



No. S-240293
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

**FOX ISLAND DEVELOPMENT LTD. and
ADVANCED VENTURE HOLDING CO., LTD.**

PETITIONERS

AND:

KENSINGTON UNION BAY PROPERTIES NOMINEE LTD. (formerly known as 34083 YUKON INC.), KENSINGTON UNION BAY PROPERTIES LIMITED PARTNERSHIP, KENSINGTON UNION BAY PROPERTIES GP LTD., INTERNATIONAL TRADE CENTER PROPERTIES LTD., SUNWINS ENTERPRISE LTD., MO YEUNG CHING also known as MICHAEL CHING, MO YEUNG PROPERTIES LTD., SFT DIGITAL HOLDINGS 30 LTD., HOTEL VERSANTE LTD., BEEM CREDIT UNION, MORTEQ LENDING CORP., CHUN YU LIU, 1307510 B.C. LTD., JEFFREY RAUCHM, RCC HOLDINGS LTD. and HEUNG KEI SUNG

RESPONDENTS

APPLICATION RESPONSE

Application Response of: Bygenteel Capital Inc. (the “Application Respondent”)

THIS IS A RESPONSE TO the Notice of Application of the Receiver, Deloitte Restructuring Inc. (the “Receiver”) filed October 10, 2025.

The Application Respondent estimates that the application will take one (1) day.

Part 1: ORDERS CONSENTED TO

The Application Respondent consents to the granting of the orders set out in the following paragraphs of Part 1 of the notice of application: 1(a), 1(b) (subject to the provisos below), 1(c) (subject to the provisos below), and 1(d), 2, and 3.

Part 2: ORDERS OPPOSED

The Application Respondent opposes the granting of the orders set out in the following paragraphs of Part 1 of the notice of application: NONE

Part 3: ORDERS ON WHICH NO POSITION IS TAKEN

The Application Respondent takes no position on the granting of the orders set out in the following paragraphs of Part 1 of the notice of application: 1(e)

Part 4: FACTUAL BASIS

Overview

1. The Application Respondent generally agrees with the relief sought by the Receiver, including the sale of the Hotel (as defined below) to the proposed purchaser Citation Property Holdings Limited. (“**Citation**”).
2. The Application Respondent remains concerned about the Receiver’s sale of the Hotel, but recognizes that, given the Petitioners’ interest rate, it is imperative that some amounts be paid to the Petitioners immediately subject to a holdback of proceeds for the potential interests of other parties to the Hotel Parking (as defined below).

Background Facts

Parking

3. International Trade Centre Properties Ltd. (“**ITC**”) is owner of what is known as the ITC Remainder, a single legal parcel which provides parking to each of the air space parcels in the International Trade Centre development, including Air Space Parcel 2 (“**ASP2**”), which consists of the Hotel Versante (the “**Hotel**”). 84 spaces in the parkade (the “**Hotel Parking Stalls**”) are allocated to ASP2, the Hotel.
4. On May 30, 2019, as part of the development for the Hotel, ITC and 1212429 B.C. Ltd. (“**121**”) entered into a lease (the “**Parking Head Lease**”) under which ITC leased the entirety of its interest in the parking stalls in the ITC Remainder to 121. The Parking Head Lease was not registered.
5. The Parking Head Lease was partially assigned by 121 to Bygenteel Capital Inc. (“**Bygenteel**”) on or about November 5, 2019.
6. On or about July 1, 2021, Bygenteel, as landlord, leased the 84 parking stalls to Club Versante Management Ltd. (“**Club Versante**”), as tenant.
7. Bygenteel is the owner of Strata Lot 14, EPS5803.
8. On August 15, 2021, Bygenteel entered into a purchase agreement with ITC to revert the Hotel Parking back to ITC for a purchase price of \$6,000,000. The purpose of the transaction

was to sell the Hotel along with related assets, such as the Hotel Parking, to a purchaser, RCC Holdings Ltd. This transaction did not close.

9. Since the principals of Citation began seeking a purchase of the Hotel in 2024, they have (in the name of their affiliate Pacific Aegis Capital Management (“**PACM**”)) engaged in discussions with Michael Ching and Bygenteel with respect to acquiring the Hotel Parking as well as the Hotel. The baseline price for those discussions has remained at \$6 million.
10. On July 15, 2025, Justice Fitzpatrick granted a consent order (the “**Parking Settlement Approval Order**”) whereby the Receiver would be able to sell the Hotel Parking to a purchaser free and clear of any claims of ITC, 121, Bygenteel or Club Versante. The Parking Settlement Approval Order is described in detail in the Receiver’s Third Report. At all times, the parties agreed that the consent order was necessary to expedite the sale of the Hotel and that entitlement to the Hotel Parking would be considered after approval of a sale.
11. Pursuant to that Parking Settlement Approval Order, ITC and 121 delivered an assignment of the Hotel Parking under the Head Lease to the Receiver to be delivered to the successful purchaser of the Hotel. Fox Island has not contested that assignment.
12. Also pursuant to the Parking Settlement Approval Order, Bygenteel delivered to the Receiver an agreement terminating the assignment of the Hotel Parking Stalls by 121 to Bygenteel to be held in escrow and to be used in completing the sale of the Hotel and the Hotel Parking Stalls. Club Versante delivered an agreement terminating the lease of the Hotel Parking Stalls by Bygenteel to Club Versante also to be held in escrow to be used in completing the sale of the Hotel and the Hotel Parking Stalls.

Part 5: LEGAL BASIS

Approval of Sale

1. The Application Respondent agrees that the Citation Sale may represent a commercially reasonable sale of the Hotel. However, there are some concerns that the Application Respondent has with the sale process:
 - a. The Receiver indicated that a bid deadline would be July 29, 2025. However, as revealed in the Third Report, negotiations continued with the Preferred Offer purchaser until August 18, 2025, at which time the purchaser advised they would not be proceeding with the Preferred Offer;
 - b. The sales process contemplated a bid deadline and a standard-form purchase agreement. It is not explained in the Third Report why negotiations took almost an additional three weeks and why they had not concluded by August 18, 2025;
 - c. The Receiver had been informed repeatedly about prior offers from PACM and their general value, along with the 30 percent interest rate running on the Order Nisi amounts; and,
 - d. Although the Receiver identifies PACM in the Third Report as a potential stalking horse purchaser, it does not identify why that bid was not advanced, whether the

price was superior to that before the Court, or, as the Second Report of the Receiver states, what Fox Island's concerns were, or whether the Receiver acceded to those concerns.

2. Given that re-exposure to the market is unlikely to generate a superior offer, and the prejudice the Application Respondent will suffer from increased interest, the Application Respondent has no choice but to concede that the Citation sale should be approved.

Distribution to Lenders

3. The Application Respondent agrees that a distribution to the Petitioners is appropriate, provided that an appropriate holdback is established for priority claims and pursuant to the Parking Settlement Approval Order.
4. Given the evidence provided by the Application Respondent on the value of the Hotel Parking, the Application Respondent takes the position that the holdback under the Parking Settlement Approval Order should be \$6 million at a minimum.
5. It would be inappropriate for this Honourable Court to order a distribution to the Petitioners without such a holdback, considering the Application Respondent and all parties, including the Petitioners, consented to the Parking Settlement Approval Order.

Assignment into Bankruptcy

6. The Application Respondent takes no position on the application allowing the Receiver to assign Hotel Versante into bankruptcy.

Approval of the Receiver's Activities

7. The Application Respondent takes no position as to the activities of the Receiver. However, as stated above, the conduct of the sale process raises some concerns which have been set out above.

Other Relief

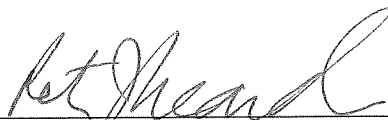
8. The Application Respondent takes no position on the other relief sought by the Receiver.

MATERIAL TO BE RELIED ON

1. Affidavit #1 of Chun Lin Ching, made October 20, 2025;
2. Affidavit #3 of Michael Ching, made October 20, 2025;
3. The Receiver's Reports to date herein; and,
4. Such other materials as this Honourable Court may permit.

The Application Respondent has filed in this proceeding a document that contains an address for service.

Date: October 20, 2025



Signature of lawyer for the Application Respondent,
Peter J. Reardon

THIS APPLICATION RESPONSE is prepared by Peter J. Reardon, of the firm of Nathanson, Schachter & Thompson LLP whose place of business and address for service is 750 – 900 Howe Street, Vancouver, B.C. V6Z 2M4, telephone (604) 662-8840 and whose email address for service is preardon@nst.ca.