

Court No. 11-2204779
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA IN BANKRUPTCY AND INSOLVENCY
IN THE MATTER OF THE PROPOSAL OF
GUO LAW CORPORATION

DATED FOR REFERENCE February 17, 2017

MADE PURSUANT TO PART III DIVISION 1 OF THE
BANKRUPTCY AND INSOLVENCY ACT,
R.S.C. 1985, C. B-3, AS AMENDED

ARTICLE I DEFINITIONS & INTERPRETATION

1.1 DEFINITIONS

In this Proposal, the following terms are defined:

"Approval Order" means the Court Order made in the Proposal Proceeding approving the Proposal and directing the implementation of the Proposal.

"BIA" means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 as amended.

"Business Day" means a date other than a Saturday, Sunday or statutory holiday in British Columbia.

"Claim" means any right or claim of any person against the Company whether or not asserted in connection with any indebtedness, liability, or obligation of any kind whatsoever owed to such person, including any indebtedness, liability or obligation owed to such person as a result of any breach of duty (including, without limitation, any legal statutory, equitable, or fiduciary duty), any right of ownership of or title to, or to a trust or deemed trust against, any of the property or assets of the Company, whether or not such right or claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including the right or ability of any person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause of action, whether existing at present or commenced in the future, which indebtedness, liability

or obligation is based in whole or in part on facts which existed prior to the Filing Date, and for certainty, includes Priority Claims.

"Company" means Guo Law Corporation.

"Completion Date" means that date on which all of the Company's obligations under this Proposal have been met.

"Court" means the Supreme Court of British Columbia.

"Creditor" means any person that has a Claim against the Company.

"Crown" means Her Majesty in right of Canada or a province.

- (a) **"Crown Claims"** means a Claim of the Crown for amounts that are outstanding as at the Filing Date and are of the kind that could be subject to a demand under: subsection 224(1.2) of the *Income Tax Act*;
- (b) any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to subsection 224(1.2) of the *Income Tax Act* and provides for the collection of a contribution, as defined in the *Canada Pension Plan*, or an employee's premium, or employer's premium, as defined in the *Employment Insurance Act*, and of any related interest, penalties or other amounts; or
- (c) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the *Income Tax Act*, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum:
 - (i) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the *Income Tax Act*; or
 - (ii) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation establishes a "provincial pension plan" as defined in that subsection.

"Custodian" means The Law Society of British Columbia in its role pursuant to Part 6 of the *Legal Profession Act*.

"Direct Trust Claims" means Claims arising from the loss of and in the amount of funds held a trust account of the Company.

"Disputed Claim" means any Claim of a Trust Creditor which has been received by the Trustee in accordance with the BIA but has not been accepted as a Proven Claim, or which is being

disputed in whole or in part by the Trustee or any other person entitled to do so and has not been resolved by agreement.

"Effective Date" means the earlier of:

- a) the date that is 24 months after the Approval Order;
- b) the date on which the Trust Creditor Fund is sufficient to pay all Proven Claims in full;
or
- c) The Sale Transactions shall have closed in accordance with the terms of this Proposal and the Sponsor will have either:
 - i) recovered sufficient amount from the Recovery Proceedings to pay all Trust Claims in full; or
 - ii) will have exhausted her recourse, acting reasonably, with respect to the Recovery Proceedings,

provided that, in any event, the Trustee has satisfied all of its statutory requirements in order to complete a final distribution to Trust Creditors with Proven Claims, subject to subsection 7.5(c) of the Proposal.

"Employee Priority Claims" means any Proven Claim of any employees and former employees of the Company equal to the amounts that such employees and former employees would have been qualified to receive under Paragraph 136(l)(d) of the BIA if the Company had become bankrupt on the Filing Date.

"Filing Date" means January 6, 2017 the date when the Notice of Intention to File a Proposal was filed by the Company with the official receiver.

"Final Distribution Date" means the date that is 15 days after the Effective Date, subject to subsection 7.5(c) of the Proposal.

"First Interim Distribution Date" means the date that is 15 days after Sale Transactions have resulted in Net Proceeds equal to or greater than \$1,250,000.00.

"Indirect Trust Claims" means claims arising from Direct Trust Claims, including any damages or penalties from a taxation authority flowing from the loss of such funds.

"Inspectors" has the meaning ascribed to it in Section 7.5 of the Proposal.

"Meeting" means the meeting of the Trust Creditors called pursuant to the BIA for the purpose of considering and voting on the Proposal, as same may be amended at any such Meeting, and agreeing to the compromise and arrangement constituted thereby, and any adjournment thereof.

"Net Sale Proceeds" means the proceeds of any Sale Transaction net of selling commissions, normal closing adjustments and payment of outstanding property taxes and mortgages, as well as any capital gain tax payable on respect of any such Sale Transaction.

"Notice to Unaffected Creditors" means the notice in the form attached hereto as Schedule "3".

"Priority Claim" means a Proven Claim of a Creditor entitled to receive a payment of any amount owed to it in priority to other Creditors as provided for in Section 136 of the BIA, which for greater certainty includes Employee Priority Claims and Crown Claims.

"Priority Creditor" means a Creditor having a Priority Claim to the extent of that Priority Claim.

"Post-Filing Creditor" means any person who has supplied goods or services to or who has an entitlement to receive sales or excise taxes, source deductions or assessments and premiums from the Company arising subsequent to the Filing Date in relation to any unpaid amounts relating to such Post- Filing Claims.

"Post-Filing Claims" means all claims of Post-Filing Creditors for amounts alleged to be owed to them arising after the Filing Date.

"Proof of Claim" means the prescribed form of document required under the BIA to evidence the Proven Claim of a Trust Creditor under Part III of the BIA prior to the date of the Meeting, and includes a proof of claim filed by the Custodian on behalf of all Trust Creditors in respect of Direct Trust Claims.

"Properties" means the interests of the Sponsor in the properties listed as "Group A" and "Home" in the attached Schedule 1.

"Proposal" means this Proposal made pursuant to the provisions of Part III, Division I of the BIA, among the Company and the Trust Creditors, as from time to time amended, modified or supplemented pursuant to an order of the Court, or pursuant to an agreement among the Company and the Trust Creditors, as provided for herein or pursuant to any Meeting of the Trust Creditor class.

"Proposal Proceeding" means the proceeding commenced by the Company under the BIA, being British Columbia Supreme Court, Vancouver Registry Action No. 11-2204779.

"Proven Claim" means a Trust Claim which, after delivery of a Proof of Claim to the Trustee has:

- (a) been admitted by the Trustee (following consultation with the Custodian) in whole or in part; or
- (b) been disallowed by the Trustee (following consultation with the Custodian), which

disallowance has subsequently been set aside in whole or in part by the Court,

provided further that a Proven Claim shall not include the amount due to a Post-Filing Creditor in respect of a Post-Filing Claim, and Proven Claims shall not include any interest for the period subsequent to the Filing Date, and for the purpose of voting on and distribution under this Proposal, shall not include that portion (if any) of the Claim that is a Priority Claim.

"Recovery Proceedings" means the efforts taken by the Company and the Sponsor to: 1) recover the funds that were stolen from the Company's trust account giving rise to the Trust Claims, and 2) obtain the benefit of insurance coverage for the losses sustained by Trust Creditors.

"Sale Transactions" means the sale of the properties pursuant to the terms of this Proposal.

"Second Interim Distribution Date" means the date that is 15 days after Sale Transactions have resulted in Net Proceeds equal to or greater than \$2,500,000.00.

"Secured Creditors" means those Creditors holding perfected Security Interests against any or all assets of the Company.

"Security Interest" means a valid and enforceable mortgage, charge or encumbrance on the Company's assets, whether contractual, statutory or otherwise, that is in existence as at the Filing Date, as determined by the Trustee pursuant to the BIA.

"Sponsor" means Hong Guo.

"Sponsor Support Agreement" means the agreement between the Sponsor and the Company, in the form attached hereto as Schedule 2.

"Superintendent's Levy" means the levy imposed by regulation by the Office of the Superintendent of Bankruptcy on funds received pursuant to proposals and in the administration of bankruptcies.

"Trustee" means FTI Consulting Canada Inc. appointed as Trustee of the Proposal in this Proposal Proceeding.

"Trustee's Fees" means all proper fees, expenses and legal costs of the Trustee on and incidental to the proceeding arising out of this Proposal and all proper fees, expenses and legal costs of the Trustee arising in relation to this Proposal.

"Trust Claims" means, collectively, Direct Trust Claims and Indirect Trust Claims.

"Trust Creditors" means those Creditors of the Company whose Claims are Trust Claims.

"Trust Creditor Fund" means the proceeds from the Recovery Proceedings and the Sale

Transactions paid to the Trustee pursuant to this Proposal.

"Unaffected Claims" means Post-Filing Claims, Unsecured Claims, and Secured Claims.

"Unaffected Creditors" means Post-Filing Creditors, Unsecured Creditors, and Secured Creditors.

"Unsecured Creditors" means all of the Creditors with an Unsecured Creditor Claim, but does not include Trust Creditors.

"Unsecured Creditor Claim" means a Claim of a Creditor with an unsecured Claim against the Company, but does not include a Trust Claim.

"Unsecured Creditor Class" means the class comprising of the Unsecured Creditors of the Company.

1.2 HEADINGS

The division of the Proposal into Sections and the insertion of headings are for convenience only and do not form part of the Proposal and will not be used to interpret, define or limit the scope, extent or intent of the Proposal.

1.3 STATUTORY REFERENCE

Unless otherwise specified, each reference to a statute is deemed to be a reference to that statute and to the regulations made under that statute, as amended or re-enacted from time to time.

1.4 NUMBER AND GENDER

Unless otherwise specified, words importing the singular include the plural and vice versa and words importing gender include all genders.

1.5 CURRENCY

All references to amounts of money means lawful currency of the Dominion of Canada unless otherwise expressly indicated. All Proof of Claims submitted by Creditors in any other currency will be converted to Canadian dollars at the rate of exchange applicable at the Filing Date.

1.6 DATE FOR ANY ACTION

In the event that any date on which any action is required to be taken under this Proposal by any of the parties is not a Business Day, that action shall be required to be taken on the next succeeding day that is a Business Day.

1.7 SCHEDULES

The following are the schedule to this Proposal:

- Schedule 1: Current estimated values of the Properties and encumbrances thereon.
Schedule 2: Form of Sponsor Support Agreement.
Schedule 3: Notice to Unaffected Creditors.

ARTICLE II PURPOSE AND EFFECT OF THE PROPOSAL

2.1 PURPOSE OF THE PROPOSAL

The purpose of this Proposal is to allow the Company the necessary time for the Trustee to complete the Sale Transactions and complete the Recovery Proceedings, in order to generate funds that the Company and Sponsor expect will pay the Trust Claims in full.

All of the Proven Claims will be paid as follows:

- (i) All of the Proven Claims with a value of \$600.00 or less will be paid in full, by the Trustee, subject to the terms of section 6.2 of this Proposal, within 10 business days of the Approval Order; and
- (ii) All of the Proven Claims with a value in excess of \$600.00 will receive the proceeds of the Trust Creditor Fund in accordance with the terms of this Proposal.

The amounts paid to Trust Creditors with Proven Claims shall be increased by the amount payable on account of the Superintendent's Levy, such that each Trust Creditor with a Proven Claim will receive the full amount of the Proven Claim, and shall not be reduced by the amount of the Superintendent's Levy.

2.2 SALES PROCESS

Value of the Properties

The Company's current estimate of the current fair market value of the Sponsor's equity in the Properties is set out in the attached Schedule 1.

The Company and the Sponsor will obtain appraisals of the Properties, and will share those appraisals with the Trustee.

Sales Process

The Sponsor will irrevocably appoint the Trustee as her agent to retain the services of local real estate professionals to sell the Properties, and to sell the Properties by the Effective Date in accordance with the terms of this Proposal and the Sponsor Support Agreement.

The Sponsor shall deliver all offers received to the Trustee for review by the Trustee. The Sponsor shall have the discretion to accept or reject any offers for any of the Properties, though any sale will be subject to approval by the Trustee or the Inspectors, if any as so

appointed.

All of the Properties described as Group A are to be listed for sale by 90 days after the Approval Order is granted. If sufficient funds to pay the Proven Claims in full have not been realized by the earlier of:

- (a) the date of all of the Properties described as Group A have been sold; or
- (b) September 1, 2018,

then the Home shall be listed for sale. If the sale of the Properties described as Group A and/or the Recovery Proceedings generate sufficient funds to pay all Proven Claims in full by September 1, 2018 or if then the Sponsor shall not be required to sell the Home.

The Sponsor shall deliver to the Trustee irrevocable powers of attorney (the “**Powers of Attorney**”) in a form registerable in the appropriate province’s Land Title Office. If, in the opinion of the Trustee, the Sponsor has unreasonably rejected an offer for sale of any of the Properties, or is otherwise frustrating the sales process set out in this Proposal, the Trustee may, at its discretion, accept any offer for sale of the Properties and effect the sale.

OTHER FUNDS

The Company and Sponsor are undertaking the Recovery Proceedings, which include actions against the Company’s insurer, the Company’s employees responsible for the theft of trust funds, and certain other parties with respect to the Company’s trust funds.

The Sponsor and the Company, in consultation with the Trustee, will continue the Recovery Proceedings.

If, through its ongoing operations in the future, the Company is able to repay all other creditors besides those with Trust Claims such that it is debt free, the Company will pay its profits thereafter (net of the economic value of the services rendered to it by the Sponsor based on her usual hourly rate prior to the filing of this Proposal) to the Trust Creditor Fund.

2.3 PROCEEDS OF SALE AND RECOVERY PROCEEDINGS

The Sponsor will irrevocably appoint the Trustee as her agent to receive the Net Proceeds of the Sale Transactions, which will be advanced by the Sponsor to the Company and held by the Company through the Trustee as part of the Trust Creditor Fund.

To the extent any of the Recovery Proceedings generate a recovery to the Company, it will pay the proceeds to the Trustee as part of the Trust Creditor Fund. And to the extent any of the Recovery Proceedings generate a recovery to the Sponsor, she will irrevocably appoint the Trustee as her agent to receive recovery, which will be advanced by the Sponsor to the Company and held by the Company through the Trustee as part of the Trust Creditor Fund.

The Sale Transactions and the Recovery Proceedings will proceed in tandem. If at any time the Trust Creditor Fund contains sufficient funds to pay all Proven Claims in full in accordance with the terms of this Proposal then the Sponsor shall not be required to undertake any further efforts to sell the Properties.

After payment of all Proven Claims and full and all other payments to be made pursuant to this Proposal and the BIA, the Trustee shall pay any remaining amounts of the Trust Creditors Fund to the Sponsor.

2.4 TRUSTEE UNDER THE PROPOSAL

Subject to the provisions of the BIA, the Trustee shall act as the administrator for certain purposes connected with this Proposal, including management of the claims process, administration of the Meeting and any adjournments thereto and distribution of dividends to the Trust Creditors in accordance with the terms of this Proposal.

2.5 TREATMENT OF UNAFFECTED CREDITORS

Unaffected Creditors are not included or in any way affected by this Proposal and will be paid in accordance with existing agreements between such creditors and the Company, as amended from time to time, or in accordance with alternative arrangements to be negotiated concurrently with the filing and implementation of this Proposal. Within 2 days after the Approval Order being issued, the Trustee will mail the Notice to Unaffected Creditors to the address on file with the Company of each of the Unaffected Creditors.

ARTICLE III TREATMENT OF CREDITORS

3.1 CLASSES OF CREDITORS

There will be one class of Creditors for the purpose of considering and voting upon the Proposal, that class being the Trust Creditor class.

Unaffected Creditors and Unaffected Claims are unaffected by this Proposal.

3.2 PAYMENT TO TRUST CREDITORS

On each of the First Interim Distribution Date and the Second Interim Distribution Date, if any, the Trustee will, in consultation with the Custodian, pay from the Trust Creditor Fund to the Trust Creditors *pari passu*, to a maximum of the Proven Claim of each Trust Creditor's Direct Trust Claim via the Custodian, and separately *pari passu* to a maximum of the Proven Claim of each Trust Creditor's Indirect Trust Claim.

On the Final Distribution Date, the Trustee will, in consultation with the Custodian, pay the Trust Creditor Fund to the Trust Creditors *pari passu*, to a maximum of the Proven Claim of each Trust Creditor's Direct Trust Claim via the Custodian, and separately *pari passu* to a

maximum of the Proven Claim of each Trust Creditor's Indirect Trust Claim.

3.3 ASSIGNMENT OF CLAIMS

Upon payment of the Trust Creditor Fund to the Trust Creditors, the Trust Creditors hereby assign to the Sponsor all of their right and benefit in the Trust Claims, and their rights to recover from any of the Recovery Proceedings, to the Sponsor, to the extent those Trust Claims have been paid to the Trust Creditors

3.4 TRUST CREDITORS WITH DISPUTED CLAIMS

Trust Creditors with Disputed Claims shall be entitled to attend the Meeting and cast a vote in respect of the Proposal up to the value of their Disputed Claim. The Trustee shall keep a separate record and tabulation of any votes cast in respect of Disputed Claims. The Trustee shall report the result of the vote and the tabulation of votes of Proven Claims and Disputed Claims to the Court and, if the decision by Trust Creditors whether to approve or reject the Proposal is affected by the votes cast in respect of Disputed Claims, the Company shall seek direction from the Court in respect thereof. The fact that a Disputed Claim is allowed for voting purposes shall not preclude the Company or the Trustee from disputing the Disputed Claim for distribution purposes.

Any Trust Creditors with a Disputed Claim on the Distribution Date shall not be entitled to receive any distribution hereunder with respect to such Disputed Claim unless, until and to the extent that such Disputed Claim is accepted as a Proven Claim, either by agreement or by order of the Court.

Pending resolution of each Disputed Claim, either by agreement or by order of the Court, the Trustee shall withhold such amount as would be payable to the Trust Creditor with such Disputed Claim if that Disputed Claim were a Proven Claim. If and to the extent a Disputed Claim is determined to be a Proven Claim, the Trustee shall distribute the appropriate payment to that Trust Creditor in respect of its Proven Claim within 10 days of that determination. If a Disputed Claim is not determined to be a Proven Claim, then such withheld amount shall be dealt with at the discretion of the Trustee.

3.5 ASSIGNMENT AND RELEASE

Other than in respect of a payment on the First Interim Distribution Date or the Second Interim Distribution Date pursuant to section 3.2 of this Proposal, the Trust Creditors hereby agree to postpone payment of their Trust Claims to the Final Distribution Date as against the Company and as against any person who is jointly and severally liable for such Trust Claims including, without limitation, the Sponsor.

Upon the Company paying the Trust Creditors Fund to the Trust Creditors under the Proposal, each Trust Creditor shall:

- (a) assign the right and benefit in that portion of its Trust Claim which it has received from the Trust Creditors Fund to the Sponsor; and
- (b) provided the Direct Trust Claims have been paid in full, release the Sponsor and directors and officers of the Company from all Trust Claims that arose before the Filing Date and that relate to the obligations of the Company or the Sponsor prior to the Filing Date, regardless of the date of crystallization of such Claims, where the directors or officers are, by law, liable in their capacity as directors or officers for the payment of such obligation but shall not include claims that are based on allegations of misrepresentation made by directors to creditors or of wrongful or oppressive conduct by directors.

ARTICLE IV PRIORITY PAYMENTS

4.1 TRUSTEE'S FEES

The Trustee's Fees will be paid by the Company in priority to payment of all Proven Claims in accordance with the provisions of the BIA from the proceeds of the Sale Transactions or from the Company's ongoing business operations.

4.2 PAYMENT OF PRIORITY CREDITORS

The Trustee shall pay the following from the amounts paid to the Trustee pursuant to the Approval Order or Section 2.4 of the Proposal as applicable:

- (a) all Crown Claims within 6 months of the date the Approval Order is made;
- (b) all Employee Priority Claims, if any, immediately after the granting of the Approval Order; and
- (c) any other Priority Claims in accordance with Subsection 136(1) of the BIA prior to any distribution to the Trust Creditors Class.

ARTICLE V CONDITIONS PRECEDENT

5.1 CONDITIONS PRECEDENT TO THE EFFECTIVE DATE

The Effective Date is subject to the satisfaction or waiver of the following conditions precedent:

- (a) The Proposal being approved by the Trust Creditor class by the requisite percentages in relation to both numbers of the Trust Creditors voting and to the dollar amounts of Proven Claims of Trust Creditors voting in accordance with the provisions of the BIA;
- (b) The Approval Order has been issued and has not been stayed by an appeal of the Approval Order; and
- (c) All other actions, documents and agreements necessary to implement the Proposal shall have been effected and executed.

5.2 WAIVER OF CONDITIONS

Any conditions precedent contained in Section 5.1 hereof, other than Subsections 5.1(a) and 5.1(b), may be waived by the Company with the prior consent of the Trustee.

ARTICLE VI DELIVERY OF NOTICES AND DISTRIBUTIONS UNDER THE PROPOSAL

6.1 NOTICES AND PAYMENTS TO TRUST CREDITORS

Any notices, correspondence and distributions to Creditors under or in relation to the Proposal shall be delivered to the address provided by each Creditor in its Proof of Claim, unless the Trustee is notified by a Creditor in writing of an alternative address for delivery.

6.2 UNDELIVERABLE DISTRIBUTIONS

If any distribution to a Trust Creditor under the Proposal is returned to the Trustee, the Trustee shall make its best efforts to locate the Trust Creditor. Undeliverable distributions shall be retained by the Trustee until they are claimed or until the date of the Trustee's discharge, after which they shall, subject to Section 154(1) of the BIA and Directive No. 18 of the Superintendent of Bankruptcy, be paid over by the Trustee to the Law Society of British Columbia, in its capacity as custodian of the legal practice of the Company to the extent of the Trust Claims.

6.3 WITHHOLDING TAXES AND SUPERINTENDENT'S LEVY

All distributions made by the Trustee pursuant to the Proposal shall be made net of all applicable levies in accordance with the BIA and regulations thereto, including the levy imposed by the Superintendent of Bankruptcy under the BIA.

Notwithstanding any other provision of the Proposal, each Trust Creditor that is to receive

a distribution pursuant to the Proposal shall have the sole and exclusive responsibility for the satisfaction and payment of any taxes or tax obligations imposed by any governmental entity (including income, withholding and other tax obligations on account of such distribution).

ARTICLE VII MEETING OF THE TRUST CREDITORS

7.1 MEETING

The Meeting for the Trust Creditor Class to consider and vote on the Proposal shall be conducted in accordance with Division 1-General Scheme for Proposals of the BIA.

7.2 VOTING

The Proposal is to be voted on by the Trust Creditor Class at the Meeting.

For the purposes of voting each Trust Creditor shall have one vote for the purposes of determining a majority in number and each Trust Creditor shall be entitled to one vote for each \$1.00 of its Proven Claim for the purpose of determining a majority in value.

7.3 PROXIES AND VOTING LETTERS

Trust Creditors will be entitled to vote at the Meeting by proxy or voting letter. The particulars with respect to voting by proxy or voting letter will be detailed in the package provided to the Trust Creditors by the Trustee and will be binding upon all Trust Creditors.

7.4 ADJOURNMENT OF MEETING

The Chair of the Meeting may adjourn the Meeting for any of the purposes as indicated in section 52 of the BIA upon such terms as are considered appropriate by the Chair upon notice to those persons present at the Meeting.

7.5 INSPECTORS

At the Meeting, the Trust Creditors may appoint one or more but not exceeding five inspectors (the "**Inspectors**") under the Proposal whose duties will be restricted to the following:

- (a) to advise the Trustee in connection with its actions under the Proposal or any amendment thereto as the Trustee may, from time to time, request;
- (b) to advise the Trustee concerning any dispute which may arise as to the validity of claims of Trust Creditors under the Proposal;
- (c) to extend the Distribution Date and/or Effective Date provided for under the Proposal; and
- (d) to advise the Trustee in respect of such other matters as may be referred

to the Inspectors by the Trustee.

The Custodian will serve as an Inspector if appointed by the Trust Creditors.

In the event the Trust Creditors do not elect to appoint Inspectors under the Proposal, the Trustee shall be entitled to proceed as if authorized by the Inspectors and, subject to taxation thereof, to be paid by the Company for services rendered by it pursuant and in relation to the Proposal.

The Trustee, and the Inspectors, should any be appointed, shall be exempt from all personal liability for any wrongful act, default or neglect (other than fraud, willful misconduct or gross negligence) in fulfilling any duties or exercising any powers conferred upon them by the Proposal, the BIA or generally in carrying out the terms of the Proposal.

ARTICLE VIII AMENDMENTS AND MODIFICATIONS

8.1 AMENDMENT OF PROPOSAL

The Company reserves the right, with the consent of the Trustee, and in consultation with the Custodian, to amend the Proposal at any time prior to the Meeting.

8.2 MODIFICATION OF PROPOSAL

After the Meeting, the Proposal may be modified from time to time:

- (a) if the amendment is considered by the Trustee and the Inspectors (should any be appointed) to be non-substantive in nature, with the approval of the Trustee and the majority of the Inspectors (should any be appointed);
- (b) upon a vote conducted by the Trustee at a further meeting of Trust Creditors; and
- (c) by the Court at any time on application of the Company or the Trustee and upon notice to those determined by the Company and the Trustee to be directly affected by the proposed modification, whether an Trust Creditor or not.

8.3 WAIVERS

Other than the conditions precedent contained in Subsections 5.1(a) and 5.1(b) hereof, any provision of the Proposal may be waived, with the consent of the Trustee, by the Trust Creditor Class or by a Trust Creditor affected by the provision.

ARTICLE IX APPLICATION FOR APPROVAL ORDER

9.1 APPLICATION FOR APPROVAL ORDER

After the Proposal has been approved by the Trust Creditors by the requisite percentages in relation to both numbers of Trust Creditors and dollar amounts of Proven Claims of Trust

Creditors voting on the resolution at the Meeting, the Trustee will apply to the Court for the Approval Order in accordance with section 58 of the BIA.

9.2 CONTINUATION OF THE STAY OF PROCEEDINGS

Except as against the Unaffected Creditors, the stay of proceedings provided for in Subsection 69.1(1) of the BIA will be continued in full force and effect from the date of filing of the Proposal until the Completion Date, or if the Company becomes bankrupt, the date of bankruptcy.

ARTICLE X GENERAL

10.1 CERTIFICATE OF FULL PERFORMANCE OF PROPOSAL

Following the Completion Date, the Trustee shall give to the Company and the official receiver a certificate, in the prescribed form, in accordance with Section 65.3 of the BIA.

10.2 FURTHER ACTIONS

The Company will execute and deliver all such documents and instruments and do all such acts and things as may be necessary or desirable to carry out the full intent and meaning of the Proposal and to give effect to the transactions contemplated hereby.

10.3 NOTICES

All notices and correspondence relating to the Proposal and to be delivered to the Company or the Trustee shall be made in writing and shall be delivered either personally, by email, by telecopy, by regular mail, by registered mail or by certified mail, return receipt request, at the following address:

c/o FTI Consulting Canada
Inc. 701 West Georgia
Street
Suite 1502
Vancouver, BC V7Y 1 C6
Telephone: (604) 601-5691 Facsimile: (604) 801-5911

And if to a Trust Creditor, at its address set forth in the last Proof of Claim deposited with the Trustee, or at such other address of which the Trust Creditor has subsequently given the Trustee notice in writing.

10.4 DATE & REFERENCE

The Proposal may be referred to as being the Proposal of the Company dated for reference February 17, 2017.

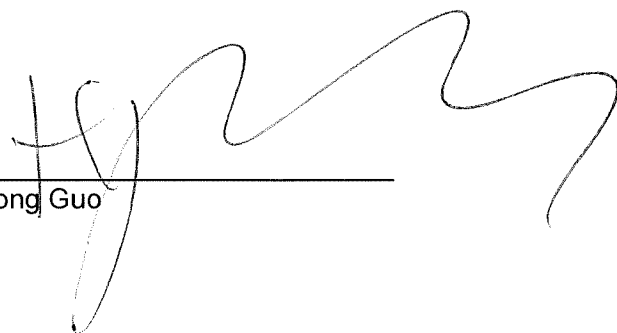
10.5 SUCCESSORS AND ASSIGNS

The Proposal is binding upon the Company and the Trust Creditors and their respective heirs, executors, administrators, successors and assigns.

DATED at the City of Vancouver, Province of British Columbia this 17 day of February, 2017.

GUO LAW CORPORATION

Per Authorized Signatory



Hong Guo

Schedule 1
Current Estimated Values of the Properties and Encumbrances Thereon

Consolidated Real Property of Hong Guo and Guo Law Corporation

Schedule 1 - Table of Real Property Equity

| | 2016 Assessed Value | FMV | Mortgages | | Other Encumbrances | Transaction Costs | Estimated Equity |
|--|---------------------------|------------|-----------|--------|---|----------------------|---------------------|
| | | | # | Rate | | | |
| <u>Hong Guo's Investment Property (the "Group A")</u> | | | | | | | |
| 143-5951 Minoru Blvd., Richmond, BC | 370,400 | 370,400 | | | \$35,828.91 of inter-alia Judgment Van. Reg. S166116 (Andrews Realty) | 15,112 | 319,459 |
| 6351 Francis Road, Richmond, BC | 1,655,000 | 1,655,000 | 1st | 2.60% | \$35,828.91 of inter-alia Judgment Van. Reg. S166116 (Andrews Realty) | 53,650 | 458,913 |
| | | | 2nd | 9.00% | | | |
| 1736 St. John Street, Regina, SK | 112,300 | 175,000 | | | Lien claim of \$59,900 | 8,750 | 106,350 |
| Saskatchewan Farmland | 724,500 | 1,191,000 | 1st | 4.30% | | 59,550 | 855,450 |
| 1) Fillmore RM | 124,000 | 272,000 | | | | 13,600 | |
| 2) Key West RM | 229,700 | 346,000 | | | | 17,300 | |
| 3) Caledonia RM | 370,400 | 573,000 | | | | 28,650 | |
| <u>Mytopia Inc. (Hong Guo has a 35% shareholder interest) (the "Group A")</u> | | | | | | | |
| Surrey Development Properties | 12,525,400 | 16,192,000 | 1st | 6.90% | | 489,760 | 2,713,284 |
| 1) 16725 15 Avenue, Surrey, BC | 8,879,000 | | 2nd | 12.00% | | | |
| 2) 16530 16 Avenue, | 1,667,500 | | | | | | |

| | | | | |
|-----|--------|----------------|---|---------|
| 3rd | 6.00% | \$1,600,000.00 | \$19,414.50 Builders Lien (L5 interiors Ltd) | |
| 4th | 10.00% | \$820,000.00 | \$35,828.91 of Inter-alia Judgment Van. Reg. S166116 (Andrews Realty) | |
| | | | \$18,443.88 Strata Property Act Lien (Owners, Strata Plan LMS3045) | 300,000 |

Potential recovery of equity due to split of \$600,000 inter-alia mortgage between 5080 Linfield Gate and 200-6061 No. 3 Road 300,000
 Recovery of equity due to split of \$35,828.19 inter-alia Judgment Van. Reg. S166116 (Andrews Realty) between 143-5951 Minoru Blvd, 6351 Francis Road, 5080 Linfield Gate and 200-6061 No. 3 Road 35,829

Total estimated equities from the Office: -428,358

Total estimated equities of all real estate properties (Group A, Home and Office): 4,122,265

Schedule 2

Proposal Support Agreement
Dated for Reference February 17, 2017

AMONG

Hong Guo
5080 Linfield Gate
Richmond, BC V7C 4L4

(the "Sponsor")

AND

Guo Law Corporation
6061 No. 3 Road
Richmond, BC V6Y 2B2

(the "Company")

WHEREAS

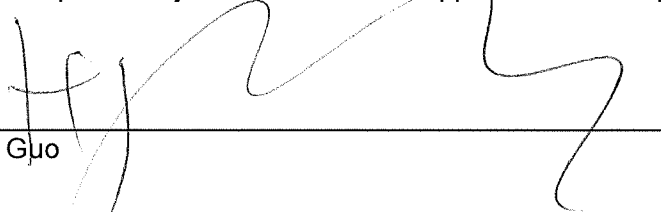
- A. The Company has filed a Notice of Intention to Make a Proposal pursuant to the *Bankruptcy and Insolvency Act* in the form attached hereto as Schedule "A" (the "Proposal"); and
- B. The Sponsor desires to fund the Company's proposal by selling her personal assets and taking steps to recover funds for the benefit of the Company and its creditors;

In consideration for the mutual promises contained herein, the parties agree as follows:

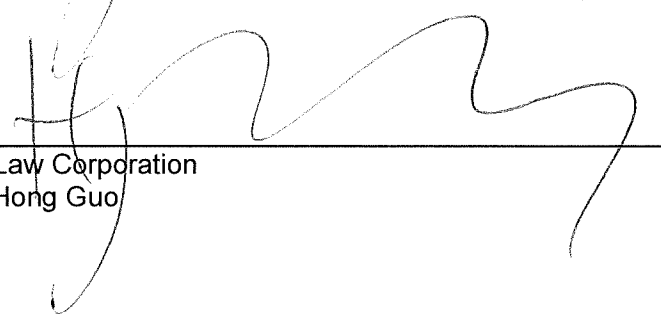
1. All defined terms herein have the same meaning as defined in the Proposal.
2. The Sponsor agrees to be bound by the terms of the Proposal.
3. The Sponsor shall pay to the Trustee enough money to pay all the Proven Claims with a value of less than \$600.00 within seven days of the Court pronouncing the Approval Order, grossed up to be net of the Superintendent's Levy.
4. The Sponsor hereby irrevocably appoints the Trustee to sell the Properties in accordance with the terms of the Proposal. The Trustee will, in consultation with the Sponsor, retain the services of local real estate professionals to market and list the Properties. The Sponsor shall, from time to time, provide the Trustee with minimum transaction prices for each of the Properties, and the Trustee shall have full authority to execute binding agreements to sell such Properties on behalf of and in the name of the Sponsor provided the transaction price is in excess of the minimum transaction price for each such property. The Sponsor herself shall undertake such steps in support of marketing and sales of the Properties as the Trustee may reasonably request. The

Sponsor will pay all net sale proceeds to the Trustee in accordance with the terms of the Proposal.

5. The Sponsor agrees not to take any steps to encumber the Properties including but not limiting granting any mortgages or consenting to judgment that could be registered against the Properties, without the prior consent of the Trustee, the Inspectors (if any are appointed), and the Custodian. To the extent judgments are registered against any of the Properties, the Sponsor agrees to take all reasonable steps to obtain a judicial stay of proceedings of such judgments pending completion of the Proposal.
6. The Sponsor agrees to advance the Recovery Proceedings, and to take all reasonable steps to exhaust recourse in respect of same. The Sponsor further agrees to pay any net proceeds of the Recovery Proceedings to the Trustee in accordance with the terms of the Proposal.
7. The Company agrees that, if all Proven Claims are paid in full and if there are any excess funds from the Sale Transactions or the Recovery Proceedings, that it will reimburse the Sponsor for any costs incurred in the Sale Transactions and the Recovery Proceedings for which the Sponsor remains liable at the Effective Date.
8. The Company agrees to comply with the terms of the Proposal.
9. It is a condition precedent to this agreement that the Proposal be approved by the requisite majorities and that the Approval Order be pronounced.



Hong Guo



Guo Law Corporation
Per: Hong Guo

Schedule 3**NOTICE RE: CREDITORS OF GUO LAW CORPORATION****To whom it may concern:**

On January 6, 2017, Guo Law Corporation (the "Debtor") filed a Notice of Intention to make a Proposal to its creditors pursuant to the *Bankruptcy and Insolvency Act*. Subsequently, the Debtor decided to limit its Proposal to only a subset of its creditors, namely those creditors who had funds on deposit in the Debtor's trust account that the Debtor was unable to satisfy by reason of misappropriation of funds from the said trust account.

Following approval by the creditors to whom the Proposal was made, on ●, the Debtor's Proposal was approved by the British Columbia Supreme Court. It is a term of the Proposal that the stay of proceedings under the Bankruptcy and Insolvency Act no longer applies to other creditors of the Debtor who were not the subject of the Proposal. You are receiving this notice to advise you that as a creditor whose rights were not affected by the Proposal, there is no longer any impediment to you pursuing any claims you may have against the Debtor.

Yours truly,

FTI Consulting Canada Inc.
in its capacity as Proposal Trustee of Guo Law Corporation