAD, SUITE 300, HALIFAX, NOVA SCOTIA, B3H 1Y6, CANADA.\)](#)

Relationship: Recognized Agent

Effective From: 13-Jun-2018

[Documents \(14\)](#) [Reports \(4\)](#)

Type to filter

Company Annual Renewal Statement (SR296987)

Registered on: 17-Nov-2022, Effective from: 17-Nov-2022

Standard \$12.45

Certified \$12.45

Company Annual Renewal Statement (SR57521)

Registered on: 24-May-2021, Effective from: 24-May-2021

Standard \$12.45

This report lists registrations in the Personal Property Registry that match the following search criteria:

Province or Territory Searched: Nova Scotia
Type of Search: Debtors (Enterprise)
Search Criteria: Atlantic Sea Cucumber Ltd.
Date and Time of Search (YYYY-MM-DD hh:mm): 2023-06-19 14:41 (Atlantic)
Transaction Number: 24477903
Searched By: D194041

The following table lists records that match the Debtors (Enterprise) you specified.

Exact	Included	Original Registration Number	Enterprise Name	Place
*	*	37085685	ATLANTIC SEA CUCUMBER LTD.	HACKETTS COVE
*	*	37551231	Atlantic Sea Cucumber Ltd.	Halifax
	*	37759958	Atlantic Sea Cucumber Limited	Hacketts Cove
	*	37065851	ATLANTIC SEA CUCUMBER LTD	HACKETTS COVE

An '*' in the 'Exact' column indicates that the Debtor (Enterprise) exactly matches the search criteria.

Included Column Legend

- An asterisk (*) in the 'Included' column indicates that the registration's details are included within the Search Result Report.

Registration Counts

- 2 registration(s) contained information that **exactly** matched the search criteria you specified.

- 2 registration(s) contained information that **closely** matched the search criteria you specified.

When reviewing the registrations below, note that a registration which has expired or been discharged within the last 30 days can still be re-registered by the secured party.

All registration date/time values are stated in Atlantic Time.

For more information concerning the Personal Property Registry, go to www.acol.ca

Registration Details for Registration Number: 37085685

Province or Territory: Nova Scotia
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	37085685	2022-11-14 13:58	2027-11-14	50833719

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
 ATLANTIC SEA CUCUMBER LTD.
 212 PAULS POINT RD
 HACKETTS COVE NS B3Z 3K7
 Canada

Secured Parties

Type: Enterprise
 Royal Bank Of Canada
 7101 Parc Avenue, 5th Floor
 Montreal QC H3N 1X9
 Canada

General Collateral

All of the Debtor's present and after-acquired personal property except for consumer goods and all proceeds thereof, including, without limitation, all of the Debtor's personal and after-acquired personal property.

Registration Details for Registration Number: 37551231

Province or Territory: Nova Scotia
 Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	37551231	2023-03-14 14:59	2033-03-14	OC2023150-000 01

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
 Atlantic Sea Cucumber Ltd.
 Gao, Songwen
 19 Cairnwell Close
 Halifax NS B3P 0A6
 Canada

Secured Parties

Type: Enterprise
 Atlantic Golden Age Holding Inc.
 Gao, Songwen
 212 Paul's Point Road

Hackett's Cove NS B3C 3K7
Canada
Phone #: 902-823-9998

General Collateral

Atlantic Sea Cucumber Ltd. (hereinafter, the "Grantor"), grants to the Lender a continuing security for all of the Grantor's indebtedness, obligations and liabilities of any kind and nature (including without limitation, all principal, interest and other amounts owing by it and its indemnity obligations) arising from the Loan Agreement dated January 2, 2018, now or hereafter existing, direct or indirect, absolute or contingent, matured or un-matured, joint or several, whenever and however incurred whether as principal or surety, in any currency together with all fees and expenses (including legal fees on a full indemnity basis) incurred by the Lender, its receiver, receiver and/or manager or agent in the preparation, negotiation, perfection, renewal and enforcement of security or other agreements held by the Lender in respect of such indebtedness, obligations or liabilities (collectively, the "Obligations"), the Grantor hereby grants to the Lender, by way of pledge, mortgage, charge, assignment, hypothecation and transfer, a security interest (the "Security Interest") in the following (collectively, the "Collateral"):

(a) all present and future inventory of the Grantor of whatever kind and wherever situate, including all of its present and future raw materials, materials used or consumed in its business, work-in-progress, finished goods, goods used for packing and goods acquired or held for sale or lease or that have been leased or furnished or that are to be furnished under contracts of rental or service, and all accessions to any of the foregoing, including all spare parts and accessories installed in or affixed or attached to any of the foregoing;

(b) all present and future equipment of the Grantor of whatever kind and wherever situate, including all of its present and future machinery, fixtures, plant, tools, apparatus, furniture, vehicles of any nature, kind or description, and all accessions to any of the foregoing, including all spare parts and accessories installed in or affixed or attached to any of the foregoing, and all drawings, books, records, documents, specifications, plans and manuals relating to any of the foregoing;

(c) all present and future intangibles of the Grantor, including all of its present and future accounts and other amounts receivable, dues, claims, book debts, contractual rights, goodwill, intellectual property (including patents, trademarks, copyrights, trade styles, logos, technology, trade secrets, inventions, industrial designs which the Grantor now or in the future has any right, title or interest, collectively, the "Intellectual Property") and choses in action of every nature and kind however arising (including letters of credit, guarantees and advices of credit which are now due, owing or accruing or coming due to or owned by or which may hereafter become due, owing or accruing or growing due to or owned by the Grantor);

(d) all present and future money, deeds, agreements, documents, instruments, writings, papers, books of account and other books relating to or being records of accounts, chattel paper or documents of title of the Grantor;

(e) all present and future investment property and financial assets of the Grantor, including securities, shares, options, rights, warrants, joint venture interests, interests in limited partnerships, trust units, bonds, debentures, any property that is held by a securities intermediary for the Grantor, any credit balances in a securities account and all records and documents which constitute evidence of any share, unit, participation, or other interest of the Grantor in property or in an enterprise or which constitute evidence of an obligation of an issuer, together with all accretions thereto, all substitutions therefore, all rights, entitlements, claims, dividends and income derived therefrom (collectively, the "Investment Collateral");

(f) all present and future real property, personal property, moveable or immoveable property, assets, and undertaking of the Grantor of any nature or kind, including all real property, personal property, assets and undertaking at any time owned (beneficially or legally), leased or licensed by the Grantor or in which the Grantor at any time has any right or interest or to which the Grantor is or may at any time become entitled; and

(g) all present and future proceeds arising from any or all of the property, assets and undertaking of the Grantor referred to in this section 1, including insurance proceeds, expropriation compensation and any other payment representing indemnity or compensation for loss of or damage thereto.

Registration Details for Registration Number: 37759958

Province or Territory: Nova Scotia

Registration Type: Creditors' Relief Act Notice of Judgment

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	37759958	2023-04-27 16:34	2028-04-27	10045557.00001

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Court Information

Registration Number	Amount	Judgment Date	Court File Number	Court
37759958	1660574.41	2023-04-18	Hfx No. 507676	Supreme Court of Nova Scotia

Judgment Debtors

Type: Enterprise
 Atlantic Sea Cucumber Limited
 212 Paul's Point Road
 Hacketts Cove NS B3Z 3K7
 Canada

Judgment Creditors

Type: Enterprise
 Weihai Taiwei Haiyang Aquatic Food Co. Ltd
 1500-1625 Grafton Street
 Halifax NS B3J 0E8
 Canada

General Collateral

All present and after acquired personal property. / Tous les biens personnels actuels ou acquis ultérieurement.

Registration Details for Registration Number: 37065851

Province or Territory: Nova Scotia

Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	37065851	2022-11-08 16:40	2027-11-08	

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
ATLANTIC SEA CUCUMBER LTD
212 PAUL'S POINT RD
HACKETTS COVE NS B3Z3K7
Canada

Secured Parties

Type: Enterprise
AP CANADA FUND 1 INC
100 KING STREET WEST
TORONTO ON M5X1C9
Canada

General Collateral

ACCOUNTS
ACCOUNTS ARE SOLD UNDER THE TERMS OF A RECEIVABLES FINANCE AGREEMENT

END OF REPORT

Appendix C

Cash Flow Variance Analysis

Atlantic Sea Cucumber Ltd.

**Variance Analysis - Cash Flow Projections vs. Actual
(in CAD\$)**

For The Period From May 01 to June 30, 2023

	Projected	Actual	Variance	Notes
Cash-in				
Sales (collection of receivables / cash sales)	\$ 400,000	\$ 285,019	\$ (114,981)	A
	-	-		
	A 400,000	285,019	(114,981)	
Cash-out				
Payroll and source deductions	56,000	49,210	6,790	
Advertising	10,000	13,965	(3,965)	
Insurance	8,000	15,092	(7,092)	
Interest and bank charges	7,000	511	6,489	
License and dues	200	83	117	
Meals and entertainment	-	-	0	
Office and administration	2,800	1,498	1,302	
Professional fees	49,000	26,933	22,067	B
Property taxes	6,200	6,124	76	
Repairs and maintenance	10,500	7,007	3,493	
Salaries and benefits	54,000	31,235	22,765	A
Supplies	4,000	369	3,631	
Telephone	1,000	1,263	(263)	
Utilities	12,100	12,588	(488)	
Inventory-Dried WHC	-	-	0	
Inventory-Frozen	154,000	74,816	79,184	A
Inventory-supplies	7,000	-	7,000	
Legal fees	50,000	10,229	39,772	B
	B 431,800	250,922	180,878	
		-		
Net Cash Flow	C=A-B -31,800	34,097	65,897	
Opening Cash	D 50,000	50,075	75	
Closing Cash	E=C+D \$ 18,200	\$ 84,172	\$ 65,972	

Notes:

A - Sales orders from China were lower than anticipated, however, production costs (direct labour and sea cucumber purchases) were proportionally lower over the last two months. The Company expects to negotiate a significant sales order, which will increase production volumes in the coming months.

B - Timing difference related to receipt and payment of invoices for legal fees - expected to reverse in coming month.

Appendix D

Revised Cash Flow Forecast

In the Matter of the Notice of Intention to Make a Proposal of Atlantic Sea Cucumber Ltd.

REVISED Projected Monthly Cash Flow Statement (in CAD\$)

For the 6-month period ending October 31, 2023

	Notes	Jul-2023	Aug-2023	Sep-2023	Oct-2023	Total
Cash Inflows						
Sales	[1]	200,000	200,000	200,000	200,000	800,000
Total Cash Inflows		200,000	200,000	200,000	200,000	800,000
Cash Outflows						
Operating Cash Disbursements						
Payroll		4,000	4,000	12,000	20,000	40,000
Advertising		6,000	6,000	6,000	6,000	24,000
Insurance		4,000	4,000	4,000	4,000	16,000
Interest and bank charges		3,500	3,500	3,500	3,500	14,000
License and dues		600	2,000		2,000	4,600
Meals and entertainment		500	500		500	1,500
Office and administration		2,200	22,064	2,000	500	26,764
Property taxes		3,500	3,500	3,500	3,500	14,000
Repairs and maintenance		200	3,860	6,000	2,000	12,060
Salaries and benefits		10,000	10,000	27,000	27,000	74,000
Supplies		500	1,000	1,000	1,000	3,500
Telephone		500	500	500	500	2,000
Utilities		9,070	2,000	7,000	7,000	25,070
Inventory-Dried WHC		40,000	272,000			312,000
Inventory-Frozen	[2]	70,481				70,481
Inventory-supplies					62,314	62,314
Shipping and storage		4,639				4,639
WCB		8,884				8,884
		168,574	334,924	72,500	139,814	715,812
Non-Operating Cash Disbursements						
Professional Fees (Monitor, Monitor's Legal Counsel, Company's Legal Counsel)		100,000	100,000	100,000	25,000	325,000
Total Cash Outflows		268,574	434,924	172,500	164,814	1,040,812
Net Cash Flow		(68,574)	(234,924)	27,500	35,186	(240,812)
Opening Cash		84,172	15,598	15,076	27,500	84,172
Net Cash Flow		(68,574)	(234,924)	27,500	35,186	(240,812)
DIP Financing			250,000			250,000
Ending Cash		15,598	15,076	27,500	35,186	9,188

Notes

1. The sales are primarily based upon an order from Sam's Club. Sales volumes fluctuates on a month-to-month basis, but on average Management believes sales receipts are achieved.
2. The frozen material payment will be paid when the next container is coming.

This Statement of Projected Cash Flow of Atlantic Sea Cucumber Ltd. is prepared in accordance with Section 50.4(2) of the *Bankruptcy and Insolvency Act* and should be read in conjunction with the Report on Cash Flow Statement by the Company Making the Proposal and the Trustee's Report on Cash Flow Statement

Dated the 11th day of July, 2023.

Atlantic Sea Cucumber Ltd.

Appendix E

Consent to Act as Monitor

**SUPREME COURT OF NOVA SCOTIA
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF THE PLAN OF COMPROMISE OR ARRANGEMENT OF
ATLANTIC SEA CUCUMBER LTD.**

CONSENT TO ACT AS MONITOR

msi Spergel Inc., hereby consents to act as court-appointed monitor in these proceedings of Atlantic Sea Cucumber Ltd., if so appointed by this Honourable Court.

DATED at the City of Halifax, in the Province of Nova Scotia, this 11th day of July, 2022.

msi Spergel Inc.



Per: _____

Sean MacNeil
Licensed Insolvency Trustee