



This is the 2nd affidavit
of Wen Yong Wang in this case
and was made on February 25, 2025

No. S-240493
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 RAUCH, RCC HOLDINGS LTD., AND
HEUNG KEI SUNG

RESPONDENTS

AFFIDAVIT

I, WEN YONG WANG, of 2700, 1133 Melville Street, in the City of Vancouver, in the Province of
British Columbia, Businessperson, AFFIRM AS FOLLOWS:

1. I am the director of the petitioner, Fox Island Development Ltd., and have primary
responsibility for the administration of the loans owing to Fox Island Developments Ltd.
and the petitioner, Advanced Venture Holding Co., Ltd. (together, "**Fox Island**"), that are

secured by the mortgages and the other security which are the subject of these foreclosure proceedings. As such, I have personal knowledge of the facts and matters hereinafter deposed to save and except where the same are stated to be based on information and belief, and where so stated I verily believe them to be true.

2. I swear this affidavit in support of the application of Fox Island for the appointment of a receiver and manager over the Hotel. Capitalized terms used in this affidavit and not otherwise defined have the meanings ascribed to them in Fox Island's notice of application.
3. Since February 29, 2024, the date the Order Nisi was made in these proceedings, no funds have been paid by the Debtors to Fox Island to the credit of the Loan, and the real and personal property comprising the Security, including the Hotel, has not otherwise been redeemed.

Marketing Efforts for the Sale of the Hotel

4. The Order Nisi granted Fox Island exclusive conduct of sale of the Hotel.
5. The Hotel was built in 2018 and consists of a 14-story hotel and a five-story parking structure located in Richmond B.C. The Hotel has 100 rooms, approximately 90,000 square feet of hotel including event space, a restaurant, a roof-top pool and a penthouse lounge.
6. On March 13, 2024, Fox Island entered into an exclusive listing agreement with Avison Young to market the Hotel for a term of six months. The term was extended once, ending on November 3, 2024.
7. Avison Young's marketing efforts included email announcements attaching an information brochure to a targeted group consisting of 1,748 active investors and 449 brokers for a total of 2,197 contacts. By mid-September 2024:
 - a) 47 parties had signed confidentiality agreements and were provided with access to a confidential information memorandum;
 - b) 14 tours of the Hotel were conducted; and

- c) three letters of intent with non-binding, indicative prices were received from three separate bidders;
8. Fox Island engaged in negotiations with one of the three bidders who submitted a letter of intent but those negotiations did not result in an offer to purchase being made.
9. In August 2024, Fox Island was contacted by another bidder which resulted in an offer to purchase for the Hotel dated on September 4, 2024. The first deposit due under the offer to purchase was received on September 17, 2024, which triggered a 30-day due diligence period. The offeror subsequently exercised its right to extend the due diligence to November 3, 2024. On November 3, 2024, the offeror confirmed that it could not obtain satisfactory financing and would not proceed, resulting in the offer terminating and the deposit being returned.
10. Since November 2024, no offers have been received from any other parties. However, Fox Island has continued to receive enquiries from parties interested in the Hotel and has entered into extensive and detailed negotiations with a number of them. Three interested parties have expressed an intention to make formal offers in the near future.

Concerns about the Hotel Management and Operation

11. Trilogy Hotel Management (Richmond) Ltd. (the "**Hotel Manager**") currently provides management services for the Hotel.
12. I have had a number of communications with John Evans, the principal owner and director of the Hotel Manager, over the past several months regarding the Hotel's operations.
13. On December 29, 2024, I received an email from Mr. Evans advising me that, despite the solid business performance of the Hotel in 2024, which had improved over the previous year, Mr. Ching, the principal and sole director of ITC, the owner of the Hotel, had directed the Hotel Manager to pay lesser amounts of hotel management staff performance bonuses in 2024 than in 2023. Attached to this my affidavit as **Exhibit "A"** is a true copy of Mr. Evans' email dated December 29, 2024, attaching an email exchange between Sanjeet Sadana, the General Manager of the Hotel, and Rita Zhang on behalf of the Hotel Operator (without attachments).

14. In the same email, Mr. Evans commented: "Whilst we are proud of our accomplishments, unfortunately, Michael Ching neither acknowledges nor appreciates the performance of his hotel manager in achieving these financial and operational results. Both by his words and his contempt for our abilities and the results that we have achieved for him."
15. On January 6, 2025, Mr. Evans advised me by email that: Mr. Sadana had tendered his resignation as General Manager of the Hotel, and his last day would be January 19, 2025; Mr. Evans had arranged for the former general manager of a well-known Vancouver hotel, with many years of luxury hotel management experience, to take on a temporary management role as the acting General Manager for the Hotel effective January 20, 2025; and Mr. Ching had notified Mr. Evans that Mr. Ching intends to assume the role of acting General Manager. Attached to this my affidavit as **Exhibit "B"** is a true copy of Mr. Evans' email dated January 6, 2025.
16. On January 12, 2025, Mr. Evans further advised me by email that he had personally sourced a highly qualified individual to assume the role of acting General Manager for the Hotel, effective January 20, 2025. In the same email, Mr. Evans stated to me that no hotel management professional would recommend nor support Mr. Ching's decision to assume such role. I understood that statement to mean that Mr. Evans had advised Mr. Ching against this decision but his advice was ignored. Attached to this my affidavit as **Exhibit "C"** is a true copy of Mr. Evans' email dated January 12, 2025.
17. On January 19, 2025, Mr. Evans received a letter from Mr. Ching cancelling the hotel management agreement with the Hotel Manager that was effective immediately. Attached to this affidavit as **Exhibit "D"** is a true copy of the termination notice dated January 19, 2025, from Hotel Versante Ltd. addressed to the Hotel Manager, and at **Exhibit "E"** is a copy of the Hotel Manager's response letter from its litigation counsel dated January 27, 2025.
18. I had a subsequent conversation with Mr. Ching and Mr. Ching confirmed that he would not be paying the Hotel Manager's invoices.
19. Based on the events outlined above, I verily believe that Mr. Ching has taken or is taking control of the hotel management since the termination of the Hotel Manager.

Concerns about the use of the Hotel's net income

20. Fox Island requested and has been provided with owner-prepared, comparative income statements for the Hotel from time to time. The most recent statement received from Mr. Ching was for the period up to the end of December, 2024, and indicated a year-to-date net income in excess of \$2,500,000.
21. However, Mr. Ching has not been transparent about the use of the Hotel's net income. In July 2024, and on several occasions thereafter (most recently on January 6, 2025), I asked Mr. Ching to provide details about the net income and current cash position of the Hotel, and a plan to apply such net income to the debts owing to Fox Island. However, Mr. Ching refused to provide any further details about the net income and he specifically refused to apply any of the net income to repay the debts owing to Fox Island. In each such discussion I had with Mr. Ching (most recently on January 6, 2025), Mr. Ching told me that if we took any steps to compel him to pay the net income to Fox Island or take control of the Hotel away from him, that he would "lie flat", which I understood to mean that Mr. Ching would stop providing us with any information on the Hotel, stop cooperating with us in our efforts to sell the Hotel, and would attempt to create difficulties with respect to our sale efforts, regardless of whether it would be to the detriment of his own interest or ours.
22. Pending the sale of the Hotel, Fox Island does not object to the Hotel's revenue being applied for purposes related to the ordinary business of the Hotel, such as staff compensation and its daily operation. However, in light of Mr. Ching's refusal to provide details of the net income usage, and the Hotel Manager's information about Ching's refusal to pay bonuses, I am concerned that Mr. Ching is applying net income generated from the Hotel for his own purposes unrelated to the Hotel's operation.
23. I am not aware of any meaningful source of income to the Debtors, other than the income generated from the operation of the Hotel. I understand that the Debtors are in dire need of cash due to the significant indebtedness to Fox Island and other creditors and also due to other outlays for Mr. Ching's other project unrelated to the Hotel.

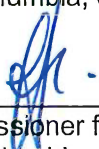
24. Based on my discussions with Mr. Evans, the principal of the Hotel Manager, I further understand that: Mr. Ching and his own personal team, and not the Hotel Manager, have full and complete control over the Hotel's financial operations, including exclusive access to all of the Hotel's bank accounts; all accounts payable and tax remittances are handled by Mr. Ching and his personal team; and the Hotel Manager's financial role is limited to presenting bills received by it to Mr. Ching and his personal team for handling.

Concerns over impeding the sale process for the Hotel

25. On multiple occasions Mr. Ching has made comments to me in the course of our discussions about the sale of the Hotel to the effect that any purchaser of the Hotel would face impediments in operating the Hotel without Mr. Ching's ongoing involvement and cooperation after the sale, making reference to issues regarding the Hotel's right of using the Hotel brand and the use of the Hotel's parking stalls and the Hotel's food and beverage services. I took these comments to mean that Mr. Ching's intention was to suggest that Fox Island would have difficulties selling the Hotel if potential purchasers were made aware of such impediments. Fox Island did receive feedback from multiple potential buyers that they have concerns regarding the use of the parking stalls after purchase of the hotel.
26. From November 2024 and February 2025, I was advised by multiple different, unrelated potential bidders for the Hotel that Mr. Ching had made similar comments to them.
27. I do not believe that the impediments alleged by Mr. Ching are valid and I believe they would likely be readily dispelled by a purchaser's due diligence. However, I am concerned that Mr. Ching's comments have created uncertainty about the Hotel among potential bidders, which may adversely affect marketing efforts and in particular the willingness of potential bidders to make an offer on the Hotel or conduct due diligence.
28. I was specifically told by one potential bidder that it would be more willing to make an offer for the Hotel if Mr. Ching was excluded from the management of the Hotel, thereby removing a perceived source of uncertainty as to the management of the Hotel.

29. For all of the above reasons, Fox Island is concerned that its security is at risk, including the significant net income the Hotel is generating, and has lost confidence in the Debtors' ability to protect the operations and the value of the Hotel.

AFFIRMED BEFORE ME at Vancouver,
British Columbia, on February 25 , 2025



A Commissioner for taking Affidavits for
British Columbia.



Wen-Yong Wang

Holly Yuen
Barrister & Solicitor
DLA Piper (Canada) LLP
1133 Melville Street, Suite 2700
Vancouver, BC V6E 4E5
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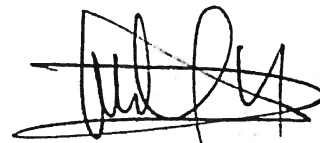
Endorsement of Interpreter

I, Jade Zhen, interpreter for the petitioners, care of 2700 – 1133 Melville Street, Vancouver, British Columbia, certify that:

1. I have knowledge of the English and Mandarin languages and I am competent to interpret from one to the other.
2. I am advised by the person affirming this affidavit and believe that the person affirming the affidavit understands the Mandarin language.
3. Before the affidavit on which this endorsement appears was made by the person affirming the affidavit I correctly interpreted it for the person affirming the affidavit from the English language into the Mandarin language and the person affirming the affidavit appeared to fully understand the contents.

February 25, 2025
Date

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Signature of Interpreter
Jade Zhen

This is **Exhibit "A"** referred to in the Affidavit of Wen-Yong Wang affirmed before me at Vancouver, British Columbia, on this 25th day of February, 2025.



A Commissioner/Notary Public for taking
Affidavits for British Columbia

Holly Yuen
Barrister & Solicitor
DLA Piper (Canada) LLP
1133 Melville Street, Suite 2700
Vancouver, BC V6E 4E5
604.687.9444

From: John Evans <john@trilogypacific.com>
Sent: December 29, 2024 11:36 AM
To: Wen Yong Gavin Wang
Cc: Matthew Choi; Tom Johnston
Subject: Fwd: Versante Hotel Employee 2024 year end package
Attachments: 2023 & 2024 Forecast - 12.23.24.xlsx; three_month_forecast6844221345.pdf

External Email - Use Caution

Dear Gavin;

I write to share with you in confidence, an email sent by Sanjeet Sadana, General Manager, Versante Hotel on Friday, December 27th to Rita Zhang, Director of Hospitality for Michael Ching (DBA Versante Hotel Ltd).

The need for this email arises as a result of Michael Ching's direction to the hotel manager (Trilogy) to pay lesser amounts of bonuses for 2024 than in 2023, to the hotel's management team - in spite of the business' significant over-budget performance. I believe that this direction arises solely as a result of the owner's intentions to realize personal gain at the expense of the moral of our management group and of the business.

In reviewing the contents of the email to follow from the hotel's General Manager, you will recognize the performance of Trilogy Management in 2024 in over-achieving budget in both Hotel Revenue and GOP.

While we are proud of our accomplishments, unfortunately, Michael Ching neither acknowledges nor appreciates the performance of his hotel manager in achieving these financial and operational results. Both by his words and his actions, he continues to display his contempt for our abilities and the results that we have achieved for him.

We remain hopeful that you will elect to assume ownership of the hotel thereby enabling us to manage this business on your behalf, all the time increasing the value of the underlying asset. And, should you elect to sell the hotel, that you will enshrine the Hotel Management Agreement as a condition of sale.

Thank you for your consideration of this matter and Tom and I remain available to speak with you at any time in this regard.

Regards, John

John deC. Evans
President & Founder
Trilogy Group of Companies &
OPUS Hotel Corporation

Trilogy Pacific Investments Inc.

Suite 700 Jameson House
838 West Hastings St.
Vancouver, BC, Canada,
V6C 0A6

Mobile: +52 322 349 2566
Email: john@trilogypacific.com

Begin forwarded message:

From: Sanjeet Sadana <sanjeet@versantehotel.com>
Subject: Re: Hotel Employee 2024 year end package
Date: December 28, 2024 at 12:51:19 PM CST
To: Rita Zhang <rita@sunwins.ca>, Tom Johnston <tom@trilogypacific.com>, John Evans <john@trilogypacific.com>
Cc: Michael Ching <michael@sunwins.ca>

Dear Rita,

Thank you for the update and for sharing the requested documents.

I completely understand the need to wait for year-end to finalize approval, especially given that we are just days away. I'd like to reiterate how proud I am of the team for achieving outstanding results this year.

As we close 2024, we anticipate room revenues exceeding last year by \$900k and budget by at least \$430k. Room Revenues shall be very close to \$9M for the year. This is an incredible milestone, and it's worth noting that overall revenues are projected to surpass budget expectations despite the challenges we faced mid-year, including the loss of Alaia and the movement of certain functions to Level 6.

Our profitability (GOP) is also set to outperform budget due to strong expense management, further demonstrating the team's commitment and operational excellence. This success is a direct result of our managers' dedication to driving revenue and maintaining guest satisfaction, as reflected in the highest guest review scores in the Richmond market.

In light of this, I strongly recommend that all managers be paid at least the same dollar amount as their performance bonuses last year. Their hard work and results deserve recognition. As for myself, I do not wish to receive any additional bonus beyond what has already been allocated. Once the year officially closes, I trust Michael's consideration in the New Year will lead to fair and timely approval of performance bonuses.

Thank you again for your patience and support in this process.

Best regards,
Sanjeet Sadana
General Manager

From: Rita Zhang <rita@sunwins.ca>
Sent: Friday, December 27, 2024 4:27 PM
To: Sanjeet Sadana <sanjeet@versantehotel.com>; Tom Johnston <tom@trilogypacific.com>; John Evans <john@trilogypacific.com>
Cc: Michael Ching <michael@sunwins.ca>
Subject: Re: Hotel Employee 2024 year end package

Hi All,
Michael is not available for a call today, unfortunately. He is asking us to patiently wait until year end since we are just a few days away.
I am attaching a few documents for your reference. These are what he has been asking since Nov, when I began to request approval.

Note, 1. Total revenue booked in accounting is \$9.24mm as of Dec 25th;
2. Last year performance bonus and loyalty bonus pay dates were Jan 19 and Feb 2.

I am sorry for not being able to finalize the approval of the 2024 performance bonuses by Friday as Sanjeet hoped, and thank you for your understanding and patience.

Best,
Rita

On Thu, Dec 26, 2024 at 12:48 PM Rita Zhang <rita@sunwins.ca> wrote:

Thanks Sanjeet.

Your reply has been shared with Michael, and he'd like to speak to you and the manager at 1pm today. sorry for the short notice, @Tom Johnston and @John Evans tom and john, will you be available for the call? If yes, I will send the invite, alternatively, we will see you at Bruno Bar @Sanjeet Sadana

Thanks
Rita



RITA ZHANG *Director*

T: 604 284 5366 **D:** 604 616 9436

W: sunwins.ca

1205 - 8400 West Road, Richmond, BC

This email, including any attachments, is for the sole use of the intended recipient and may contain confidential information. If you are not the intended recipient, please immediately notify us by reply email or by telephone, delete this email and destroy any copies. Thank you.

On Thu, Dec 26, 2024 at 12:11 PM Sanjeet Sadana <sanjeet@versantehotel.com> wrote:

Hi Rita,

Thank you for the approval.

Regarding the managers' bonus, we should at least match the \$\$ amount of last year. The amount being given is less than last year though we have outperformed last year in revenues and GOP by a significant margin. As you know December is looking very strong and it will be icing on the cake.

Request you to reconsider the manager's portion of the bonus.

Thank you

Sanjeet

From: Rita Zhang <rita@sunwins.ca>

Sent: Thursday, December 26, 2024 10:33 AM

To: Tom Johnston <tom@trilogypacific.com>; Sanjeet Sadana <sanjeet@versantehotel.com>

Subject: Hotel Employee 2024 year end package

Hi Tom and Sanjeet,

Happy Holidays~

Please see attached three files. Adjustments were made as per Michael's instruction, and they were also submitted for final review. I am free for a call today to explain loyalty award anytime today.

Best,

Rita

This is **Exhibit "B"** referred to in the Affidavit of Wen-Yong Wang affirmed before me at Vancouver, British Columbia, on this 25th day of February, 2025.



A Commissioner/Notary Public for taking
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Holly Yuen
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1133 Melville Street, Suite 2700
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604.687.9444

From: John Evans <john@trilogypacific.com>
Sent: January 6, 2025 3:32 PM
To: Matthew Choi
Cc: Wen "Gavin" Yong Wang; Tom Johnston; Su Wang (suwg12@gmail.com)
Subject: Re: Versante Hotel / Acting General Manager

Hi Matthew;

I write regarding operational matters with respect to Versante Hotel.

Regarding the resignation of the General Manager, to be effective January 19th, I have today been informed by ownership that Michael Ching intends to assume the role of Acting General Manager. Notably, I have over the past two weeks, begun discussions with the former GM of the Pan Pacific Hotel, an individual with many years of luxury hotel management experience, who had expressed an interest in a temporary management role with Versante Hotel.

I will allow you and Gavin to consider ownership's decision in this regard.

Our search for a permanent replacement for Sanjeet Sadana has already begun.

Regards, John

John deC. Evans
President & Founder
Trilogy Group of Companies &
OPUS Hotel Corporation

Trilogy Pacific Investments Inc.
Suite 700 Jameson House
838 West Hastings St.
Vancouver, BC, Canada,
V6C 0A6

Mexitrilogy Hospitality Development S. de R.L. de C.V.,
Homero 538, Piso 3, Int. 303 & 304,
Polanco, Sección V,
Miguel Hidalgo, Mexico City,
CP 11560

Mobile: +52 322 349 2566
Email: john@trilogypacific.com

This is **Exhibit "C"** referred to in the Affidavit of Wen-Yong Wang affirmed before me at Vancouver, British Columbia, on this 25th day of February, 2025.



A Commissioner/Notary Public for taking Affidavits for British Columbia

Holly Yuen
Barrister & Solicitor
DLA Piper (Canada) LLP
1133 Melville Street, Suite 2700
Vancouver, BC V6E 4E5
604.687.9444

From: John Evans <john@trilogypacific.com>
Sent: January 12, 2025 10:11 AM
To: Matthew Choi
Cc: Wen "Gavin" Yong Wang; Tom Johnston
Subject: Versante Hotel / Management Update

External Email - Use Caution

Hi Matthew;

I write to update Gavin Wang on the status of the management for Versante Hotel given the events that have occurred since Dec. 27th.

- Sanjeet Sadana, General Manager for the past 3+ years, resigned on Dec. 27th. Notably, one of the most capable General Managers with whom we have worked in the past 20+ years;
- I personally sourced a highly qualified individual to assume the role of Acting General Manager effective Jan. 20th;
- Michael Ching announced on January 6th that he would assume the "Acting General Manager's Role". No hotel professional would recommend nor support this action.
- The job posting for the new General Manager was published on January 8th and I have several qualified candidates for the position.
- I will be conducting online interviews with qualified candidates for the GM role this week, January 13th.
- I will personally be "on-property" the entire week of January 20th to direct the management team.
- I will be conducting 2nd interviews for those candidates whom we are interested in the week of Jan. 20th.
- Matthew, it is likely that any candidate interested in the position is going to seek a "golden parachute" for some period of months or years given the court-ordered sale process presents underway. It is also known in the industry why Sanjeet Sadana has chosen to leave the property.

Tom and I will be available to meet with Gavin and yourself the week of Jan. 20th if you wish to discuss the hotel management situation further. Of course, we are also available for a call this week.

Thank you, John


John deC. Evans
 President & Founder
 Trilogy Group of Companies &
 OPUS Hotel Corporation

Trilogy Pacific Investments Inc.

Suite 700 Jameson House
838 West Hastings St.
Vancouver, BC, Canada,
V6C 0A6

Mobile: +52 322 349 2566
Email: john@trilogypacific.com

This is **Exhibit "D"** referred to in the Affidavit of Wen-Yong Wang affirmed before me at Vancouver, British Columbia, on this 25th day of February, 2025.



A Commissioner/Notary Public for taking
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January 19, 2025

Trilogy Hotel Management (Richmond) Ltd.

Suite 3902 Fairmont Pacific Rim

1011 West Cordova St.

Vancouver, B.C., V6C 0B2

Dear Sir/Madame,

**Re: Termination of the Hotel Management Agreement dated for reference
May 27, 2014 (the "Agreement")**

We, **Hotel Versante Ltd.** (the "Owner"), are writing to formally notify **Trilogy Hotel Management (Richmond) Ltd.** (the "Manager") to terminate the Agreement. This notice is issued in accordance with the terms of the Agreement, and the termination is effective as of the date first noted above.

Pursuant to Section 13.5 of the Agreement, no notice is required to be provided to the Manager as the Agreement is terminated upon a Lender realizing upon any Mortgage and possession of the Hotel Premises. However, the Owner has nonetheless chosen to provide this written notice due to the Manager's breach of the covenant under Section 3.3(5) of the Agreement. Under Section 3.3(6), the Manager is required to "discharge its obligations under this Agreement in a competent manner and with the skill and care of an experienced hotel manager to the Hotel Standard, in accordance with the provisions of this Agreement and in compliance with all applicable laws." The Manager expressed damaging, misleading, and false information to the Lender with regard to the recent activities, decisions and operations of the Hotel, thus constituting a breach of this covenant, creating irreparable damages and losing complete trust between the Owner and the Manager.

All capitalized terms herein not defined have the meanings ascribed to them in the Agreement.

Regards,

Hotel Versante Ltd.

Per: 

This is **Exhibit "E"** referred to in the Affidavit of Wen-Yong Wang affirmed before me at Vancouver, British Columbia, on this 25th day of February, 2025.



A Commissioner/Notary Public for taking Affidavits for British Columbia

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James L Carpick*
Patrick J Haberl*
Heather E Maconachie
Michael F Robson*
Geoffrey M Bowman*
Kaitlin Smiley*
David W P Moriarty**
Jean Feng*
Patrick J Weafer*
Lina Yeom
Brett J Maerz
Thomas W Deneka

Duncan J Manson, Associate Counsel*
Jeffrey B Lightfoot, Associate Counsel*
Hon Walter S Owen, OC, QC, LLD (1981)
John I Bird, QC (2005)

Allison R Kuchta*
Christopher P Weafer*
Gregory J Tucker, KC* **
Terence W Yu*
James H McBeath*
Scott H Stephens*
Andrew J Stainer***
Daniel H Coles*
Sameer Kamboj*
Heather A Frydenlund
Victoria Chen
Lily Y Zhang

Daniel W Burnett, KC*
Ronald G Paton*
Gary M Yaffe*
Harley J Harris*
Kari F Richardson*
Jennifer R Loeb*
George J Roper*
Jocelyn M Bellerud*
Brian Y K Cheng***
Laura A Buitendyk
Taahaa Patel
Isabella K Stuart

Harvey S Delaney*
Paul J Brown*
John J Kim* **
Jonathan L Williams*
Paul A Brackstone*
Michelle Karby*
Kimberley J Santerre*
Katharina R Spatzl*
Nikta Shirazian*
Emma Christian
Harleen K Randhawa
Jennifer L Benton

* Law Corporation
** Also of the Alberta Bar
*** Also of the Ontario Bar
* Also of the NWT Bar
* Also of the Yukon Bar
** Also of the Washington Bar

OWEN • BIRD

LAW CORPORATION

Vancouver Centre II
2900-733 Seymour Street
PO Box 1
Vancouver, BC V6B 0S6
Canada

Telephone 604 688-0401
Fax 604 688-2827
Website www.owenbird.com

Direct Line: 604 691-7554
Direct Fax: 604 632-4437
E-mail: pbrackstone@owenbird.com
Our File: 41559/0000

January 27, 2025

VIA ELECTRONIC MAIL

Hotel Versante Ltd.
Suite 1205-8400 West Road
Richmond, BC V6X 0S7
c/o Michael Ching (michael@sunwins.ca)

Attention: Michael Ching

Dear Sirs/Mesdames:

Re: Trilogy Hotel Management (Richmond) Ltd. And Opus Hotel Corporation – Hotel Versante Ltd.

I am litigation counsel for Trilogy Hotel Management (Richmond) Ltd (“**Trilogy**”). I write in response to your January 19, 2025 letter to Trilogy purporting to terminate the Hotel Management Agreement (the “**HMA**”).

Hotel Versante is not entitled to terminate the HMA.

The first basis relied upon in your letter is section 13.5 of the HMA. However, that section only applies if a lender realizes on its mortgage and possession of the hotel premises changes as a result. No lender has realized upon any mortgage and there has been no change of possession of the hotel as a result. Accordingly, Hotel Versante’s reliance on section 13.5 of the HMA is misplaced.

Your letter also relies on section 3.3. However, Trilogy has not breached the obligations in that section. Your letter references Trilogy expressing “damaging, misleading and false information” to the lender. Your letter provides no examples or specifics. In the absence of such details Trilogy cannot fully respond to this allegation, but Trilogy denies making any false, damaging and misleading statements to the lender. Further, even if such statements were made it does not follow that those are breaches of section 3.3(5) or (6). Trilogy reserves the right to respond further to this allegation if Hotel Versante provides any particulars.

January 27, 2025
Page 2

OWEN • BIRD
LAW CORPORATION

In any event, even if these alleged statements did constitute a breach of section 3.3 of the HMA that does not give rise to a right for Hotel Versante to terminate the HMA. Pursuant to section 13.2 of the HMA, Trilogy is entitled to notice of default and an opportunity before any termination right arises. No such notice has been provided.

As a result, the Termination Notice is ineffective.

Also be advised that Trilogy will suffer substantial damages if Hotel Versante purports to maintain its unlawful termination of the HMA. Those damage includes the monthly management fees payable pursuant to article 4.1 and other fees and compensation payable under the HMA. In addition, Trilogy will suffer reputational loss as a result of the Owner's interference with Trilogy's management and exclusion of Trilogy from the management of the hotel. Please take this letter as advance warning that any defamatory statements regarding Trilogy's performance as hotel manager will likely damage Trilogy's business and Trilogy will pursue claims in respect of any such statements.

Trilogy reserves all of its rights, including the right to pursue a claim against Versante Hotel with respect to Trilogy's damages.

Yours truly,

OWEN BIRD LAW CORPORATION



Paul A. Brackstone

PAB/ts

Cc. Rita Zhang (rita@sunwins.ca)

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 RAUCH, RCC HOLDINGS LTD., AND HEUNG KEI
SUNG

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