

**DISTRICT:** Nova Scotia  
**DIVISION NO:** Yarmouth  
**COURT NO:** 40010  
**ESTATE NO:** 51-2110309

**MINUTES OF THE FIRST MEETING OF CREDITORS  
IN THE MATTER OF THE BANKRUPTCY OF  
Nova Star Cruises Limited**

**ORDINARY ADMINISTRATION**

**THE MEETING** was called to order at 10:30 am on May 4, 2016 at The MacKinnon-Cann Inn, 27 Willow Street Yarmouth NS.

**ATTENDANCE:** see attendance sheet marked as exhibit "A" attached.

Mr. Doug Hamilton, Official Receiver, chaired the meeting pursuant to subsection 105(1) of the Bankruptcy & Insolvency Act (BIA).

**THE CHAIR** introduced James Foran representing the trustee Deloitte Restructuring Inc., Mr. Tim Hill, trustee's council for this estate, and Jennifer Hiltz of the OSB.

**THE CHAIR** declared the meeting properly called, and a quorum being present, duly constituted. The purpose of the meeting was outlined as follows:

- ◆ to consider the affairs of the bankrupt,
- ◆ to affirm the appointment of the trustee or substitute another,
- ◆ to appoint inspectors, and
- ◆ to give such directions to the trustee as the creditors may see fit with reference to the administration of the estate.

**THE TRUSTEES** report to creditors on the preliminary administration was presented, see attached exhibit "B".

**A QUESTION** period followed and there were no questions or comments at that point

**A MOTION WAS TABLED** by Toh Siew Hoon, representing Singapore Technologies Limited (STM) and seconded by Keith Condon of Tri-Star Charters Inc, that the appointment of James Foran of Deloitte Restructuring Inc., as trustee be affirmed.

**THE MOTION** was carried.

**THE CHAIR** called for those interested in acting as estate inspector to put their names forward. Toh Siew Hoon is appointed as inspector. Motion made by Derek Littlejohn and carried.

**Instructions to Trustee:**

At this point there were questions and comments regarding seizing the ship to sell and pay creditors. James Foran and Tim Hill responded providing information to the creditors.

**THERE BEING NO FURTHER BUSINESS** a motion to adjourn the meeting was moved by Yom Yong Chye of STM Marine, and seconded by Keith Condon of Tri-Star Charters Inc.

**THE MEETING** was adjourned at 11.03am.

**RESPECTFULLY SUBMITTED,**





Doug Hamilton

Bankruptcy Analyst & Chair

**IN THE MATTER OF THE BANKRUPTCY OF  
NOVA STAR CRUISES LIMITED**

**ATTENDANCE LIST FOR FIRST MEETING OF CREDITORS  
HELD AT THE MACKINNON-CANN INN LOCATED AT 27 WILLOW STREET YARMOUTH,  
NOVA SCOTIA AT 10:30 AM ON MAY 4, 2016**

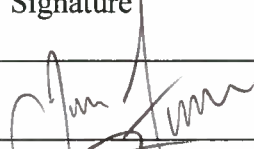

**REPRESENTING THE OFFICE OF THE SUPERINTENDENT IN BANKRUPTCY CANADA**

Name	Title	Signature
DOUG HAMILTON	OFFICIAL RECEIVER	
Jennifer Hiltz	Bankruptcy Analyst, OSB	

**REPRESENTING NOVA STAR CRUISES LIMITED**

Name	Title	Signature
MARK AMUSDEN		(VIA TELEPHONE)
YOM YONG CHYE		(VIA TELEPHONE)

**REPRESENTING DELOITTE RESTRUCTURING INC:**

Name	Title	Signature
James Frow	VICE PRESIDENT	
Tim Hill	Counsel	





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CANADA  
DISTRICT OF NOVA SCOTIA  
DIVISION No.: 04 - YARMOUTH  
COURT No.: 40010  
ESTATE No.: 51-211039

NOVA SCOTIA  
BANKRUPTCY COURT

IN THE MATTER OF THE BANKRUPTCY OF:

**Nova Star Cruises Limited.**, a Company formed under the laws of Nova Scotia, having its head office at 58 Water Street, Yarmouth, NS B5A 1K9

Bankrupt

– and –

**DELOITTE RESTRUCTURING INC.**

(James Foran, CPA, CA, CIRP, LIT, designated person)  
having its place of business at 1969 Upper Water Street Suite 1500, Halifax, NS, B3J 3R7

Trustee

#### TRUSTEE'S PRELIMINARY REPORT TO CREDITORS

**The Bankruptcy and Insolvency Act (the "BIA"), a federal act in Canada, provides for a first meeting of creditors (the "First Meeting") to discuss the creditors' collective interest in the administration of the Bankrupt's estate.**

#### SECTION A – BACKGROUND

Nova Star Cruises Limited ("Nova Star" or the "Company") was incorporated on September 26, 2013 under the laws of Nova Scotia. The shares of Nova Star are 90% owned by Quest Navigation Inc. and 10% by Singapore Technologies Marine Limited ("STM"). The directors of Nova Star are Yom Yong Chye, Owen John, Ng Sing Chan, and Mark Amusden.

Nova Star operated a ferry service between Yarmouth, Nova Scotia and Portland, Maine (the "Ferry Service") under an agreement with the Province of Nova Scotia ("PNS") for two seasons, 2014 and 2015.

Nova Star's insolvency was caused by:

- (i) Incurring larger than anticipated operating losses since the inception of the Ferry Service due to fewer than projected tourists visiting Nova Scotia. The initial RFP forecasted 95,000 passengers coming to Nova Scotia on an annual basis and as such required a vessel large enough to accommodate these projected passenger levels at peak times. Actual operating results never approached this projected level;
- (ii) Insufficient cash resources to fund operating deficits that occurred during 2015, which ultimately led to Nova Star defaulting on its charter agreement with the vessel owner;
- (iii) A fuel broker used by Nova Star sought bankruptcy protection during 2015. Nova Star had made payments to the broker, but the actual fuel supplier had not received those payments and as such, had the vessel arrested for non-payment in October 2015; and
- (iv) PNS selecting a different service provider to operate the Ferry Service subsequent to the 2015 season.

On April 13, 2016, Nova Star filed an assignment in bankruptcy. Deloitte Restructuring Inc. ("Deloitte" or the "Trustee") was appointed as trustee of the estate by the Official Receiver.

## SECTION B – PRELIMINARY EVALUATION OF ASSETS AND SECURED CREDITORS

A preliminary evaluation of the assets and liabilities of Nova Star as at April 13, 2016 is as follows:

Nova Star Cruises Limited Summary of assets and liabilities as at April 13, 2016	
<b>Assets</b>	
Current assets	82,000
Non-current assets	60,000
	<u>142,000</u>
<b>Liabilities</b>	
Preferred creditors	1
Unsecured creditors	15,128,735
	<u>15,128,736</u>

*Note 1:*

*The information above was provided to the Trustee by the Company and has not been audited, reviewed or otherwise verified.*

The primary assets of the Company consist of:

- (i) Cash held in bank accounts with the Bank of Nova Scotia ("BNS") and KeyBank ("Key");
- (ii) Trade accounts receivable for entities who had used the Ferry Service prior to the cessation;
- (iii) Computer software and hardware; and
- (iv) An automobile.

## SECTION C – BOOKS AND RECORDS

The Trustee has obtained an electronic copy of the books and records of the Company.

## SECTION D – CONSERVATORY AND PROTECTIVE MEASURES

The Trustee has implemented the following conservatory and protective measures:

- (i) Notified BNS and Key of the bankruptcy proceedings and seized the funds held in the Company's bank accounts at the date of bankruptcy;
- (ii) Signified the trade accounts receivable contained within the books and records of the Company;
- (iii) Secured the storage facility located in Yarmouth, Nova Scotia; and
- (iv) Secured the automobile located in Eliot, Maine.

## SECTION E – PROVABLE CLAIMS AND DESCRIPTION OF CREDITORS

Based on the books and records of the Company, there are 216 unsecured creditors owed approximately \$15.1 million.

To date, the Trustee has received a number of proofs of claim from creditors and is investigating any material differences between the proofs of claim and the books and records of the Company.

**SECTION F – LEGAL PROCEEDINGS, REVIEWABLE TRANSACTIONS AND PREFERENCE PAYMENTS**

Based on a preliminary review of the books and records of the Company, the Trustee is not aware of any legal proceedings initiated by or against Nova Star.

Based on a preliminary review of the books and records of the Company, the Trustee is not identified any transfers at undervalue or preferential payments.

**SECTION G – DETAILS OF THIRD PARTY DEPOSITS OR GUARANTEES**

Prior to the filing of the assignment, Deloitte received a deposit of \$40,000 from the Company to cover the professional fees associated with the administration of the estate.

**SECTION H – TRUSTEE'S INTENTION TO ACT FOR SECURED CREDITORS**

The Trustee has not entered into any agreement to represent a secured creditor at this time.

**SECTION I – PROJECTED DISTRIBUTION AND TRUSTEE COMMENTS ON ANTICIPATED ASSET REALIZATIONS**

At this juncture, the Trustee cannot determine what, if any, distribution will be made to the unsecured creditors of the Company.

**SECTION J – OTHER**

Prior to initial discussions with the Company in November 2015 regarding its financial position and options to restructure, Deloitte had no previous business dealings with the Company or its affiliates and no conflict of interest situation existed.

Dated at Halifax, Nova Scotia this 3<sup>rd</sup> day of May, 2016

**DELOITTE RESTRUCTURING INC.**

Acting in its capacity as  
Trustee of Nova Star Cruises Limited  
and not in its personal capacity

Per:



James Foran, CPA, CA, CIRP, LIT  
Vice President