

SUPREME COURT
OF BRITISH COLUMBIA
VANCOUVER REGISTRY

FEB 04 2025

H-250150

No.
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

PETERSON INVESTMENT GROUP INC.

PETITIONER

AND:

1076255 B.C. LTD., LIGHTSTONE DEVELOPMENT LTD.,
1082463 B.C. LTD., 1218548 B.C. LTD., GOLD COAST
INDUSTRIES LTD., XIAO SONG ZHENG, XIAO LI, YING ZHENG
YU, BLUESHORE LEASING LTD., GOULD LEASING LTD.,
LI JIANG, BEI CHEN, QING SU, JIDE LIU, 686912366
INVESTMENT LTD., LEI BUN LEUNG, XIAO LIAN ZHANG,
JOHNSON RUI LEUNG, JON KIT LEUNG, KAREN LEUNG,
SHUN FENG INVESTMENT LTD., LIWEI SUN and
12503343 B.C. LTD.

RESPONDENTS

PETITION TO THE COURT

Rule 22-3 of the Supreme Court Civil Rules applies to all forms.

ON NOTICE TO:

1076255 B.C. Ltd.
1530 – 1200 West 73rd Ave
Vancouver, BC V6P 6G5

Lightstone Development Ltd.
1530 – 1200 West 73rd Ave
Vancouver, BC V6P 6G5

1082463 B.C. Ltd
1530 – 1200 West 73rd Ave
Vancouver, BC V6P 6G5.

1218548 B.C. Ltd.
1530 – 1200 West 73rd Ave
Vancouver, BC V6P 6G5

Gold Coast Industries Ltd.
2900 – 733 Seymour Street
PO Box 1
Vancouver, BC V6B 0S6

Xiao Song Zheng
6261 Adera Street
Vancouver, BC V6M 3J5

Xiao Li
6261 Adera Street
Vancouver, BC V6M 3J5

Ying Zheng Yu
1988 Western Parkway
Vancouver, BC V6T 1V5

Blueshore Leasing Ltd.
1250 Lonsdale Ave

Gould Leasing Ltd.
1220 Yonge Street, Suite 201

North Vancouver, BC V7M 2H6
Li Jiang
8471 Laidmore Road
Richmond, BC V7C 2B4

Qing Su
803 – 6833 Buswell St.
Richmond, BC V6Y 0L3

686912366 Investment Ltd.
6869 Frederick Ave
Burnaby, BC V5J 3X8

Xiao Lian Zhang
2579 23rd Ave E
Vancouver, BC V5R 1A3

Jon Kit Leung
2579 23rd Ave E
Vancouver, BC V5R 1A3

Shun Feng Investment Ltd.
C/O Lawson Lundell
1600 – 925 West Georgia Street
Vancouver, BC, V6C 3L2

12503343 B.C. Ltd.
c/o The Cao law Corporation
#1 – 4180 Dunbar Street
Vancouver, BC V6S 2E7

Toronto, ON M4T 1W1
Bei Chen
5109 – 511 Garden City Road
Richmond, BC V6Y 0L3

Jide Liu
6160 Azure Road
Richmond, BC V7C 2P1

Lei Bun Leung
2579 23rd Ave E
Vancouver, BC V5R 1A3

Johnson Rui Leung
2579 23rd Ave E
Vancouver, BC V5R 1A3

Karen Leung
2579 23rd Ave E
Vancouver, BC V5R 1A3

Liwei Sun
c/o The Cao law Corporation
#1 – 4180 Dunbar Street
Vancouver, BC V6S 2E7

The address of the registry is: 800 Smithe Street, Vancouver, BC V6Z 2E1

The petitioner estimates that the hearing of the petition will take one hour.

☒ This matter is not an application for judicial review.

This proceeding is brought for the relief set out in Part 1 below, by:

☒ Peterson Investment Group Inc. (“**Peterson**” or the “**Petitioner**”)

If you intend to respond to this proceeding, you or your lawyer must

- file a response to petition in Form 67 in the above-named registry of this court within the time for response to petition described below, and
- serve on the petitioner(s)

- 2 copies of the filed response to petition, and
- 2 copies of each filed affidavit on which you intend to rely at the hearing.

Orders, including orders granting the relief claimed, may be made against you, without any further notice to you, if you fail to file the response to petition within the time for response.

Time for response to petition

A response to petition must be filed and served on the petitioner(s),

- (a) if you were served with the petition anywhere in Canada, within 21 days after that service,
- if you were served with the petition anywhere in the United States of America, within 35 days after that service,
- if you were served with the petition anywhere else, within 49 days after that service, or
- if the time for response to petition has been set by order of the court, within that time.

The ADDRESS FOR SERVICE of the petitioner(s) is: Colin D. Brousson & Arad Mojtahedi
DLA Piper (Canada) LLP
Barristers & Solicitors
Suite 2700
1133 Melville Street
Vancouver, BC V6E 4E5

Fax number address for service (if any):

E-mail address for service (if any): colin.brousson@ca.dlapiper.com ;
arad.mojtahedi@ca.dlapiper.com

The name and office address of petitioner's lawyer is: Colin D. Brousson & Arad Mojtahedi
DLA Piper (Canada) LLP
Barristers & Solicitors
Suite 2700
1133 Melville Street
Vancouver, BC V6E 4E5

CLAIM OF THE PETITIONER(S)

Part 1: ORDER(S) SOUGHT

1. An Order substantially in the form attached as **Schedule "A"** seeking the following:

- (a) a Declaration that a Mortgage and Assignment of Rents dated October 19, 2022 (the "**Mortgage**"), which was registered in the New Westminster Land Title Office on October 20, 2022, under registration numbers CB293126 and CB293127, is a charge on the following lands and premises:

Residential Units located at 2096 47th Avenue West, Vancouver, BC, legally described as District Lot 526 Group 1 New Westminster District Strata Plan EPS9999:

- (i) PID: 032-299-508, Strata Lot 3;
- (ii) PID: 032-299-524, Strata Lot 5;
- (iii) PID: 032-299-532, Strata Lot 6;
- (iv) PID: 032-299-541, Strata Lot 7;
- (v) PID: 032-299-559, Strata Lot 8;
- (vi) PID: 032-299-567, Strata Lot 9;
- (vii) PID: 032-299-575, Strata Lot 10;
- (viii) PID: 032-299-605, Strata Lot 13;
- (ix) PID: 032-299-621, Strata Lot 15;
- (x) PID: 032-299-648, Strata Lot 17;
- (xi) PID: 032-299-656, Strata Lot 18;
- (xii) PID: 032-299-664, Strata Lot 19;
- (xiii) PID: 032-299-672, Strata Lot 20;

- (xiv) PID: 032-299-729, Strata Lot 25;
- (xv) PID: 032-299-737, Strata Lot 26;
- (xvi) PID: 032-299-745, Strata Lot 27;
- (xvii) PID: 032-299-761, Strata Lot 29;
- (xviii) PID: 032-299-800, Strata Lot 33;
- (xix) PID: 032-299-818, Strata Lot 34;
- (xx) PID: 032-299-842, Strata Lot 37;
- (xxi) PID: 032-299-851, Strata Lot 38;
- (xxii) PID: 032-299-869, Strata Lot 39;
- (xxiii) PID: 032-299-907, Strata Lot 43;
- (xxiv) PID: 032-299-931, Strata Lot 46;

Commercial Units located at District Lot 526 Group 1 New Westminster District
Strata Plan EPS9998:

- (i) PID: 032-299-958, Strata Lot 1, Civic address: 2092 47th Avenue West,
Vancouver, BC;
- (ii) PID: 032-299-966, Strata Lot 2, Civic address: 2094 47th Avenue West,
Vancouver, BC;
- (iii) PID: 032-299-974, Strata Lot 3, Civic address: 6306 East Boulevard,
Vancouver, BC;
- (iv) PID: 032-299-982, Strata Lot 4, Civic address: 6316 East Boulevard,
Vancouver, BC;
- (v) PID: 032-299-991, Strata Lot 5, Civic address: 6326 East Boulevard,
Vancouver, BC;

- (vi) PID: 032-300-000, Strata Lot 6, Civic address: 6336 East Boulevard, Vancouver, BC;
- (vii) PID: 032-300-018, Strata Lot 7, Civic address: 6346 East Boulevard, Vancouver, BC;
- (viii) PID: 032-300-026, Strata Lot 8, Civic address: 6350 East Boulevard, Vancouver, BC;
- (ix) PID: 032-300-034, Strata Lot 9, Civic address: 6370 East Boulevard, Vancouver, BC;
- (x) PID: 032-300-042, Strata Lot 10, Civic address: 6390 East Boulevard, Vancouver, BC;
- (xi) PID: 032-300-051, Strata Lot 11, Civic address: 2099 48th Avenue West, Vancouver, BC;

(collectively, the "**Lands**"), which ranks in priority to the interests in the Lands of the Respondents and the heirs, executors, administrators, successors and assigns of the Respondents and all persons claiming by, through or under them;

- (b) a Declaration that the Mortgage is in default;
- (c) a Summary Accounting of the amount of money due and owing to the Petitioner pursuant to the Mortgage and a declaration of the amount of money required to redeem the Lands (the "**Amount Required to Redeem**");
- (d) an Order that the redemption period be set at one (1) week;
- (e) an Order that, on the Amount Required to Redeem being paid into Court or to the lawyers for the Petitioner prior to the pronouncement of Order Absolute or an Order approving a sale of the Lands, then the Petitioner shall reconvey the Lands free and clear of encumbrances in favour of the Petitioner or by any person claiming by, through or under the Petitioner, to the Respondents who made payment;
- (f) an Order that, if the Lands are not redeemed prior to the expiration of the redemption period, the Petitioner shall then be at liberty to apply for an Order

Absolute, and on pronouncement of Order Absolute the Respondents, and the heirs, executors, administrators, successors and assigns of the Respondents, and all persons claiming by, through or under them shall be foreclosed of all right, title, interest, estate and equity of redemption in and to the Lands, and shall immediately deliver to the Petitioner vacant possession of the Lands;

- (g) an Order that the Petitioner be at liberty to apply for a further summary accounting of any amounts of money which may become due to the Petitioner pursuant to the Mortgage;
- (h) an Order that the Petitioner be at liberty to apply for exclusive conduct of the sale of the Lands, after the expiration of the redemption period;
- (i) Judgment in favour of the Petitioner against 1076255 B.C. Ltd. ("**107**") and Lightstone Development Ltd ("**Lightstone**", and together with 107, the "**Borrower**") in the Amount Required to Redeem;
- (j) Judgment in favour of the Petitioner against 1082463 B.C. Ltd. ("**108**"), 1218548 B.C. Ltd. ("**121**"), Gold Coast Industries Ltd. ("**Gold Coast**"), Xiao Song Zheng, Xiao Li and Ying Zheng Yu in the Amount Required to Redeem;
- (k) an Order that the legal costs of the Petitioner in connection with this proceeding and any future receivership be added to the Credit Agreement and secured by the Security (both as defined herein); and
- (l) an Order for any further or relief as counsel may advise and that this Honourable Court may seem just and appropriate in the circumstances.

2. An Order substantially in the form attached as **Schedule "B"** seeking the following:

- (a) appointing FTI Consulting Canada Inc. ("**FTI**") as receiver and manager, without security, of the over all of the assets, undertakings and property of the Respondents, 107 and Lightstone pursuant to section 243 of the *Bankruptcy and Insolvency Act*, RSC 1985, c. B-3 (the "**BIA**") and section 39 of the *Law and Equity Act*, RSBC 1996, c. 253 (the "**LEA**") or in such other form as this Honourable Court may order; and

(b) abridging the period for notice pursuant to Rule 22-4 of the *Supreme Court Civil Rule*.

3. Such further relief as counsel may advise and this Honourable Court deems just and appropriate in the circumstances.

Part 2: FACTUAL BASIS

Overview¹

1. The Borrower is the developer of a 4-story mixed-used development in Vancouver known as *Chloé* consisting of 46 residential units, 11 commercial units, and 2 levels of underground parking (the “**Project**”).
2. As of February 3, 2025, the Borrower is indebted to the Lender in the amount of \$19,237,061.45, inclusive of accrued and unpaid interest to that date but exclusive of costs which are recoverable under the Credit Agreement (the “**Indebtedness**”), with interest accruing at a per diem rate of \$6,514.70 until February 28, 2025. The Indebtedness is immediately due and owing and remains outstanding.
3. The Petitioner seeks the appointment of a receiver on an urgent basis in order to stabilize the Borrower’s business and preserve their assets, such that they can be appropriately marketed to the appropriate audience and for the benefit of all stakeholders.

The Parties

4. Peterson is a private lender and corporation duly registered under the laws of British Columbia.
5. The 107 is the registered owner of the Lands as bare trustee for Lightstone, as the sole beneficial owner, pursuant to the terms of an amended and restated declaration of trust dated August 5, 2021.
6. The guarantors of the obligations of the Borrower under the Credit Agreement, as described in further detail below, are 108, 121, Gold Coast (108, 121 and Gold Coast,

¹ Capitalized terms not otherwise defined in the Overview are defined throughout the Petition

collectively referred to as the “**Corporate Guarantors**”), Xiao Song Zheng, Xiao Li and Ying Zheng Yu (collectively with the Corporate Guarantors, the “**Guarantors**”).

7. 107 is a business incorporated pursuant to the *Business Corporations Act* (British Columbia) (“**BC BCA**”). The directors of 107 are Xiao Song Zheng and Ying Zheng Yu, and the sole officer of 107 is Xiao Song Zheng.
8. Lightstone is a business incorporated pursuant to the *BC BCA*, which has its registered office at 530 - 1200 West 73rd Avenue, Vancouver, BC V6P 6G5. The directors of Lightstone are Xiao Song Zheng and Ying Zheng Yu, and the sole officer of Lightstone is Xiao Song Zheng.
9. 108 is a business incorporated pursuant to the *BC BCA*, which has its registered office at 530 - 1200 West 73rd Avenue, Vancouver, BC V6P 6G5. The directors and officers of 108 are Xiao Song Zheng and Xiao Li.
10. 121 is a business incorporated pursuant to the *BC BCA*, which has its registered office at 530 - 1200 West 73rd Avenue, Vancouver, BC V6P 6G5. The directors and officers of 121 are Xiao Song Zheng and Xiao Li.
11. Gold Coast is a business incorporated pursuant to the *BC BCA*, which has its registered office at 2900 - 733 Seymour Street, Vancouver, BC V6B 0S6. The sole director and officer of Gold Coast is Ying Zheng Yu.

The Credit Agreement

12. The Borrower is indebted to Peterson pursuant to the terms of a Commitment Letter dated October 5, 2022 (the “**Commitment Letter**”), as amended on January 1, 2023 (the “**First Amendment**”) and April 19, 2023 (the “**Second Amendment**”, and collectively with the Commitment Letter and the First Amendment, the “**Credit Agreement**”).
13. Pursuant to the terms of the Commitment Letter, Peterson provided the Borrower with a loan for a maximum amount of \$18,500,000 to fund cost overruns on the Project, if and to the extent incurred (the “**Loan**”).
14. Pursuant to a Guarantee agreement dated October 19, 2022 the Guarantors guaranteed the Lender of all present and future debts and liabilities of the Borrower up to the principal

amount of \$18,500,000 plus interest and together with all costs, charges and expenses (including legal fees on a solicitor and client basis) on a joint and several basis (the “**Joint and Several Guarantee**”).

15. Pursuant to an Unlimited Guarantee – Cost Overrun and Completion agreement dated October 19, 2022, the Guarantors guaranteed the Lender the payment of any unpaid interest under the Commitment Letter in addition to any cost overruns on the Project in excess of the cost overruns financed by the Lender under the Credit Agreement (the “**Unlimited Guarantee**”, and together with the Joint and Several Guarantee, the “**Guarantees**”).
16. Pursuant to a Letter of Undertaking dated October 19, 2022, the Guarantors further undertook to cover any cost overruns on the Project in excess of the cost overruns financed by the Lender under the Credit Agreement.

The Security

17. Pursuant to the terms of the Mortgage, the Borrower mortgaged the Lands in fee simple in favour of the Lender for a principal amount of \$18,500,000 with interest equal to the greater of 10.00% per annum and the Prime Rate in effect from time to time plus 7.55% per annum, in each case calculated daily and compounded monthly, as security for the payment of all present and future debts and liabilities of the Borrower, and in particular the Loan.
18. Pursuant to the terms of a General Security Agreement dated October 19, 2022, made between the 107, Lightstone, 108, 121, and Gold Coast, as debtors, and Peterson, as the secured party, perfected by registration under the British Columbia Personal Property Security Act under base registration No. 150496P (the “**GSA**”, and together with the Mortgage, the “**Security**”), security was granted in favour of Peterson over all of the Borrower’s and Corporate Guarantors’ present and after-acquired personal property as it relates to the Lands and the Project (the “**Collateral**”), as general and continuing security for every obligation, indebtedness and liability of the Borrower and the Corporate Guarantors to Peterson.
19. The following Respondents are joined in these proceedings as the holders of charges registered against the Lands which rank in priority behind the interest of the Petitioner:

Respondent's Name	Charge	Registration Number	Land
Bei Chen, Qing Su and Jide Liu	Mortgage and assignment of rents	CB1714291 and CB1714292	PID: 032-299-664 PID: 032-299-842 PID: 032-299-907
686912366 Investment Ltd.	Mortgage and assignment of rents	CB1535329 and CB1535330	PID: 032-299-818
Lei Bun Leung, Xiao Lian Zhang, Johnson Rui Leung, Jon Kit Leung and Karen Leung	Mortgage and assignment of rents	CB1535240 and CB1535241	PID: 032-299-958 PID: 032-299-966 PID: 032-300-000 PID: 032-300-018 PID: 032-300-026
Li Jiang	Mortgage and assignment of rents	CB1650209 and CB1650210	PID: 032-300-000 PID: 032-300-018 PID: 032-300-026
Shun Feng Investment Ltd.	Certificate of pending litigation	CB1794125	PID: 032-299-958 PID: 032-299-966
Liwei Sun and 12503343 B.C. Ltd.	Certificate of pending litigation	CB1851253	All remaining residential units

20. The Respondents, Blueshore Leasing Ltd., Gould Leasing Ltd., Li Jiang, Bei Chen, Qing Su and Jide Liu are joined in these proceedings as the holders of registered personal property security interests against the Borrower which rank in priority behind the interest of the Petitioner.

21. Of note, Peterson has agreed to subordinate its charge on the Lands to a first mortgage securing a loan in favour of National Bank of Canada ("**NBC**"), and agreed to subordinate its debt to the deposit insurer of the Project, Westmount West Services Inc., as agent for Aviva Insurance Company of Canada, Intact Insurance Company and Liberty Mutual Insurance Company ("**Westmount**") in accordance with the terms of Westmount's letter of commitment and deposit insurance contract.
22. As of January 22, 2025, the Borrower's indebtedness to NBC was \$47,390,783.16 plus professional and late reporting fees, with interest at per diem rate of CAD \$8,679.69.
23. The Commitment Letter and the GSA expressly provide the Petitioner with the ability to appoint a receiver in respect of the Lands and over the Borrower's assets, undertakings and properties in the event of a default.

The Defaults

24. Peterson has demanded repayment of all amounts due under the Credit Agreement and all such amounts are immediately due and owing.
25. In addition, the Borrower has committed various events of default and actions contributing to such events pursuant to the Commitment Letter and the GSA, including, without limitation:
 - (a) **Unauthorized Mortgages/Encumbrances:** The Borrower has placed or allowed the registration of multiple mortgages and encumbrances on certain strata units, including both residential and commercial units, without the approval of NBC, Peterson, and Westmount (the "**Secured Creditors**"). These unauthorized mortgages have been registered on title, constitute a breach of the terms of the Commitment Letter, complicate the Borrower's financial situation and threaten the security interests of Peterson and other stakeholders;
 - (b) **Side Deals with Third Party Lenders:** Unbeknownst to Peterson, the Borrower has entered into loan agreements with third party lenders (the "**Purchaser Loans**"), which Purchaser Loans have been secured behind Peterson and NBC on strata lots, including by way of agreements for sale at prices lower than fair market value for units that were already subject to presales. As a result, to

accommodate the Purchaser Loans, some existing fair market pre-sales have been terminated in favor of the Purchaser Loan lenders;

- (c) **Side Deals with Purchasers:** The Borrower has made side deals with several potential purchasers, allowing them to fully prepay for their units directly to the developer of the Project (Lightstone) without the approval of the Secured Creditors. This action undermines the security interests of the Secured Creditors and constitutes a material breach of the Borrower's obligations under the Credit Agreement;
 - (d) **Contractor's Claim:** The project's general contractor, Urban One, has filed a claim against the builder's lien holdback account currently held by Borrower's legal counsel for an unpaid invoice of approximately \$680,000. This claim further complicates the Borrower's financial situation and may potentially add to the encumbrances on the Lands and the Collateral;
 - (e) **Certificate of Pending Litigation ("CPL"):** A CPL was registered by Shun Feng Investment Ltd. against two retail units at the end of December due to another undisclosed and allegedly fully paid Purchase and Sale Agreement. On January 31, 2025, another CPL was registered by Liwei Sun and 12503343 B.C. Ltd. against all of the residential units in connection with the sale of units that are also subject to unauthorized mortgage charges. These CPLs represent a significant legal complication and potential liability for the Borrower, and are symptomatic of the ongoing double-dealing and lack of transparency by the Borrower.
26. Peterson has been in discussion with the Borrower in respect of events of defaults under the Credit Agreement since October 2024 when it discovered the Purchaser Loans for the first time.

The Demands

27. By letters from Peterson's external legal counsel dated as of January 16, 2025 (the "**Demand Letters**") and served on January 17, Peterson, among other things, formally

notified the Borrower and the Guarantors that they were in default under the Credit Agreement and demanded repayment of the Indebtedness.

28. The Demand Letters enclosed, among other things, the 244 Notices issued to each of the Borrower and Guarantors and provided an unlimited list of the Borrower's defaults under the Credit Agreement
29. The Borrower has failed to remedy the various defaults under the Credit Agreement, and the Indebtedness remains due and owing.

Appointment of the Receiver is Needed on an Urgent Basis

30. Peterson has considered the enforcement remedies available to it and has formed the view that the appointment of the Receiver by this Court is an appropriate remedy to protect and unlock the value of the Borrower's business and property for the benefit of all stakeholders.
31. In Peterson's view, the urgent appointment of the Proposed Receiver is necessary because:
 - (a) **The Borrower is facing an ongoing liquidity crisis and may be unable to continue operations.** Peterson has serious concerns that the Borrower is unable to make critical payments necessary to safeguard the interests of its Secured Creditors. These payments include the unpaid lien holdback invoice to Urban One, the funds necessary to discharge the improperly registered encumbrances against title to the Lands, refunding the purchasers who had already prepaid their units and whose units were not delivered to them, as well as paying NBC's accrued monthly interest;
 - (b) **The Borrower has no credible funding, investment, or sale opportunities available to address its cash needs within the requisite timeframe and has no acceptable go-forward plan to fulfill all obligations towards the Secured Creditors.** Borrower received the Project's occupancy permit from the City of Vancouver on June 11, 2024. Since that time, the Borrower has only managed to close 22 out of 31 presold residential units and none of the 8 commercial presold units from loan origination in a round of closings that occurred in November 2024. The principals of the Borrower have repeatedly made representations to Peterson

that they would be able to close additional presold units in the Project, but no such closings have come to fruition. To date, there are still seven (7) presold condo units that remain unclosed. Most recently, since Peterson issued its Demand Letter, the Borrower provided Peterson with executed copies of Purchase and Sale Agreements ("**PSAs**") for six commercial strata lots with a projected closing date of January 30, 2025 which was subsequently delayed to February 15, 2025. In light of a history of continuously moving deadlines for both residential and commercial closings and a history of Borrower project mismanagement to-date, Peterson does not have faith in the Borrower's ability to consummate these transactions and questions the legitimacy of the PSAs. Peterson is of the view that a court-supervised sale or other realization process will result in more value for all stakeholders than any opportunity available to the Borrower at this time;

- (c) **The Proposed Receiver is needed to stabilize Borrower and effect a sale or realization process for the benefit of stakeholders.** As set forth above, Borrower's realizable assets consist primarily of the Lands and the Project, which are unlikely to satisfy the claims of all of the Secured Creditors of the Borrower, thereby rendering Peterson the fulcrum secured creditor;
- (d) **Peterson has lost confidence in the management of Borrower and their ability to preserve the Lands and the Collateral.** Without the urgent appointment of the Proposed Receiver, Peterson is concerned that the value of the Borrower's business and property will continue to erode to the detriment of all stakeholders, particularly Peterson who is, in all likelihood, the fulcrum secured creditor of the Borrower. Given that other potential secured creditors have registered financing statements in respect of the Borrower, Peterson believes that all stakeholders of the Borrower would benefit from the immediate appointment of a neutral court officer, which can then oversee the Borrower's operations, assets, and finances;
- (e) **The Borrower and its principals have engaged in various problematic dealings, which further undermine the confidence of Peterson:**
 - (i) **Improperly Secured Loans:** As mentioned previously, certain parties who have recently provided funds to the developer have secured these loans not only unbeknownst to Peterson and other Secured Creditors on title but

also via PSAs for such units at lower than fair market value. Some of these units were subject to presales to third parties at loan origination. This action undermines the value of the pre-sold units and the overall security of the Project.

- (ii) **Termination of Pre-Sales:** To accommodate the Purchaser Loans, some pre-sales to arm's length purchasers at fair market value, which were in place at the time of Peterson's loan origination, have been terminated in favour of new purchasers. This leads to significant issues with deposit insurance and further erodes the value of the Project;
- (iii) **Double-Dealings:** A purchaser of two retail units, who allegedly had already fully paid for its units, registered a CPL on title at the end of December following Borrower's apparent failure to consummate the transaction. In light of the ongoing double-dealings and lack of transparency by the Borrower, Peterson has genuine reasons to question the legitimacy of any PSA;
- (iv) **Mounting Litigation:** Another CPL was registered on title of all of the residential units, in connection with the sale of Strata Lots 37 and 43, which are in turn subject to unauthorized encumbrances. The mounting litigation is a clear result of the double-dealings of the Borrower and significantly hinders the closing of additional sales;
- (v) **Failure to Close Condo Units:** Despite the availability of presold condo units that could be closed now, the Borrower has failed to close these units. This failure to close units exacerbates the Borrower's liquidity crisis and undermines the potential recovery for Secured Creditors.

32. As of the date of this Petition, only 22 out of 46 available residential units have closed. Four (4) residential strata lots (Lots 19, 34, and 43; PIDs: 032-299-664; 032-299-818; 032-299-842 and 032-299-907) and five (5) commercial strata lots (Lots 1, 2, 6, 7, and 8; PIDs: 032-299-958; 032-299-966; 032-300-000; 032-300-018; 032-300-026) have unauthorized charges registered on their title. Two (2) of these commercial units (Lots 1 and 2; PIDs: 032-299-958; 032-299-966) and all remaining residential units are also subject to CPLs.

Three (3) fully paid residential strata lots (Lots 7, 9 and 46; PIDs: 032-299-541; 032-299-567; 032-299-931) appear to be subject to unauthorized side-deals.

33. Given these complications, Peterson believes that the urgent appointment of the Proposed Receiver is just and necessary to prevent further impairment of Peterson's legitimate interests as the fulcrum secured creditor and those of all other stakeholders

Part 3: LEGAL BASIS

1. The Petitioner will rely on, *inter alia*:
 - (a) *Supreme Court Civil Rules*, BC Reg 168/2009, Rules 10-2, 13-5, 14-1, 16-1, 20-4, 21-7 and 22-1;
 - (b) The BIA, section 243;
 - (c) The LEA, section 39;
 - (d) *Personal Property Security Act*, R.S.B.C. 1996, c. 359.

Appointment of Receiver

2. Section 39 of LEA allows for the appointment of a receiver where it is just and convenient to do so.
3. The BIA also confers jurisdiction of this Court to appoint a receiver. Specifically, section 243 of the BIA provides that, on the application of a secured creditor, the Court may appoint a receiver if it considers that it would be just and convenient to do so.
4. In considering whether it is just and convenient to appoint a receiver, courts may assess a variety of factors, including the following:
 - (a) whether irreparable harm might be caused if no order were made, although it is not essential for a creditor to establish irreparable harm if a receiver is not appointed particularly where the appointment of a receiver is authorized by the security documentation;

- (b) the risk to the security holder, taking into consideration the size of the debtor's equity in the assets and the need for protection or safeguarding of the assets;
- (c) the nature of the property;
- (d) the apprehended or actual waste of the debtor's assets;
- (e) the balance of convenience of the parties;
- (f) the fact that the creditor has the right to appoint a receiver under the documentation provided for the loan;
- (g) whether a court appointment is necessary to enable the receiver to carry out its duties more efficiently;
- (h) the effect of the order upon the parties;
- (i) the conduct of the parties;
- (j) the length of time that a receiver may be in place;
- (k) the cost to the parties;
- (l) the likelihood of maximizing return to the parties; and
- (m) the goal of facilitating the duties of the receiver.

Maple Trade Finance Inc. v CY Oriental Holdings Ltd, 2009 BCSC 1527 ("**Maple Trade**") at para 25, cited by *Bank of Montreal v. Haro-Thurlow Street Project Limited Partnership*, 2024 BCSC 47 ("**Haro-Thurlow**") at paras. 72-74; *Textron Financial Canada Limited v Chetwynd Motels Ltd*, 2010.

5. In applying these factors, this court has recently held that "all relevant factors should be viewed holistically."

Haro-Thurlow, at para. 74.

6. Although the appointment of a receiver is generally considered to be an extraordinary remedy, in applying the above factors, Courts have found that its extraordinary nature is

“significantly reduced” when dealing with a secured creditor having the right to appoint a receiver under its security. Such right has been recognized as a “strong factor” in support of a receivership.

BCIMC Construction Fund Corporation et al. v. TheClover on Yonge Inc.,

2020 ONSC 1953, para 43; *Maple Trade* at para 26;

Haro-Thurlow, at para. 113.

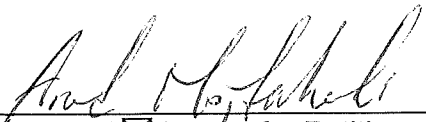
7. It is just and convenient in the present circumstances to appoint a receiver over the Debtors on the terms sought by the Petitioner for, *inter alia*, the following reasons:
 - (a) the Borrower is currently indebted to Petitioner for in excess of \$19.1 million with interest and legal costs continuing to accrue and they have defaulted on their obligations to Petitioner under the Credit Agreement and other related agreements, have failed to repay the Indebtedness that is due and owing;
 - (b) the Commitment Letter and the GSA expressly contemplate the appointment of a receiver;
 - (c) the Petitioner has lost confidence in the Borrower’s management and the Borrower’s capacity to adequately and appropriately safeguard their assets and maximize value for the stakeholders;
 - (d) the appointment of a receiver is necessary to ensure that the Receiver can carry out its duties efficiently and allow for the Petitioner to recover as much as possible under its Security; and
 - (e) the appointment of a receiver will protect the interests of all stakeholders.
7. In the circumstances, the Petitioner respectfully requests that this Court appoint FTI as receiver on the terms sought in the Receivership Order.

Part 4: MATERIAL TO BE RELIED ON

1. Affidavit #1 of Evan Carew-Gibson, made on February 4, 2024; and
2. Such further and other materials as counsel may advise and this Honourable Court may allow;

February 4, 2025

Dated


for Signature of ☒ lawyer for Petitioner
DLA Piper (Canada) LLP (Colin D. Brousson)

To be completed by the court only:

Order made

☐ in the terms requested in paragraphs _____ of
Part 1 of this petition

☐ with the following variations and additional terms:

Date: _____

Signature of ☐ Judge ☐ Associate Judge

SCHEDULE "A"

No.
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

PETERSON INVESTMENT GROUP INC.

PETITIONER

AND:

1076255 B.C. LTD., LIGHTSTONE DEVELOPMENT LTD.,
1082463 B.C. LTD., 1218548 B.C. LTD., GOLD COAST
INDUSTRIES LTD., XIAO SONG ZHENG, XIAO LI, YING ZHENG
YU, BLUESHORE LEASING LTD., GOULD LEASING LTD., LI
JIANG, BEI CHEN, QING SU, JIDE LIU, 686912366
INVESTMENT LTD., LEI BUN LEUNG, XIAO LIAN ZHANG,
JOHNSON RUI LEUNG, JON KIT LEUNG, KAREN LEUNG,
SHUN FENG INVESTMENT LTD., LIWEI SUN, and
12503343 B.C. LTD.

RESPONDENTS

ORDER MADE AFTER APPLICATION
(ORDER NISI)

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BEFORE)	ASSOCIATE JUDGE)
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♦, 2025

THE HEARING of the Petition coming on for hearing before me at 800 Smithe Street, Vancouver, BC V6Z 2E1, on February ♦, 2025; AND UPON HEARING Colin Brousson and Arad Mojtahedi, counsel for the Petitioner, and those other counsels listed in the attached Schedule "A", and no one else appearing, although duly served; AND UPON READING the materials filed herein;

THIS COURT DECLARES THAT:

1. the mortgage and assignment of rents October 19, 2022 (together, the "**Mortgage**"), which was registered in the New Westminster Land Title Office on October 20, 2022, under registration numbers CB293126 and CB293127, is a charge on the following lands and premises:

Residential Units located at 2096 47th Avenue West, Vancouver, BC, legally described as District Lot 526 Group 1 New Westminster District Strata Plan EPS9999:

- (i) PID: 032-299-508, Strata Lot 3;
- (ii) PID: 032-299-524, Strata Lot 5;
- (iii) PID: 032-299-532, Strata Lot 6;
- (iv) PID: 032-299-541, Strata Lot 7;
- (v) PID: 032-299-559, Strata Lot 8;
- (vi) PID: 032-299-567, Strata Lot 9;
- (vii) PID: 032-299-575, Strata Lot 10;
- (viii) PID: 032-299-605, Strata Lot 13;
- (ix) PID: 032-299-621, Strata Lot 15;
- (x) PID: 032-299-648, Strata Lot 17;
- (xi) PID: 032-299-656, Strata Lot 18;
- (xii) PID: 032-299-664, Strata Lot 19;
- (xiii) PID: 032-299-672, Strata Lot 20;
- (xiv) PID: 032-299-729, Strata Lot 25;
- (xv) PID: 032-299-737, Strata Lot 26;
- (xvi) PID: 032-299-745, Strata Lot 27;
- (xvii) PID: 032-299-761, Strata Lot 29;
- (xviii) PID: 032-299-800, Strata Lot 33;
- (xix) PID: 032-299-818, Strata Lot 34;
- (xx) PID: 032-299-842, Strata Lot 37;
- (xxi) PID: 032-299-851, Strata Lot 38;
- (xxii) PID: 032-299-869, Strata Lot 39;
- (xxiii) PID: 032-299-907, Strata Lot 43;

(xxiv) PID: 032-299-931, Strata Lot 46;

Commercial Units located at District Lot 526 Group 1 New Westminster District Strata Plan EPS9998:

- (i) PID: 032-299-958, Strata Lot 1, Civic address: 2092 47th Avenue West, Vancouver, BC;
- (ii) PID: 032-299-966, Strata Lot 2, Civic address: 2094 47th Avenue West, Vancouver, BC;
- (iii) PID: 032-299-974, Strata Lot 3, Civic address: 6306 East Boulevard, Vancouver, BC;
- (iv) PID: 032-299-982, Strata Lot 4, Civic address: 6316 East Boulevard, Vancouver, BC;
- (v) PID: 032-299-991, Strata Lot 5, Civic address: 6326 East Boulevard, Vancouver, BC;
- (vi) PID: 032-300-000, Strata Lot 6, Civic address: 6336 East Boulevard, Vancouver, BC;
- (vii) PID: 032-300-018, Strata Lot 7, Civic address: 6346 East Boulevard, Vancouver, BC;
- (viii) PID: 032-300-026, Strata Lot 8, Civic address: 6350 East Boulevard, Vancouver, BC;
- (ix) PID: 032-300-034, Strata Lot 9, Civic address: 6370 East Boulevard, Vancouver, BC;
- (x) PID: 032-300-042, Strata Lot 10, Civic address: 6390 East Boulevard, Vancouver, BC;
- (xi) PID: 032-300-051, Strata Lot 11, Civic address: 2099 48th Avenue West, Vancouver, BC;

(collectively, the "**Lands**"),

which ranks in priority to the interests in the Lands of the Respondents and the heirs, executors, administrators, successors and assigns of the Respondents and all persons claiming by, through or under them;

2. by a general security agreement dated October 19, 2022, made between the Respondents, 1076255 B.C. Ltd., Lightstone Development Ltd., 1082463 B.C. Ltd., 1218548 B.C. Ltd. and Gold Coast Industries Ltd. (collectively, the "**Debtors**"), and the

Petitioner, notice of which was registered in the British Columbia Personal Property Registry on October 19, 2022 under base registration number 150496P, the Petitioner is entitled to a perfected, attached security interest in the Debtors' personal property described therein, including, but not limited to, all of Debtors' present and after-acquired personal property which pertain to, which or are now or hereafter situated on, annexed to, comprised in or used in connection with, or which are related to or arise from or out of, the Lands or proceeds therefrom (the "**Personal Property**"), ranking in priority to the interests of the Respondents and their respective heirs, executors, administrators, successors and assigns and all persons claiming by, through or under them in the Personal Property;

THIS COURT DECLARES AND ORDERS THAT:

3. there has been default under the Mortgage, and the last date for redemption shall be ♦, 2025 (the "**Redemption Date**");
4. the amount of money due and owing under the Mortgage, and the amount of money required to redeem the Lands, is \$♦ on this date, plus interest thereafter at the rate of ♦ % per annum, calculated monthly, not in advance, and being a daily rate of \$♦ (collectively, the "**Amount Required to Redeem**");
5. the Amount Required to Redeem is subject to a further summary accounting and the Petitioner and the Respondents are at liberty to apply to this court for such a further summary accounting on or after the date of pronouncement of this Order, and for an order varying the Amount Required to Redeem accordingly;

AND THIS COURT FURTHER ORDERS THAT:

6. upon the Amount Required to Redeem being paid into the Vancouver Registry of this Court at 800 Smithe Street, Vancouver, or to the lawyer for the Petitioner, before the pronouncement of Order Absolute or an Order approving a sale of the Lands is made, then the Petitioner shall reconvey the Lands, free and clear of all encumbrances in favour of the Petitioner, or by any person claiming by, through or under the Petitioner, to the Respondent or Respondents who made payment;
7. if the Amount Required to Redeem is not redeemed prior to the Redemption Date, the Petitioner shall then be at liberty to apply for an Order Absolute, and on Order Absolute being made, the Respondents, and the heirs, executors, administrators, successors and assigns of the Respondents, and all persons claiming by, through or under them, shall stand absolutely debarred and foreclosed of and from all right, title, interest, and equity of redemption in or to the Lands, and shall immediately deliver vacant possession of the Lands to the Petitioner;
8. the Petitioner shall have judgment against the Debtors and the personal guarantors, Xiao Song Zheng, Xiao Li and Ying Zheng Yu in the sum of \$♦ plus the Petitioner's assessed costs of and in connection with this proceeding;

9. the assessed costs of and in connection with this proceeding are awarded to the Petitioner;
10. the Petitioner's costs to and including the date this order is made will be assessed on a party and party scale A basis, and the Petitioner is at liberty to apply for an Order that any of its costs after the date this Order is made will be assessed on a different basis; and
11. endorsement of this order by counsels appearing other than counsel for the Petitioner is hereby dispensed with.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

Signature of ☒ lawyer for the Petitioner
Peterson Investment Group Inc.
DLA Piper (Canada) LLP (◆)

BY THE COURT

REGISTRAR

SCHEDULE "A"

List of Counsel appearing

Name of Counsel	Party Representing

No.
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

PETERSON INVESTMENT GROUP INC.

PETITIONER

AND:

1076255 B.C. LTD., LIGHTSTONE DEVELOPMENT LTD.,
1082463 B.C. LTD., 1218548 B.C. LTD., GOLD COAST
INDUSTRIES LTD., XIAO SONG ZHENG, XIAO LI, YING
ZHENG YU, BLUESHORE LEASING LTD., GOULD
LEASING LTD., LI JIANG, BEI CHEN, QING SU, JIDE LIU,
686912366 INVESTMENT LTD., LEI BUN LEUNG, XIAO
LIAN ZHANG, JOHNSON RUI LEUNG, JON KIT LEUNG,
KAREN LEUNG, SHUN FENG INVESTMENT LTD., LIWEI
SUN, and 12503343 B.C. LTD.

RESPONDENTS

ORDER MADE AFTER APPLICATION

DLA Piper (Canada) LLP
Barristers & Solicitors
2700, The Stack
1133 Melville St
Vancouver, BC V6E 4E5

Tel. No. 604.687.9444
Fax No. 604.687.1612

File No.: 105227-00003

AM/day

SCHEDULE "B"

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

PETERSON INVESTMENT GROUP INC.

PETITIONER

AND:

1076255 B.C. LTD., LIGHTSTONE DEVELOPMENT LTD.,
1082463 B.C. LTD., 1218548 B.C. LTD., GOLD COAST
INDUSTRIES LTD., XIAO SONG ZHENG, XIAO LI, YING ZHENG
YU, BLUESHORE LEASING LTD., GOULD LEASING LTD., LI
JIANG, BEI CHEN, QING SU, JIDE LIU, 686912366
INVESTMENT LTD., LEI BUN LEUNG, XIAO LIAN ZHANG,
JOHNSON RUI LEUNG, JON KIT LEUNG, KAREN LEUNG,
SHUN FENG INVESTMENT LTD., LIWEI SUN, and
12503343 B.C. LTD.

RESPONDENTS

ORDER MADE AFTER APPLICATION

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BEFORE)	THE HONOURABLE JUSTICE)	♦, 2025
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ON THE APPLICATION of Peterson Investment Group Inc. for an Order pursuant to Section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985 c. B-3, as amended (the "**BIA**") and Section 39 of the *Law and Equity Act*, R.S.B.C. 1996 c. 253, as amended (the "**LEA**") appointing FTI Consulting Canada Inc. as Receiver and Manager (in such capacity, the "**Receiver**") without security, of all the assets, undertakings and property of 1076255 B.C. Ltd. ("**107**") and Lightstone Development Ltd. ("**Lightstone**", and together with 107, the "**Debtor**") acquired for, or used in relation to a business carried on by the Debtor, coming on for hearing at 800 Smithe Street, Vancouver, BC V6Z 2E1 June 24, 2024;

AND ON READING the Affidavit #1 of Evan Carew-Gibson made on February 4, 2025, and the consent of FTI Consulting Canada Inc. to act as the Receiver; AND ON Hearing Colin D. Brousson and Arad Mojtahedi, counsel for Peterson Investment Group Inc. and other counsel as listed on Schedule "A" hereto, and no one else appearing, although duly served.

THIS COURT ORDERS AND DECLARES that:

APPOINTMENT

1. Pursuant to Section 243(1) of the BIA and Section 39 of the LEA, FTI Consulting Canada Inc. is appointed Receiver, without security, of all of the assets, undertakings and property of the Debtor, including the Lands (as defined in the Petition filed herein) and all proceeds thereof (collectively, the "**Property**").

RECEIVER'S POWERS

2. The Receiver is empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:
 - (a) to take possession of and exercise control over the Property and any and all receipts and disbursements arising out of or from the Property;
 - (b) to receive, preserve and protect the Property, or any part or parts thereof, including, but not limited to, changing locks and security codes, relocation of Property, engaging independent security personnel, taking physical inventories and placing insurance coverage;
 - (c) to manage, operate and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;
 - (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including, without limitation, those conferred by this Order;
 - (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
 - (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting these amounts, including, without limitation, enforcement of any security held by the Debtor;
 - (g) to settle, extend or compromise any indebtedness owing to the Debtor;
 - (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;

- (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;
- (j) to initiate, manage and direct all legal proceedings now pending or hereafter pending (including appeals or applications for judicial review) in respect of the Debtor, the Property or the Receiver, including initiating, prosecuting, continuing, defending, settling or compromising the proceedings;
- (k) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver considers appropriate;
- (l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business:
 - (i) without the approval of this Court in respect of a single transaction for consideration up to \$50,000, provided that the aggregate consideration for all such transactions does not exceed \$100,000; and
 - (ii) with the approval of this Court in respect of any transaction in which the individual or aggregate purchase price exceeds the limits set out in subparagraph (i) above,and in each such case notice under Section 59(10) of the Personal Property Security Act, R.S.B.C. 1996, c. 359 shall not be required;
- (m) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers, free and clear of any liens or encumbrances;
- (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver considers appropriate on all matters relating to the Property and the receivership, and to share information, subject to confidentiality terms as the Receiver considers appropriate;
- (o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if considered necessary or appropriate by the Receiver, in the name of the Debtor;
- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limitation, the ability to enter into occupation agreements for any property owned or leased by the Debtor;

- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (s) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations;

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

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

3. Each of (i) the Debtor; (ii) all of the Debtor's current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf; and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (collectively, "**Persons**" and each a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property (excluding Property subject to liens the validity of which is dependent on maintaining possession) to the Receiver upon the Receiver's request.
4. All Persons, other than governmental authorities, shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (collectively, the "**Records**") in that Person's possession or control. Upon request, governmental authorities shall advise the Receiver of the existence of any Records in that Person's possession or control.
5. Upon request, all Persons shall provide to the Receiver or permit the Receiver to make, retain and take away copies of the Records and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities, provided however that nothing in this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to solicitor client privilege or statutory provisions prohibiting such disclosure.
6. If any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by an independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any

Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may require including, without limitation, providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

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

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

8. No Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are stayed and suspended pending further Order of this Court; provided, however, that nothing in this Order shall prevent any Person from commencing a Proceeding regarding a claim that might otherwise become barred by statute or an existing agreement if such Proceeding is not commenced before the expiration of the stay provided by this paragraph and provided that no further step shall be taken in respect of the Proceeding except for service of the initiating documentation on the Debtor and the Receiver.

NO EXERCISE OF RIGHTS OR REMEDIES

9. All rights and remedies (including, without limitation, set-off rights) against the Debtor, the Receiver, or affecting the Property, are stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that nothing in this Order shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) affect the rights of any regulatory body as set forth in section 69.6(2) of the BIA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien. This stay and suspension shall not apply in respect of any "eligible financial contract" as defined in the BIA.

NO INTERFERENCE WITH THE RECEIVER

10. No Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court. Nothing in this Order shall prohibit any party to an eligible financial contract from closing out and terminating such contract in accordance with its terms.

CONTINUATION OF SERVICES

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

RECEIVER TO HOLD FUNDS

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

EMPLOYEES

13. Subject to the employees' right to terminate their employment, all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities of the Debtor, including any successor employer liabilities as referred to in Section 14.06(1.2) of the BIA, other than amounts the Receiver may specifically agree in writing to pay or in respect of obligations imposed specifically on receivers by applicable legislation, including sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*, S.C. 2005, c.47. The Receiver shall be liable for any employee-related liabilities, including wages, severance pay, termination pay, vacation pay, and pension or benefit amounts relating to any employees that the Receiver may hire in accordance with the terms and conditions of such employment by the Receiver.

PERSONAL INFORMATION

14. Pursuant to Section 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5 or Section 18(1)(o) of the *Personal Information Protection Act*, S.B.C. 2003, c. 63, the Receiver may disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "**Sale**"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

15. Nothing in this Order shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release, or deposit of a substance contrary to any federal, provincial or other law relating to the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination (collectively "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation.
16. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless the Receiver is actually in possession.
17. Notwithstanding anything in federal or provincial law, the Receiver is not personally liable in that position for any environmental condition that arises or environmental damage that occurred:
 - (a) before the Receiver's appointment; or,
 - (b) after the Receiver's appointment, unless it is established that the condition arose or the damage occurred as a result of the Receiver's gross negligence or wilful misconduct.
18. Notwithstanding anything in federal or provincial law, but subject to paragraph 17 of this Order, where an order is made which has the effect of requiring the Receiver to remedy

any environmental condition or environmental damage affecting the Property, if the Receiver complies with the BIA section 14.06(4), the Receiver is not personally liable for the failure to comply with the order and is not personally liable for any costs that are or would be incurred by any Person in carrying out the terms of the order.

LIMITATION ON THE RECEIVER'S LIABILITY

19. The Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except:
- (a) any gross negligence or wilful misconduct on its part; or
 - (b) amounts in respect of obligations imposed specifically on receivers by applicable legislation.

Nothing in this Order shall derogate from the protections afforded the Receiver by Section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

20. The Receiver and its legal counsel, if any, are granted a charge (the "**Receiver's Charge**") on the Property as security for the payment of their fees and disbursements, in each case at their standard rates, in respect of these proceedings, whether incurred before or after the making of this Order. The Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to Sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.
21. The Receiver and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are referred to a judge of the Supreme Court of British Columbia and may be heard on a summary basis.
22. Prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court;

FUNDING OF THE RECEIVERSHIP

23. The Receiver is authorized and empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$500,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as the Receiver deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon

the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in Sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

24. Neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.
25. The Receiver is authorized to issue certificates substantially in the form annexed as Schedule "B" hereto (the "**Receiver's Certificates**") for any amount borrowed by it pursuant to this Order.
26. The monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

ALLOCATION

27. Any interested party may apply to this Court on notice to any other party likely to be affected for an order allocating the Receiver's Charge and Receiver's Borrowings Charge amongst the Property.

SERVICE AND NOTICE OF MATERIALS

28. The Receiver shall establish and maintain a website in respect of these proceedings at: <http://cfcanada.fticonsulting.com/107/> (the "**Website**") and shall post there as soon as practicable:
 - (a) all materials prescribed by statute or regulation to be made publicly available, including pursuant to Rule 10-2 of the *Supreme Court Civil Rules*; and,
 - (b) all applications, reports, affidavits, orders and other materials filed in these proceedings by or on behalf of the Receiver, except such materials as are confidential and the subject of a sealing order or pending application for a sealing order.
29. Any Person who is served with a copy of this Order and that wishes to be served with any future application or other materials in these proceedings must provide to counsel for each of the Receiver and the Petitioner a demand for notice in the form attached as Schedule "C" (the "**Demand for Notice**"). The Receiver and the Petitioner need only provide further notice in respect of these proceedings to Persons that have delivered a properly

completed Demand for Notice. The failure of any Person to provide a properly completed Demand for Notice releases the Receiver and the Petitioner from any requirement to provide further notice in respect of these proceedings until such Person delivers a properly completed Demand for Notice.

30. The Receiver shall maintain a service list identifying all parties that have delivered a properly completed Demand for Notice (the "**Service List**"). The Receiver shall post and maintain an up-to-date form of the Service List on the Website.
31. Any interested party, including the Receiver, may serve any court materials in these proceedings by facsimile or by emailing a PDF or other electronic copy of such materials to the numbers or addresses, as applicable, set out on the Service List. Any interested party, including the Receiver, may serve any court materials in these proceedings by mail to any party on the Service List that has not provided a facsimile number or email address, and materials delivered by mail shall be deemed received five (5) days after mailing.
32. Notwithstanding paragraph 31 of this Order, service of the Petition [OR the Notice of Application] and any affidavits filed in support shall be made on the Federal and British Columbia Crowns in accordance with the *Crown Liability and Proceedings Act*, R.S.C. 1985, c.C-50 and its regulations for the Federal Crown and the *Crown Proceedings Act*, R.S.B.C. 1996 c.89 in respect of the British Columbia Crown.
33. The Receiver and its counsel are authorised to serve or distribute this Order, any other orders and any other materials as may be reasonably required in these proceedings, including any notices or other correspondence, by forwarding copies by facsimile or by email to the Debtor's creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of any legal or juridical obligation and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*.

GENERAL

34. The time for service of the Petition and the supporting materials, is hereby abridged such that this Petition is properly returnable today.
35. Any interested party may apply to this Court to vary or amend this Order on not less than seven (7) clear business days' notice to the Service List and to any other party who may be affected by the variation or amendment, or upon such other notice, if any, as this Court may order.
36. The Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
37. Nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

38. This Court requests the aid, recognition and assistance of any court, tribunal, regulatory or administrative body having jurisdiction, wherever located, to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All such courts, tribunals and regulatory and administrative bodies are respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.
39. The Receiver is authorized and empowered to apply to any court, tribunal or regulatory or administrative body, wherever located, for recognition of this Order and for assistance in carrying out the terms of this Order and the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.
40. The Petitioner shall have its costs of this motion, up to and including entry and service of this Order, as provided for by the terms of the Petitioner's security or, if not so provided by the Petitioner's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.
41. Endorsement of this Order by counsel appearing on this application other than the Petitioner is dispensed with.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

Signature of ☒ lawyer for the Petitioner
DLA Piper (Canada) LLP (Colin D. Brousson)

BY THE COURT

REGISTRAR

SCHEDULE "A"

List of Counsel

Name	Party Representing

SCHEDULE "B"

RECEIVER CERTIFICATE

CERTIFICATE NO.

AMOUNT

\$

1. THIS IS TO CERTIFY that FTI Consulting Canada Inc., the Receiver (the "**Receiver**") of all of the assets, undertakings and properties of 1076255 B.C. Ltd. ("**107**") and Lightstone Development Ltd. ("**Lightstone**", and together with 107, the "**Debtor**") acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Supreme Court of British Columbia dated the [] day of [], 2025 (the "**Order**") made in SCBC Action No. ♦ and has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of \$ [], being part of the total principal sum of \$ [] which the Receiver is authorized to borrow under and pursuant to the Order.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily] [monthly] not in advance on the [] day of each month after the date hereof at a notional rate per annum equal to the rate of [] per cent above the prime commercial lending rate of [] from time to time.
3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of the Property in respect of its remuneration and expenses.
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at [].
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.
6. The charge securing this certificate shall operate to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

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

DATED the [REDACTED] day of [REDACTED], 2025.

FTI Consulting Canada Inc. solely in its
capacity as Receiver of the Property, and not
in its personal capacity

Per:
Name:
Title:

Schedule "C"

Demand for Notice

TO: Peterson Investment Group Inc.

c/o DLA Piper Canada Inc.

Attention: Colin Brousson and Arad Mojtahedi

Email: colin.brousson@ca.dlapiper.com; arad.mojtahedi@ca.dlapiper.com;

AND TO: FTI Consulting Canada Inc.

c/o McCarthy Tétrault LLP

Attention: Lance Williams and Ashley Bowron

Email: lwilliams@mccarthy.ca; abowron@mccarthy.ca; sdanielisz@mccarthy.ca;

Re: In the matter of the Receivership of 1076255 B.C. Ltd. and Lightstone Development Ltd.

I hereby request that notice of all further proceedings in the above Receivership be sent to me in the following manner:

1. By email, at the following address (or addresses):

OR

2. By facsimile, at the following facsimile number (or numbers):

OR

3. By mail, at the following address:

Name of Creditor: _____

Name of Counsel (if any): _____

Creditor's Contact Address: _____

Creditor's Contact Phone Number: _____

No.
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

PETERSON INVESTMENT
GROUP INC.

PETITIONER

AND:

1076255 B.C. LTD., LIGHTSTONE
DEVELOPMENT LTD., 1082463 B.C. LTD.,
1218548 B.C. LTD., GOLD COAST
INDUSTRIES LTD., XIAO SONG ZHENG,
XIAO LI, YING ZHENG YU, BLUESHORE
LEASING LTD., GOULD LEASING LTD., LI
JIANG, BEI CHEN, QING SU, JIDE LIU,
686912366 INVESTMENT LTD., LEI BUN
LEUNG, XIAO LIAN ZHANG, JOHNSON RUI
LEUNG, JON KIT LEUNG, KAREN LEUNG,
SHUN FENG INVESTMENT LTD., LIWEI SUN,
and 12503343 B.C. LTD.

RESPONDENTS

ORDER MADE AFTER APPLICATION

DLA Piper (Canada) LLP
Barristers & Solicitors
Suite 2700, The Stack
1133 Melville St
Vancouver, BC V6E 4E5
Tel. No. 604.687.9444
Fax No. 604.687.1612

File No.: 117142-00002

AM/day

No.
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

PETERSON INVESTMENT
GROUP INC.

PETITIONER

AND:

1076255 B.C. LTD., LIGHTSTONE
DEVELOPMENT LTD., 1082463 B.C. LTD.,
1218548 B.C. LTD., GOLD COAST
INDUSTRIES LTD., XIAO SONG ZHENG,
XIAO LI, YING ZHENG YU, BLUESHORE
LEASING LTD., GOULD LEASING LTD., LI
JIANG, BEI CHEN, QING SU, JIDE LIU,
686912366 INVESTMENT LTD., LEI BUN
LEUNG, XIAO LIAN ZHANG, JOHNSON RUI
LEUNG, JON KIT LEUNG, KAREN LEUNG,
SHUN FENG INVESTMENT LTD., LIWEI SUN
and 12503343 B.C. LTD.

RESPONDENTS

PETITION TO THE COURT

DLA Piper (Canada) LLP
Barristers & Solicitors
Suite 2700
1133 Melville Street
Vancouver, BC V6E 4E5
Tel. No. 604.687.9444
Fax No. 604.687.1612

File No.: 117142-00002

AM/day