

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

**DELOITTE RESTRUCTURING INC., IN ITS CAPACITY AS TRUSTEE IN
BANKRUPTCY OF ELLEN'S FOOD GROUP INC.**

Applicant

and

TFI FOODS LTD.

Respondent

IN THE MATTER OF THE *BULK SALES ACT*, R.S.O. 1990, c. B. 14, AS AMENDED

AND IN THE MATTER OF A TRANSFER OF ASSETS FROM ELLEN'S FOOD GROUP
INC. TO TFI FOODS LTD.

RESPONDING APPLICATION RECORD

November 7, 2014

Paliare Roland Rosenberg Rothstein LLP
155 Wellington Street West
35th Floor
Toronto ON M5V 3H1
Tel: 416.646.4300
Fax: 416.646.4301

Ken Rosenberg (LSUC# 21102H)
Tel: 416.646.4304
Fax: 416.646.4301

Robin D. Walker Q.C. (LSUC# 11320W)
Tel: 416.646.6302
Fax: 416.646.4301

Kristian Borg-Olivier (LSUC# 53041R)
Tel: 416.646.7490
Fax: 416.646.4301

Lawyers for the Respondent

TO: **Kronis Rotsztain Margles Cappel LLP**
Barristers and Solicitors
8 King Street East
Suite 1000
Toronto, ON M5C 1B5
Tel: 416.225.8750
Fax: 416.306.9874

Mervyn Abramowitz (LSUC# 28323R)

Tel: 416.218.5620
Fax: 416.306.9874
mabramowitz@krmc-law.com

Philip Cho (LSUC# 45615U)

Tel: 416.218.5494
Fax: 416.306.9874
pcho@krmc-law.com

Lawyers for the Applicant

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AFFIDAVIT OF DAVID LAM

I, David Lam, of the City of Toronto, MAKE OATH AND SAY:

1. I am the President of TFI Foods Ltd. ("TFI"). As such, I have personal knowledge of the matters described in this Affidavit.
2. In preparation for swearing this Affidavit, I have reviewed the materials prepared by the Trustee and Receiver in this matter, including the Notice of Application, the Report of the Trustee dated August 22, 2014 (the "Trustee's Report"), and the Report of the Receiver dated October 17, 2013 (the "Receiver's Report").
3. TFI is one of the leading seafood importers in North America. It offers its customers a wide range of seafood, Japanese, Chinese, and other Asian specialty products. TFI is headquartered in Toronto, and has branches in Vancouver, Calgary, and Montreal.

The Transaction

4. As noted by the Trustee, TFI entered into an agreement with Ellen's Food Group Inc. ("Ellen's"), dated June 7, 2012 and signed by the parties on June 12, 2012, for the purchase by TFI of certain food processing equipment (which was listed in an appendix to the agreement) located at 30 Sims Crescent, in Richmond Hill, Ontario, and related intellectual property (the "Transaction"). This agreement is Appendix "E" to the Trustee's Report. The estimated closing date of the Transaction was August 30, 2012.

5. One of the key features of the Transaction from my perspective was the transfer of a Canadian Food Inspection Agency ("CFIA") federal meat plant licence, which was associated with the 30 Sims Crescent location (the lease of which TFI agreed to assume in connection with the Transaction).

6. The transfer of the licence was critical from our perspective because it would allow TFI to be "grandfathered" into the existing location. If the licence was not transferred, TFI would have to apply for a new licence, which would be a very costly process and would likely take several months for approval. TFI would not have purchased the equipment from Ellen's if it was not able to obtain the licence transfer at the same time.

7. TFI and Ellen's negotiated the terms of the Transaction at arm's length.

8. Ellen's provided us with a complete list of the equipment at the 30 Sims Crescent location. We did not obtain a formal appraisal of the equipment; however, based on my experience in the industry, I developed a view as to the value of the equipment.

9. The value I ascribed to the licence was approximately \$400,000 (based on estimated costs associated with waiting time to get CFIA approval; professional fees to deal with CFIA; and costs of compliance with expected requirements for renovations, etc.).

10. As I recall, Ellen's initially asked for \$1.5 million for the equipment and the licence. In my view, this was more than they were worth. TFI ultimately agreed to a purchase price of \$954,000, which included the value of the licence and the equipment, plus any associated intellectual property.

11. HST was payable on the Transaction in the amount of \$124,020 (i.e., 13% of \$954,000). The total amount owed by TFI on the transaction was therefore \$1,078,000.

12. TFI made the required payments to Ellen's in four separate installments, as follows:

(a) June 15, 2012 - \$200,000

(b) June 20, 2012 - \$100,000

(c) June 21, 2012 - \$500,000

(d) July 3, 2012 - \$278,020

13. Ellen's provided TFI with an invoice, dated July 5, 2012, reflecting the details of the Transaction, including the payments made by TFI. This invoice is Appendix "F" to the Trustee's Report.

14. The Receiver's Report includes copies of Ellen's bank account statements for June and July 2012. Those bank statements reflect receipt of the above-noted payments made by TFI in connection with the transaction. Relevant excerpts from Ellen's bank account statements are attached as Exhibit "A" to this Affidavit.

15. In the aftermath of the Transaction, TFI applied for, and received, a refund in connection with the HST component of the Transaction. Documents concerning TFI's application for the HST refund, and confirming the refund, are attached as Exhibit "B" to this Affidavit.

Ellen's Creditors

16. Before entering into the Transaction, I asked Ellen Yuk Yee Pun ("Pun"), the principal of Ellen's, whether Ellen's had any creditors that needed to be paid out. She told me that HSBC was the only major creditor.

17. The Trustee's Report states that Ellen's paid its secured creditor HSBC \$150,000.00 out of the proceeds of the Transaction on July 3, 2012, which was the date of the final payment from TFI.

18. HSBC was also (and continues to be) TFI's banker. I discussed the Transaction with our bank manager, Kenneth Liu. Mr. Liu approved and cleared all the cheques when Pun presented them at the bank.

19. Based on this information, I am certain that HSBC was fully aware of the Transaction. I do not know why the bank waited several months before taking any action in connection with it, if it had any concerns.

20. The Trustee's Report also states that, as of the date of the Transaction, Ellen's owed a certain Dr. Sai Kui Lee the sum of \$674,284.07.

21. The appendices to the Receiver's Report provide some background detail in respect of the amount allegedly owed by Ellen's to Dr. Lee.

22. It appears that the alleged debt arises out of a loan made by Dr. Lee to Pun, in her personal capacity. The loan amount was \$857,623.000, and was evidenced by a promissory note dated April 18, 2011. A copy of the promissory note is attached as Exhibit "C" to this Affidavit.

23. As reflected in the promissory note, Ellen's was a guarantor of Pun's debt. I have seen no information in the Receiver's Report or the Trustee's Report that suggests that Ellen's received any benefit or consideration in return for providing a guarantee.

24. Based on a PPSA statement included in the Receiver's Report, it appears that Dr. Lee only registered a security interest against Ellen's on January 28, 2013, almost two years after the date of the promissory note and several months after the Transaction. A copy of the PPSA statement is attached as Exhibit "D" to this Affidavit.

25. Robert A. Leck, who was counsel to Dr. Lee, provided information about the loan to the Receiver in a letter dated March 5, 2013, a copy of which is attached as Exhibit "E" to this Affidavit. According to Mr. Leck, Pun made the following payments on the loan to Dr. Lee:

- (a) \$69,985.00 on April 27, 2011

- (b) \$80,000.00 on May 5, 2011
- (c) \$103,000.00 on May 19, 2011
- (d) \$85,235.41 on June 16, 2011
- (e) \$50,000.00 on June 29, 2011
- (f) \$10,000.00 on October 18, 2012
- (g) \$10,000.00 on October 20, 2012
- (h) \$10,000.00 on October 27, 2012
- (i) \$10,000.00 on November 3, 2012
- (j) \$10,000.00 on November 13, 2012
- (k) \$10,000.00 on November 25, 2012
- (l) \$10,000.00 on December 1, 2012
- (m) \$10,000.00 on December 8, 2012 (the letter says "2013" rather than "2012", but I assume this is an error)

26. Mr. Leck noted in his letter that, to the extent the source of the payments could be determined, they did not come from Ellen's. Based on the figures provided by Mr. Leck, it appears that Pun paid back at least \$468,220.00, which should have left a balance of approximately \$389,403 owing on the original loan.

27. I did not see anything in the Receiver's Report (or anywhere else) indicating that Dr. Lee ever called on Ellen's guarantee, and he clearly had not done so as of the date of the Transaction. It appears that Pun continued to make payments on the loan for several months after the Transaction closed.

28. On March 15, 2013, Mr. Leck sent another letter to the Receiver in which he stated, without any supporting documents, that "as of January 18, 2013, Dr. Sai Kui Lee was owed \$620,708.92". A copy of this letter is attached as Exhibit "F" to this Affidavit.

29. The amount claimed by Mr. Leck in his March 15, 2013 letter seems completely inconsistent with the repayment amounts listed in his March 5, 2013 letter.

30. I did not see anything in the Receiver's Report or the Trustee's Report that addresses this apparent inconsistency between the amounts repaid by Pun and the amounts that Dr. Lee now claims to be owed.

31. Instead, the Trustee's Report simply states that as of the date of the Transaction, "Dr. Sai Kui Lee was owed the sum of \$674,284.07".

TFI's Claim

32. If the Trustee's Application is successful and the Transaction is voided, as a result of which TFI is required to, effectively, pay twice for the same assets, TFI will be making a claim in the bankrupt estate for the full amount of the Transaction.

SWORN BEFORE ME at the City of
Toronto, in the Province of Ontario on
November 6, 2014



Commissioner for Taking Affidavits
(or as may be)

} _____

David Lam

This is Exhibit "A" to the
Affidavit of David Lam
sworn November 6, 2014


A COMMISSIONER FOR TAKING AFFIDAVITS, ETC.

APPENDIX "S"



Richmond Hill branch
Suite 102 350 Highway 7 East Richmond Hill Ontario
L4B3N2
TEL (905) 882-8182 FAX 905-882-5220

ELLEN'S FOOD GROUP INC.
25 CENTURIAN DRIVE, SUITE #203
MARKHAM ONTARIO
CANADA L3R 5N8

Statement Period 2012-06-01 to 2012-06-30

Deposits	21,275.43
Loans	0.00
Net Balance	21,275.43
Prime Rate	3.00%

Account Summary

Account Type	Account No./Sub-account No.	CCY	Overdraft Limit	Available Overdraft Limit	Account Balance	A/C Code
Current A/C	0001230710700003936	CAD			21,275.43	Single A/C

Transaction Record

Currency	Transaction Date	Value Date	Description	Withdrawal	Deposit	Account Balance
Account No. 0001230710700003936						
CAD	2012-05-31		Opening Balance			1,113.06
CAD	2012-06-01	2012-06-01	INT Interest Withdrawal	683.31		429.75
CAD	2012-06-01	2012-06-01	CHG DR transaction fee	6.40		423.35
CAD	2012-06-01	2012-06-01	CHG Service Plan ChargesEnhanced	80.00		343.35
Current A/C						



中国工商银行 (加拿大)

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (CANADA)

CAD	2012-06-14	2012-06-13	BQW 0000000000001385 I/W CHQ CLR1385	82.19	53,939.26
CAD	2012-06-14	2012-06-13	BQW 0000000000001352 I/W CHQ CLR1352	2,790.26	51,149.00
CAD	2012-06-14	2012-06-13	BQW 0000000000001364 I/W CHQ CLR1364	5,135.38	46,013.62
CAD	2012-06-14	2012-06-13	BQW 0000000000001365 I/W CHQ CLR1365	7,980.13	38,033.49
CAD	2012-06-15	2012-06-14	BQW 0000000000001389 I/W CHQ CLR1389	187.60	37,845.89
CAD	2012-06-15	2012-06-14	BQW 0000000000001383 I/W CHQ CLR1383	1,220.11	36,625.78
CAD	2012-06-15	2012-06-14	BQW 0000000000001368 I/W CHQ CLR1368	1,649.40	34,976.38
CAD	2012-06-15	2012-06-14	BQW 0000000000001357 I/W CHQ CLR1357	4,582.50	30,393.88
CAD	2012-06-15	2012-06-15	CHQ	200,000.00	230,393.88
CAD	2012-06-15	2012-06-15	TRF 000000000000001 TO 012-1070-3902,012-1070-39 10,012-1070-3944 <i>ELT</i>	28,000.00	202,393.88
CAD	2012-06-15	2012-06-15	TRF 000000000000001 TO 012-1070-2987,012-1070-35 63,012-1070-3555,012-1	46,000.00	156,393.88
CAD	2012-06-15	2012-06-15	CSH 0000000000000999	30,000.00	126,393.88
CAD	2012-06-15	2012-06-15	TRF 00000000000142809 Issue Cashier's Order No.142809(Cheque No.142809)	9,831.00	116,562.88
CAD	2012-06-15	2012-06-15	TRF 000000000000001 Issue Cashier's Order No.142810)	36,018.92	80,543.96
CAD	2012-06-16	2012-06-16	REM Cashier's Order Payment (No.142810)	36,018.92	116,562.88



中国工商银行 (加拿大)

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (CANADA)

CAD	2012-06-19	2012-06-19	TRF FR 012-1070-3910 TO 012-1070-3936	11,900.00	-62,663.80
CAD	2012-06-19	2012-06-19	TRF FM #012-1070-3555 TO #012-1070-3936	6,300.00	-56,363.80
CAD	2012-06-19	2012-06-19	CHQ	4,300.00	-52,063.80
CAD	2012-06-19	2012-06-19	TRF FR 012-2013-5492 TO 012-1070-3936	70,000.00	17,936.20
CAD	2012-06-19	2012-06-19	CSH 0000000000000999	7,000.00	10,936.20
CAD	2012-06-20	2012-06-19	BQW 0000000000001418 I/W CHQ CLR1418	800.00	10,136.20
CAD	2012-06-20	2012-06-19	BQW 0000000000001401 I/W CHQ CLR1401	1,092.33	9,043.87
CAD	2012-06-20	2012-06-19	BQW 0000000000001406 I/W CHQ CLR1406	5,476.55	3,567.32
CAD	2012-06-21	2012-06-20	BQW 0000000000001413 I/W CHQ CLR1413	26,959.85	-23,392.53
CAD	2012-06-21	2012-06-21	CHG Unauthorized overdraft-Inward C	5.00	-23,397.53
CAD	2012-06-21	2012-06-21	CHQ	100,000.00	76,602.47
CAD	2012-06-21	2012-06-21	TRF 0000000000000001 Issue Cashier's Order No.142715)	36,018.92	40,583.55
CAD	2012-06-21	2012-06-21	TRF 0000000000000001 Issue Cashier's Order No.142853)	5,254.55	35,329.00
CAD	2012-06-21	2012-06-21	TRF 0000000000000001 TO #012-1070-2987,012-1070-3 555,012-1070-3910,012-	17,000.00 <i>HWJ 7 YN SC SH</i>	18,329.00 <i>7000 7000 7000 2000</i>
CAD	2012-06-21	2012-06-21	TRF 0000000000001461 Issue Cashier's Order No.142854(Cheque No.1461)	5,000.00	13,329.00
CAD	2012-06-21	2012-06-21	CSH 0000000000000999 Cash Withdrawal	13,000.00	329.00



中国工商银行 (加拿大)

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (CANADA)

CAD	2012-06-21	2012-06-22	CHQ		500,000.00	500,329.00
CAD	2012-06-22	2012-06-21	BQW 0000000000001402		373.06	499,955.94
			I/W CHQ CLR1402			
CAD	2012-06-22	2012-06-21	BQW 0000000000001399		608.94	499,347.00
			I/W CHQ CLR1399			
CAD	2012-06-22	2012-06-21	BQW 0000000000001379		1,018.95	498,328.05
			I/W CHQ CLR1379			
CAD	2012-06-22	2012-06-21	BQW 0000000000001398		1,953.11	496,374.94
			I/W CHQ CLR1398			
CAD	2012-06-22	2012-06-22	TRF 0000000000000001		470,000.00	26,374.94
			TO			
			012-2013-5492,012-1070-39			
			10			
CAD	2012-06-25	2012-06-22	BQW 0000000000001420		3.84	26,371.10
			I/W CHQ CLR1420			
CAD	2012-06-25	2012-06-22	BQW 0000000000001373		293.35	26,077.75
			I/W CHQ CLR1373			
CAD	2012-06-25	2012-06-22	BQW 0000000000001380		578.96	25,498.79
			I/W CHQ CLR1380			
CAD	2012-06-25	2012-06-22	BQW 0000000000001375		1,058.45	24,440.34
			I/W CHQ CLR1375			
CAD	2012-06-25	2012-06-22	BQW 0000000000001405		1,581.59	22,858.75
			I/W CHQ CLR1405			
CAD	2012-06-25	2012-06-22	BQW 0000000000001462		2,160.00	20,698.75
			I/W CHQ CLR1462			
CAD	2012-06-25	2012-06-22	BQW 0000000000001369		7,582.79	13,115.98
			I/W CHQ CLR1369			
CAD	2012-06-25	2012-06-22	BQW 0000000000001414		8,362.00	4,753.96
			I/W CHQ CLR1414			
CAD	2012-06-25	2012-06-22	BQW 0000000000001416		10,107.32	-5,353.36
			I/W CHQ CLR1416			
CAD	2012-06-25	2012-06-25	CHG Unauthorized		5.00	-5,358.36
			overdraft-Inward C			
CAD	2012-06-25	2012-06-25	CHQ		12,000.00	6,641.64
CAD	2012-06-25	2012-06-25	CHQ		11,968.92	18,610.56



中国工商银行 (加拿大)
INDUSTRIAL AND COMMERCIAL BANK OF CHINA (CANADA)

CAD	2012-07-03	2012-07-01	DEFT MCAP	153.68 ✓	20,587.46
CAD	2012-07-03	2012-06-29	BQW 0000000000001529 I/W CHQ CLR1529	1,356.00 ✓	19,231.46
CAD	2012-07-03	2012-06-29	BQW 0000000000001533 I/W CHQ CLR1533	2,096.95 ✓	17,134.51
CAD	2012-07-03	2012-06-29	BQW 0000000000001460 I/W CHQ CLR1460	2,250.00 ✓	14,884.51
CAD	2012-07-03	2012-06-29	BQW 0000000000001408 I/W CHQ CLR1408	2,250.00 ✓	12,634.51
CAD	2012-07-03	2012-06-29	BQW 0000000000001514 I/W CHQ CLR1514	3,498.90 ✓	9,135.61
CAD	2012-07-03	2012-06-29	BQW 0000000000001511 I/W CHQ CLR1511	3,880.10 ✓	5,255.51
CAD	2012-07-03	2012-07-04	CHQ	278,020.00	283,275.51
CAD	2012-07-03	2012-07-04	CHQ	6,826.92	290,102.43
CAD	2012-07-04	2012-07-03	BQW 0000000000001515 I/W CHQ CLR1515	511.33 ✓	289,591.10
CAD	2012-07-04	2012-07-03	BQW 0000000000001456 I/W CHQ CLR1456	551.50 ✓	289,039.60
CAD	2012-07-04	2012-07-03	BQW 0000000000000522 I/W CHQ CLR522	1,261.86 ✓	287,777.74
CAD	2012-07-04	2012-07-03	BQW 0000000000001525 I/W CHQ CLR1525	2,825.00 ✓	284,952.74
CAD	2012-07-04	2012-07-03	BQW 0000000000001506 I/W CHQ CLR1506	3,380.40 ✓	281,572.34
CAD	2012-07-04	2012-07-03	BQW 0000000000001519 I/W CHQ CLR1519	5,876.00 ✓	275,696.34
CAD	2012-07-04	2012-07-03	BQW 0000000000001522 I/W CHQ CLR1522	7,152.85 ✓	268,543.49
CAD	2012-07-04	2012-07-03	BQW 1928	8,753.41 ✓	259,790.08
CAD	2012-07-04	2012-07-03	BQW 0000000000001510 I/W CHQ CLR1510	9,802.65 ✓	249,987.43
CAD	2012-07-04	2012-07-03	BQW 0000000000001464 I/W CHQ CLR1464	11,625.10 ✓	238,362.33

This is Exhibit "B" to the
Affidavit of David Lam
sworn November 6, 2014



A COMMISSIONER FOR TAKING AFFIDAVITS, ETC.

Fax Call Report

HP LaserJet M4345 MFP Series

Page 1

Fax Header Information

MNP
4165961711
Dec-11-2012 12:35 PM

Fax Job	Date/Time	Type	Identification	Duration	Pgs	Result
691	Dec-11-2012 12:33 PM	Send	94169738000	1:21	8	Success



ACCOUNTING > CONSULTING > TAX

Attention	Betty Chung
Company	CRA
Date	December 11, 2012
Fax	416-973-8000
From	Anny Joshua
Re	TFI Foods Ltd 89552 5897
No. of Pages	8 including cover

Address 701 - 85 RICHMOND STREET W, TORONTO, ON M5H 2C9 TEL: (416) 596.1711 FAX: (416) 596.7894

Hello Betty

As per your request, attached please find proof of payment of the equipment purchase made by TFI Foods Inc. as per invoice July 5, 2012.

Please note that the equipment was paid by Lotus Wholesale, a related party of TFI Foods Inc. I have included the bank statements showing payments made to Ellen's Food Group Inc.

An Account Payable to Lotus Wholesale is set up on TFI Foods Ltd books showing a payable of \$1,078,020 for the purchase of the equipment. Likewise, an Account Receivable from TFI Foods is set up on Lotus' books (see attached G/L printouts).

As per subsection 169(4) of the Excise Tax Act, TFI has obtained sufficient evidence / prescribed information to claim the ITC on its GST return and the prescribed information are outlined in the "Input Tax Credit Information (GST/HST) Regulations".

TFI Foods has obtained the prescribed information as per invoice dated July 5, 2012:

- 1) The business name of the supplier - Ellen's Food Group Inc.
- 2) the invoice date - July 5, 2012
- 3) Total amount payable - \$954,000 + HST \$124,020 = total \$1,078,020
- 4) The amount of HST charged - \$124,020
- 5) The Business Number of Ellen's Food Group Inc. 85068 0141
- 6) the buyer's name or name of their authorized agent - TFI Foods Ltd.

CONFIDENTIAL
THIS MESSAGE IS CONFIDENTIAL AND CONTAINS INFORMATION INTENDED FOR THE ADDRESSEE ONLY. IF THE READER IS NOT THE INTENDED RECIPIENT OR THE AGENT THEREOF, YOU ARE NOTIFIED THAT ANY DISSEMINATION, DISTRIBUTION OR COPYING OF THIS FAX IS STRICTLY PROHIBITED. IF YOU HAVE RECEIVED THIS FAX IN ERROR, PLEASE NOTIFY US IMMEDIATELY AND RETURN THE ORIGINAL TO OUR OFFICE BY MAIL AT OUR EXPENSE. THANK YOU.

FAX

ACCOUNTING › CONSULTING › TAX



Attention	Betty Chung
Company	CRA
Date	December 11, 2012
Fax	416-973-8000
From	Anny Joshua
Re	TFI Foods Ltd 89552 5897
No. of Pages	8 including cover

Address 701 – 85 RICHMOND STREET W, TORONTO, ON M5H 2C9

TEL: (416) 596.1711

FAX: (416) 596.7894

Hello Betty

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FAX

ACCOUNTING › CONSULTING › TAX



- 7) A brief description of goods/ services – Food Processing Equipment
- 8) Terms of Payment – Invoice indicated payment received

I trust that we have provided the information you require at this time, should you require anything else, please contact me.

Thank you,

A handwritten signature in cursive script that reads 'Anny Joshua'.

Anny Joshua
416-263-6965

CONFIDENTIAL

THIS MESSAGE IS CONFIDENTIAL AND CONTAINS INFORMATION INTENDED FOR THE ADDRESSEE ONLY. IF THE READER IS NOT THE INTENDED RECIPIENT OR THE AGENT THEREOF, YOU ARE NOTIFIED THAT ANY DISSEMINATION, DISTRIBUTION OR COPYING OF THIS FAX IS STRICTLY PROHIBITED. IF YOU HAVE RECEIVED THIS FAX IN ERROR, PLEASE NOTIFY US IMMEDIATELY AND RETURN THE ORIGINAL TO OUR OFFICE BY MAIL AT OUR EXPENSE. THANK YOU.

FAX



LOTUS WHOLESALE CLUB LIMITED
 2900 MARKHAM ROAD
 SCARBOROUGH ON M1X 1E6

HSBC BANK CANADA
 3640 VICTORIA PARK AVENUE,
 WILLOWDALE, ON M2H 3B2

Page 2 of 3

Account Number: 032-000367-001



Date	Transaction Details	Withdrawals	Deposits	Balance (DR=Debit)
	BALANCE BROUGHT FORWARD			1,046,672.39 DR
27JUN2012	REF ZTAP-03927	4,361.69	✓	1,051,034.08 DR
	CHEQUE 000000000045			
	REF ZTAP-03928	1,504.03	✓	1,052,538.11 DR
	CHEQUE 000000000040			
	REF ZTAP-03928	1,772.35	✓	1,054,310.46 DR
	CLOSING BALANCE			1,054,310.46 DR
Withdrawals		811,168.03 DR	As of	29JUN2012
Deposits		0.00	Balance	1,054,310.46 DR

For customers borrowing at rates based on Prime, Prime is 3.00%

***** END OF STATEMENT *****

043307
 HSBCC20110_5434376_001 - 0007681 HRI - 02 - 02 - 21 -

Please check this statement and advise immediately of any error or change of address.

Personal: 1-888-310-HSBC (4722)

Business: 1-866-808-HSBC (4722)

HSBC Premier: 1-866-233-3838 (Canada & US) or 1-604-216-8800 (elsewhere)



HSBCC20110_8163270_001 E D 10032 08002
 LOTUS WHOLESale CLUB LIMITED
 2900 MARKHAM ROAD
 SCARBOROUGH ON M1X 1E6

HSBC BANK CANADA
 3640 VICTORIA PARK AVENUE,
 WILLOWDALE, ON M2H 3B2



Page 1 of 3

Statement Details	
Statement Date	31JUL2012
Account Number	032-000367-001
Currency	CAD
Account Name	CURRENT ACCOUNT

Date	Transaction Details	Withdrawals	Deposits	Balance (DR=Debit)
29JUN2012	STATEMENT PERIOD IS 01JUL2012 TO 31JUL2012			
03JUL2012	OPENING BALANCE			1,054,310.46 DR
	*STANDING INST			
	STANDING INSTRUCTION 001			
	MONTHLY LOAN ADMIN FEE			
	REF ZAFD-01689	200.00		1,054,510.46 DR
	DR MEMO 000000000071			
	C/C ELLEN'S FOOD GROUP INC			
	REF MC65-00101	278,020.00		1,332,530.46 DR
	*INTEREST			
	INT TO 02-07-12			
	REF ZDD4-00027	2,059.33		1,334,589.79 DR
	CHEQUE 000000000058			
	REF ZTAP-03931	7,175.67		1,341,765.46 DR
	CHEQUE 000000000070			
	REF ZTAP-03931	16,046.84		1,357,812.30 DR
05JUL2012	CHEQUE 000000000064			
	REF ZTAP-03934	7,175.67		1,364,987.97 DR
11JUL2012	CHEQUE 000000000073			
	REF ZTAP-03937	2,260.00		1,367,247.97 DR
16JUL2012	*CHARGES			
	Bank Charges			
	01JUN2012 TO 30JUN2012			
	Invoice No 1743349			
	REF ZB10-50049	18.30		1,367,266.27 DR
20JUL2012	CHEQUE 000000000072			
	REF ZTAP-03942	105.35		1,367,371.62 DR
	CHEQUE 000000000038			
	REF ZTAP-03942	5,639.15		1,373,010.77 DR
23JUL2012	DR MEMO 000000000077			
	CC TO CIMCO			
	BALANCE CARRIED FORWARD			1,373,010.77 DR

Please check this statement and advise immediately of any error or change of address.

Personal: 1-888-310-HSBC (4722)

Business: 1-866-808-HSBC (4722)

HSBC Premier: 1-866-233-3838 (Canada & US) or 1-604-216-8800 (elsewhere)



LOTUS WHOLESALE CLUB LIMITED
2900 MARKHAM ROAD
SCARBOROUGH ON M1X 1E6

HSBC BANK CANADA
3640 VICTORIA PARK AVENUE,
WILLOWDALE, ON M2H 3B2

Page 2 of 3

Account Number: 032-000367-001



Date	Transaction Details	Withdrawals	Deposits	Balance (DR=Debit)
	BALANCE BROUGHT FORWARD			1,373,010.77 DR
27JUL2012	REFRIGERATION REF 00WW-00127	31,188.00		1,404,198.77 DR
	CHEQUE 000000000074 REF ZTAP-03946	167.15		1,404,365.92 DR
	CLOSING BALANCE			1,404,365.92 DR
Withdrawals	350,055.46 DR	As of		31JUL2012
Deposits	0.00	Balance		1,404,365.92 DR

For customers borrowing at rates based on Prime, Prime is 3.00%

***** END OF STATEMENT *****

C43729

HSBCC20110_5153270_001 - 02 - 02 - 08 -

Please check this statement and advise immediately of any error or change of address.

Personal: 1-888-310-HSBC (4722)

Business: 1-866-808-HSBC (4722)

HSBC Premier: 1-866-233-3838 (Canada & US) or 1-604-216-8800 (elsewhere)

Detail Trial Balance

Wednesday, November 28, 2012 2:40 PM

Includes Activities from October 1, 2012 to October 31, 2012

Page 1

TFI Foods Ltd (Tai Foong Intl Ltd)

TAIFOONG Josephine

G/L Printout from TFI Foods Books

G/L Account: No.: 11141

Showing A/P - Lotus of \$ 1,078,020

Posting Date	Document Type	Document No.	Source Code	Source Type	Source No.	Description	Debit Activities	Credit Activities	Balance
Account: 11141		Advance - Lotus Wholesale				Beginning Balance			0.00
10/1/2012	Invoice	PPI037214	PURCHASES	Vendor	V02073	4530941286480005-- SEPT/2012	158.61		
						STAPLES - BUSINESS DEPOT - FCDQ			
10/25/2012	Invoice	PPI037947	PURCHASES	Vendor	V03452	60% DEPOSIT OF QUOTATION#2012.2109.3	18116.5		
						CART SOURCE LTD.			
10/31/2012	Refund	CAH3110264	CASHRECJN	Bank Acco	10142	Advance - Lotus Wholesale		18116.5	
						HKB-10482-016-168110-001 c\$			
10/31/2012	Invoice	PPI038318	PURCHASES	Vendor	V05141	RECORD INITIAL PURCHASE- EQUIPMENT/ITC CLAIMED- MNP		1078020	< *
						ELLEN'S FOOD GROUP INC.			
						Total Activities	18,275.11	1,096,136.50	-1,077,861.39
Account: 11141		Advance - Lotus Wholesale				Ending Balance			-1,077,861.39
						Report Total Beginning Balance			0.00
						Report Total Activities	18,275.11	1,096,136.50	-1077861.39
						Report Total Ending Balance			-1,077,861.39

- Payable set up - Recorded on TFI Foods
(Advance - Lotus Wholesale) for amt paid by Wholesale
for equipment purchased.

\$ 1,078,020

Reconcile to Bank Stmt

June 15	200,000	①
June 20	100,000	②
June 25	500,000	③
July 3	278,020	④
	<u>1,078,020</u>	

Detail Trial Balance

December 11, 2012 10:32 AM

Includes Activities from 1. June 2012 to 30. November 2012

Page 1

* Lotus Wholesale Club

TAIFOONG/henry

G/L Printout from

Lotus showing A/R TFI Foods of \$1,070,020

G/L Account: No.: 26250

Posting Date	Document Type	Document No.	Source Code	Source Type	Source No.	Description	Debit Activities	Credit Activities	Balance
Account: 26250		DUE T/F TFI FOODS				Beginning Balance			0.00
28/09/2012	Payment	ADV-TFI 0928	PAYMENTJN	Vendor	V100028	STAPLES		158.61	
						STAPLES			
25/10/2012	Payment	TFI 60 PCT D	PAYMENTJN	Vendor	V100029	CART SOURCE		18116.5	
						CART SOURCE			
31/10/2012	Payment	60PCT CART	PAYMENTJN	Bank Acco	10142	DUE T/F TFI FOODS	18116.5		
						HKB-CDN			
21/11/2012	Refund	REPAY 30PC	PAYMENTJN	Bank Acco	10144	DUE T/F TFI FOODS	68529.24		
						HKB-USD			
21/11/2012	Refund	REV REPAY 3	PAYMENTJN	Bank Acco	10144	DUE T/F TFI FOODS		68529.24	
						HKB-USD			
21/11/2012	Refund	REPAY 30PC	PAYMENTJN	Bank Acco	10144	DUE T/F TFI FOODS		68529.24	
						HKB-USD			
21/11/2012	Refund	INTR ADJ	PAYMENTJN	Bank Acco	10144	DUE T/F TFI FOODS	68529.24		
						HKB-USD			
21/11/2012	Refund	REPAY 30%	PAYMENTJN	Bank Acco	10144	DUE T/F TFI FOODS		69498.07	
						HKB-USD			
31/10/2012	Invoice	PPI000156	PURCHASES	Vendor	V200011	ADJ EQUIPT PURCHASER TO TFI	1078020		
						ADV IMAGO- ELLEN'S FOOD GROUP INC.			
						Total Activities	1,233,194.98	224,831.66	1,008,363.32
Account: 26250		DUE T/F TFI FOODS				Ending Balance			1,008,363.32
						Report Total Beginning Balance			0.00
						Report Total Activities	1,233,194.98	224,831.66	1008363.32
						Report Total Ending Balance			1,008,363.32



[Welcome page](#) > [Account balance](#) > Account transactions

Account transactions - Result

[Logout](#)

GST/HST account: 895525897 RT 0001

Business name: TFI FOODS LTD./LES ALIMENTS TFI LTEE

Select "View" to see the transactions for the criteria provided. By default, the interim balance and the balance amounts for all period-ends are retrieved for 90 days from the current date and displayed in ascending order. You can use the drop-down lists to change the display of transactions. The dates in the drop-down boxes below and the dates listed in the transactions are displayed in yyyy-mm-dd format.

Customized view allows you to view account transactions for a time frame of your choice.

Interim balance and balance	Transactions for	2012-10-31
Display	two years	in Ascending order
<input type="button" value="View"/>		

Interim amounts			
For the reporting period ending Oct 31, 2012			
Effective date	Transactions	Amount	
Nov 7, 2012	Previous Balance	\$0.00	
Nov 6, 2014	Interim Balance	\$0.00	
Balance amounts			
For the reporting period ending Oct 31, 2012			
Effective date	Transactions	Amount	
Nov 7, 2012	Previous Balance	\$0.00	
Dec 20, 2012	(Re)assessment	\$174,071.42	CR
Dec 20, 2012	Refund	\$174,071.42	
Nov 6, 2014	Balance	\$0.00	

You can stop the mailing of paper statements by selecting [Change mailing instructions](#). You can also [order additional remittance vouchers](#).

[Printer-friendly version](#)

B-RT-VT-01

Need assistance?



If you are unable to find the information you were looking for about this specific topic, please select the Contact us button.

Date modified: 2014-04-07

This is Exhibit "C" to the
Affidavit of David Lam
sworn November 6, 2014



A COMMISSIONER FOR TAKING AFFIDAVITS, ETC.

APPENDIX "K"

PROMISSORY NOTE

AMOUNT: \$857,623.00

DUE DATE: July 18, 2011

DATE OF NOTE:

April 18, 2011

FOR VALUE RECEIVED, *Ellen Yuk Yee Pun, also known as Pun Yuk Yee and Yuk Yee Pun* (the "Payor"), hereby promises to pay *Dr. Sai Kui Lee* (the "Payee"), the principal amount of Eight Hundred and Fifty-Seven Thousand, Six Hundred and Twenty-Three Dollars (\$857,623.00) in lawful money of Canada at the time and in the manner hereinafter provided, together with interest accruing at five percent (5%) on the principal balance outstanding from time to time.

1. Principal - The Principal shall be due and payable on July 18, 2011.
2. Interest - Interest in like money on the unpaid portion from time to time of the Principal until the Principal is repaid in full, at the rate five percent (5%), calculated semi-annually, not in advance, as well after as before maturity and both before and after default. The Principal and such interest (accruing from and in respect of the 18th day of April, 2011) shall be payable in three blended, equal, monthly instalments of principal and interest each in the amount of Two Hundred and Eighty-Eight Thousand Two Hundred and Thirty-Five Dollars and Forty-One Cents (\$288,235.41) and shall be paid on the eighteenth (18th) day of May, June and July, 2011.
3. Payments - Principal and interest payments shall be in cash or certified cheque or bank draft payable to or to the order of the Payee and delivered to the Payee at 713 Davis Drive, Suite 301, Newmarket, ON, L3Y 2R3 on or before the date specified for such payment.
4. Interest on Overdue Amounts - In the event that default shall be made in the payment of any sum to become due for interest at any time appointed for payment thereof as aforesaid, compound interest shall be payable on such sum; and the sum in arrears for interest from time to time, as well after as before maturity, shall bear interest at the aforesaid rate and, in case the interest and compound interest are not paid within one month from the day preceding the time of default, a rest shall be made and compound interest at the rate aforesaid shall be payable on the aggregate amount of interest and compound interest then due, as well after as before maturity, and such rests shall similarly made on a monthly basis thereafter.
5. Application of Payments - Any amount paid in satisfaction of the indebtedness evidenced by this Promissory Note shall be applied firstly in satisfaction of any accrued and unpaid interest which is due and payable and any interest thereon, and then the remaining portion of such amount shall be applied in satisfaction of the Principal owing hereunder in inverse order of maturity.

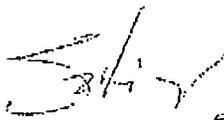
- 2 -

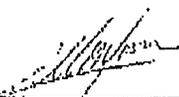
6. Prepayment Privilege - The Payor shall have the right at any time on any payment date to prepay, without bonus or penalty, all or any portion of the principal owing under this Promissory Note from time to time. Notwithstanding any such payment, principal payments as aforesaid shall continue until the principal owing hereunder has been paid in full.
7. Due and Payable - The Payor acknowledges, declares and agrees that the entire unpaid balance of the principal amount of this Note shall, at the option of the Payee, become immediately payable upon:
- (a) the failure of the Payor to pay any one of the aforesaid instalments as they fall due; or;
 - (b) the occurrence of any of the events referred to in the collateral given by the Payor to the Payee to secure the obligations of the Payor under this Note, the provisions of such collateral security being incorporated in this Note by reference.
8. Waiver - Extension of time of payment of all or any part of the principal amount of this Note at any time or times, or failure of the Payee to enforce any of his rights or remedies hereunder, shall not release the Payor and shall not constitute a waiver of the right of the Payee to enforce any such rights and remedies thereafter.
9. Collateral Security - As collateral security for the payment of the Note, the Payor agrees to:
- (a) provide the guarantee of Ellen's Food Group Inc. and 1812238 Ontario Inc., and
 - (b) Ellen's Food Group Inc. and 1812238 Ontario Inc. shall execute the General Security Agreements in the form attached hereto as Schedule "A".
10. Waiver of Benefits - The Payor waives presentment for payment, notice of dishonour and protest, and acknowledges receipt of a true copy hereof.
11. Non-Transferrable - This Note is not transferable by the Payor.
12. Governing Law - This Promissory Note shall be governed by the laws of the Province of Ontario and construed and enforced in accordance therewith.
13. Guarantors' Clause - In consideration of the Payee allowing the Payor to pay the balance owing over time, other valuable consideration and the sum of ONE DOLLAR (\$1.00) of lawful money of Canada, the receipt whereof is hereby acknowledged, the undersigned Guarantors covenant and agree with the Payee that the Guarantors will duly pay and satisfy all moneys at any time secured by this Promissory Note and duly perform and observe all covenants, agreements, and provisions contained in this Promissory Note; and further, that the Guarantors shall be primarily liable to the Payee and that the Guarantors shall not be

released nor shall their liability hereunder be limited or lessened by any variation in or departure from the provisions of this Promissory Note nor by the Payee granting time, taking or giving up securities, accepting proposals, granting releases or discharges or otherwise dealing with the parties hereto or any of them or with any other person or persons nor by any other thing whatsoever either of a like nature to the foregoing or otherwise including the bankruptcy or insolvency of the Payor whereby as surety only the Guarantors would or might be released and the Payee shall not be bound to exhaust its recourse against the Payor or against any other person or persons before enforcing its rights against the Guarantors.

IN WITNESS WHEREOF, the Payor has duly executed this Promissory Note the day and year first above written.

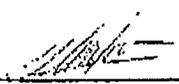
SIGNED, SEALED AND DELIVERED)
- in the presence of -)


SARA CHING)


Ellen Yuk Yee Pun, also known as
Pun Yuk Yee and Yuk Yee Pun

THE GUARANTORS ARE BOUND BY THE TERMS OF THIS PROMISSORY NOTE.

) Ellen's Food Group Inc.
)
)
)
) 
) Ellen Yuk Yee Pun, also known as
) Pun Yuk Yee and Yuk Yee Pun
) I have authority to bind the corporation.

) 1812238 Ontario Inc.
)
)
)
) 
) Ellen Yuk Yee Pun, also known as
) Pun Yuk Yee and Yuk Yee Pun
) I have authority to bind the corporation.

This is Exhibit "D" to the
Affidavit of David Lam
sworn November 6, 2014

A handwritten signature in black ink, appearing to be 'F. H. L.', written over a horizontal line.

A COMMISSIONER FOR TAKING AFFIDAVITS, ETC.

RUN NUMBER : 225
 RUN DATE : 2013/08/13
 ID : 20130813144102.44

PROVINCE OF ONTARIO
 MINISTRY OF GOVERNMENT SERVICES
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
 ENQUIRY RESPONSE
 CERTIFICATE

REPORT : PSSR060
 PAGE : 2
 (2268)

TYPE OF SEARCH : BUSINESS DEBTOR
 SEARCH CONDUCTED ON : ELLEN'S FOOD GROUP INC.
 FILE CURRENCY : 12AUG 2013

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
 684350856

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	001	1		20130128 1312 2388 0105	P PPSA	02

DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

DEBTOR NAME BUSINESS NAME ELLEN'S FOOD GROUP INC.
 ADDRESS 25 CENTURIAN DRIVE, SUITE 203 MARKHAM ON L3R 5N8
 ONTARIO CORPORATION NO.

DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

DEBTOR NAME BUSINESS NAME
 ADDRESS
 ONTARIO CORPORATION NO.

SECURED PARTY / LIEN CLAIMANT DR. SAI KUI LEE

ADDRESS 713 DAVIS DRIVE, SUITE 301 NEWMARKET ON L3Y 2R3

COLLATERAL CLASSIFICATION

CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY OR	NO FIXED MATURITY DATE
X	X	X	X				X

YEAR MAKE MODEL V.I.N.

MOTOR VEHICLE

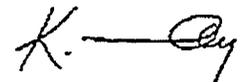
GENERAL COLLATERAL DESCRIPTION GENERAL SECURITY AGREEMENT

REGISTERING AGENT STIVER VALE - ROBERT A. LECK

ADDRESS 195 MAIN STREET SOUTH NEWMARKET ON L3Y 3Y9

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 3

CERTIFIED BY/CERTIFIÉES PAR

 REGISTRAR OF PERSONAL PROPERTY SECURITY / LE REGISTRATEUR DES SÛRETÉS MOBILIÈRES

(ejiftr 11/2008)



28

This is Exhibit "E" to the
Affidavit of David Lam
sworn November 6, 2014



A COMMISSIONER FOR TAKING AFFIDAVITS, ETC.



STIVER VALE
BARRISTERS, SOLICITORS, NOTARIES

APPENDIX "M"

PAUL W. READ, B.A., LL.B. K. WAYNE KITCHEN, LL.B.
WARREN G. SKINNER, B.A., LL.B. ROBERT A. LECK, B.A., (HONS.), LL.B.

195 MAIN STREET SOUTH
NEWMARKET, ONTARIO
L3Y 3Y9

E-Mail for Robert A. Leck - raleck@stivervale.com

TELEPHONE NO. (905) 895-4571
TORONTO LINE (905) 773 6323
FAX NO. (905) 853-2958

March 5, 2013

VIA FAX 416-601-6690 (2 Pages)

Ms. Catherine Hristow
Deloitte & Touche Inc.
Suite 1400, 181 Bay Street,
Toronto, Ontario
M5J 2V1

Dear Ms. Hristow:

Re: Ellen's Food Group Inc. And Dr. Sai Kui Lee

Further to your correspondence dated March 1, 2013, which I just received, I will review my file and endeavour to provide you with a copy of the security documents next week, which I trust is satisfactory.

In the interim, I can advise that Dr. Lee does not have any evidence in his possession or available to him that could confirm whether any of the payments he received came from the bank account of Ellen's Food Group Inc.. The payments for which the source appears to be identifiable (numbers 1 and 6 through 13 below) did not come directly from said corporation.

I can advise that Dr. Lee received the following payments, which related to the original loan of \$1,000,000.00:

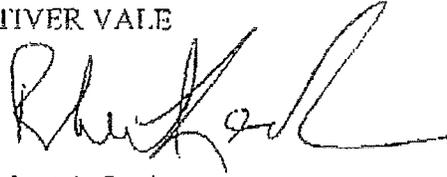
1. \$69,985.00 (after a \$15.00 bank charge) on April 27, 2011;
2. \$80,000.00 on May 5, 2011;
3. \$103,000.00 on May 19, 2011;
4. \$85,235.41 on June 16, 2011;
5. \$50,000.00 on June 29, 2011;
6. \$10,000.00 on October 18, 2012;
7. \$10,000.00 on October 20, 2012;
8. \$10,000.00 on October 27, 2012;
9. \$10,000.00 on November 3, 2012;
10. \$10,000.00 on November 13, 2012;
11. \$10,000.00 on November 25, 2012;

12. \$10,000.00 on December 1, 2012; and
13. \$10,000.00 on December 8, 2013.

If you would like to discuss this matter kindly contact me at your convenience.

Sincerely,

STIVERVALE

A handwritten signature in black ink, appearing to read "Robert A. Leck", written over the typed name.

Robert A. Leck

cc: Client

This is Exhibit "F" to the
Affidavit of David Lam
sworn November 6, 2014



A COMMISSIONER FOR TAKING AFFIDAVITS, ETC.

APPENDIX "N"

STIVER VALE
BARRISTERS, SOLICITORS, NOTARIESPAUL W. READ, B.A., LL.B.
WARREN G. SKINNER, B.A., LL.B.K WAYNE KITCHEN, LL.B.
ROBERT A. LECK, B.A., (HONS), LL.B.195 MAIN STREET SOUTH
NEWMARKET, ONTARIO
L3Y 3Y9TELEPHONE NO. (905) 895-4571
TORONTO LINE (905) 773-8323
FAX NO. (905) 853-2958

E-Mail for Robert A. Leck - rtleck@stivervale.com

March 15, 2013

VIA FAX: 416-601-6690 (23 pages)

Ms. Catherine Hristow
Deloitte & Touche Inc.
Suite 1400, 181 Bay Street
Toronto, ON
M5J 2V1

Dear Ms. Hristow:

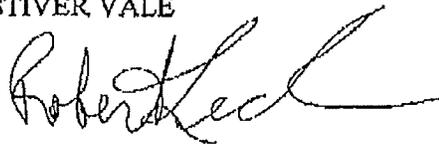
Re: Ellen's Food Group Inc. and Dr. Sai Kui Lee

Further to our previous correspondence, attached please find a copy of the executed Promissory Note and General Security Agreement with respect to Ellen's Food Group Inc.,

I can further advise that, inclusive of legal costs, as of January 18, 2013, Dr. Sai Kui Lee was owed \$620,708.92

Sincerely,

STIVER VALE



Robert A. Leck

RAL:cym
Encls.

32

DELOITTE RESTRUCTURING INC., IN ITS CAPACITY AS TRUSTEE IN BANKRUPTCY OF ELLEN'S FOOD GROUP INC.
Applicant

-and- TFI FOODS LTD.

Respondent

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**IN THE MATTER OF
PROCEEDING COMMENCED AT
TORONTO**

**AFFIDAVIT OF DAVID LAM
SWORN NOVEMBER 6, 2014**

Paliare Roland Rosenberg Rothstein LLP
155 Wellington Street West
35th Floor
Toronto ON M5V 3H1
Tel: 416.646.4300
Fax: 416.646.4301

Ken Rosenberg (LSUC# 21102H)
Tel: 416.646.4304
Robin D. Walker, Q.C. (LSUC# 11320W)
Tel: 416.646.6302
Kristian Borg-Olivier (LSUC# 53041R)
Tel: 416.646.7490

Lawyers for the Respondent

DELOITTE RESTRUCTURING INC., IN ITS CAPACITY AS
TRUSTEE IN BANKRUPTCY OF ELLEN'S FOOD GROUP
INC.

Applicant

-and- TFI FOODS LTD.

Respondent

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**IN THE MATTER OF
PROCEEDING COMMENCED AT
TORONTO**

RESPONDING APPLICATION RECORD

Paliare Roland Rosenberg Rothstein LLP

155 Wellington Street West

35th Floor

Toronto ON M5V 3H1

Tel: 416.646.4300

Fax: 416.646.4301

Ken Rosenberg (LSUC# 21102H)

Tel: 416.646.4304

Robin D. Walker Q.C. (LSUC# 11320W)

Tel: 416.646.6302

Kristian Borg-Olivier (LSUC# 53041R)

Tel: 416.646.7490

Lawyers for the Respondent