

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE) THURSDAY, THE 27th
JUSTICE CONWAY) DAY OF MAY, 2021

B E T W E E N :

FIRST COMMERCIAL BANK

Applicant

- and -

ZM GLOBAL INC. AND HONG LOU XU (a/k/a HONGLOU XU)

Respondents

**IN THE MATTER OF THE RECEIVERSHIP OF
ZM GLOBAL INC. AND HONG LOU XU (a/k/a HONGLOU XU)**

AND IN THE MATTER OF AN APPLICATION UNDER section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C., 1985, c. B-3 as amended, and section 101 of the *Courts of Justice Act*, RSO 1990, c C.43, as amended

ORDER

THIS MOTION made by msi Spergel inc. (“**Spergel**”) in its capacity as the Court-appointed receiver (in such capacity, the “**Receiver**”) of, among other property, all of the assets, undertakings and properties of ZM Global Inc. and Hong Lou Xu (a/k/a Honglou Xu) (together, the “**Debtors**”), and all proceeds thereof, was heard this day by videoconference at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion and the Report of the Receiver dated May 12, 2021 and the appendices thereto (the “**First Report**”), and on hearing the submissions of counsel for the Receiver and the applicant, First Commercial Bank (“**FCB**”), and such other counsel who were present, no one else appearing for any other person on the service list, although duly served as appears from the affidavit of Mitchell Stephenson sworn May 13, 2021, filed:

SERVICE

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

REPORT AND ACTIVITIES OF THE RECEIVER

2. THIS COURT ORDERS that the First Report, and the conduct and activities of the Receiver described therein, be and are hereby approved, provided, however, that only the Receiver, in its personal capacity only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approval.

INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

3. THIS COURT ORDERS that the Receiver’s interim statement of receipts and disbursements for the period from January 15, 2021 to April 30, 2021, as set out in the First Report, be and is hereby approved.

FEES AND DISBURSEMENTS

4. THIS COURT ORDERS that the fees and disbursements of the Receiver and of its legal counsel, Fasken Martineau DuMoulin LLP (“**Fasken**”) and MacDonald Sager Manis LLP , for the period from January 15, 2021 to May 7, 2021, in the total amount of \$46,551.95, \$22,666.78 and \$1,500.00, respectively, as set out in the First Report and in Appendices “12”, “13” and “14” thereto, be and are hereby approved.

5. THIS COURT ORDERS that the anticipated further fees and disbursements of the Receiver and Fasken in connection with the completion by the Receiver of its remaining duties and administration of this receivership proceeding, estimated not to exceed \$100,000 (the “**Remaining Fees and Disbursements**”), all as set out in the First Report, be and are hereby approved, and that the Receiver and Fasken shall not be required to pass their accounts in respect of any further activities in connection with the administration of this receivership proceeding.

6. THIS COURT ORDERS that, if the Remaining Fees and Disbursements exceed the above estimate, the Receiver shall be authorized to pay those Remaining Fees and Disbursements with either (i) the consent of FCB or (ii) pursuant to a further Order of the Court.

SEALING

7. THIS COURT ORDERS that the confidential appendices to the First Report, being Confidential Appendices “1”, “2” and “3”, shall be sealed and shall not form part of the public record pending the closing of the sale transaction contemplated by an agreement of purchase and sale between the Receiver and 1759364 Ontario Ltd. dated as of April 7, 2021 (the “**Transaction**”) or further Order of the Court.

DISTRIBUTION

8. THIS COURT ORDERS AND DIRECTS that, subject to the payment of the fees and disbursements herein approved by paragraphs 4, 5 and 6 of this Order, the Receiver be and is hereby authorized and directed to distribute to FCB, or as it may in writing direct, first in repayment of the Receiver's borrowing from FCB and then in partial satisfaction of FCB's secured claims against the Debtors such amounts as the Receiver may determine from time to time are available for distribution to FCB without further Order of the Court until the Receivership Termination Time (as defined below), provided the aggregate distributions to FCB do not exceed the sum of the Receiver's borrowing from FCB and the secured indebtedness owed to FCB by the Debtors. For greater clarity, notwithstanding anything in this Order, FCB shall retain all of its claims, rights and remedies against the Debtors in respect of any indebtedness owed to FCB by the Debtors that has not been satisfied by distributions made in accordance with this paragraph 8.

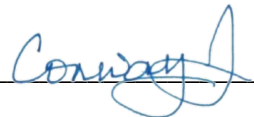
DISCHARGE AS RECEIVER

9. THIS COURT ORDERS that, upon the Receiver filing a certificate substantially in the form attached hereto as Schedule "A" (the "**Receiver's Discharge Certificate**") certifying that the distributions set out in paragraph 8 of this Order have been made, the investigation into the Dispositions (as defined in the First Report) has concluded or been discontinued by the Receiver in consultation with FCB, and that the Receiver has completed the other activities described in the First Report, Spergel shall be discharged as Receiver effective as of the date and time set out in the Receiver's Discharge Certificate (the "**Receivership Termination Time**"), provided, however, that notwithstanding its discharge herein (i) the Receiver shall remain

Receiver for the performance of such incidental duties as may be required to complete the administration of the receivership herein and (ii) the Receiver shall continue to have the benefit of the provisions of all Orders made in this proceeding, including all approvals, protections and stays of proceedings in favour of Spergel in its capacity as Receiver.

10. THIS COURT ORDERS AND DECLARES that Spergel be and is hereby released and discharged from any and all liability that Spergel now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of Spergel while acting in its capacity as Receiver herein, save and except for any gross negligence or wilful misconduct on the Receiver's part. Without limiting the generality of the foregoing, Spergel is hereby forever released and discharged from any and all liability relating to matters that were raised, or which could have been raised, in the receivership proceedings, save and except for any gross negligence or wilful misconduct on the Receiver's part.

11. THIS COURT ORDERS that the Receiver's Charge and the Receiver's Borrowing Charge (as defined in the Order of the Honourable Justice McEwen dated January 15, 2021) shall be terminated, released and discharged at the Receivership Termination Time.

A handwritten signature in blue ink, appearing to read "Conway", is written over a horizontal line.

Schedule “A” – Form of Receiver’s Discharge Certificate

Court File No. CV-20-00654057-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N :

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Applicant

- and -

ZM GLOBAL INC. AND HONG LOU XU (a/k/a HONGLOU XU)

Respondents

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RECEIVER’S DISCHARGE CERTIFICATE

RECITALS

A. msi Spergel inc. (“**Spergel**”) was appointed as Court-appointed receiver (in such capacity, the “**Receiver**”) of, among other property, all of the assets, undertakings and properties of ZM Global Inc. and Hong Lou Xu (a/k/a Honglou Xu) (together, the “**Debtors**”), and all proceeds thereof (collectively referred to herein as the “**Property**”) pursuant to the Order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated January 15, 2021;

B. Pursuant to an Order of the Court dated May 27, 2021 (the “**Receivership Termination Order**”) the Receiver shall be discharged as Receiver of the Property upon the filing of this Receiver’s Discharge Certificate with the Court;

C. Unless otherwise indicated herein, capitalized terms used in this Receiver’s Discharge Certificate shall have the meanings ascribed thereto in the Receivership Termination Order.

THE RECEIVER CERTIFIES the following:

1. The distributions contemplated at paragraph 8 of the Receivership Termination Order have been made.
2. The Receiver has completed the activities in connection with the receivership proceeding described in the First Report, including, without limitation, the Transaction and the investigation into the Dispositions (as defined in the First Report).
3. Accordingly, the Receivership Termination Time has occurred.
4. This Certificate was delivered by the Receiver at _____ on _____, 20__.

**msi Spergel inc., in its capacity as Receiver of,
among other property, all of the assets,
undertakings and properties of ZM Global
Inc. and Hong Lou Xu (a/k/a Honglou Xu),
and not in its personal capacity**

Per: _____

Name:

Title:

FIRST COMMERCIAL BANK

Applicant

-and- ZM GLOBAL INC. AND HONG LOU XU (a/k/a HONGLOU XU)

Respondents

Court File No. CV-20-00654057-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE**

**Proceeding commenced at
Toronto**

ORDER

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Lawyers for msi Spergel inc., in its capacity as Court-
appointed receiver