

District of Ontario
Division No. 07 - Hamilton
Estate No. 32-159154
Court No. 32-159154

SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE RECEIVERSHIP OF
BOMET POLYMER INC.
OF THE CITY OF BRANTFORD, IN THE PROVINCE OF ONTARIO

PROPOSAL

2644013 ONTARIO INC. (the "Purchaser") hereby submits the following Proposal to all of BOMET POLYMER INC. ("BPI" or the "Company") creditors.

1. General Intent

The purposes of this Proposal are to:

- Sell the assets of the Company pursuant to a Court sanctioned approval and vesting order; and,
- Provide a dividend to the Company's creditors, excluding shareholders, in excess of what would be available in the event of bankruptcy.

2. Effect of the Proposal

This Proposal provides the essential terms upon which all claims against the Company will be fully and finally resolved and settled. During the term of this Proposal, and provided that an event of default has not occurred and is continuing hereunder, all creditors will be stayed from commencing or continuing any proceeding or remedy against the Company or any of its property or assets in respect of a claim including, without limitation, any proceeding or remedy to recover payment of any monies owing to creditors, to recover or enforce any judgment against the Company in respect of a claim or to commence any formal proceedings against it other than as provided for under this Proposal.

This Proposal will be binding on all creditors and shareholders.

3. Classes of Creditors

There shall be two types of claims that are being compromised under this Proposal. They are:

Preferred Unsecured Claims – those persons with preferred unsecured claims, which are proven in accordance with the Receiver's claims process and comply with the definition of preferred claim pursuant to the *Bankruptcy and Insolvency Act (Canada)* (the "Act").

Ordinary Unsecured Claims – those persons with unsecured claims, which are proven in accordance with the Receiver's claims process and which are not secured or preferred under or pursuant to the Act.

Shareholder Claims – those persons who were shareholders of the Company and may have claims against the Company for equity or loans.

4. Secured Creditors

Any secured claims against the assets of the Company will be paid in full in priority to all unsecured claims, which payment shall be made prior to the payment of the dividend to unsecured creditors.



5. Preferred Unsecured Creditors

The claims of the Preferred Creditors will be paid in full and in priority to the claims of the Ordinary Unsecured Creditors. The Receiver is aware of the following such preferred creditors:

- Employee wages and vacation pay
- Outstanding rent

6. Ordinary Unsecured Creditors

Ordinary unsecured creditors consist of trade creditors and will include contingent and unliquidated claims arising out of any transaction entered into prior to the date of the receivership.

7. Canada Revenue Agency / Crown Claims

Any outstanding returns at the date of receivership will be prepared and filed with any amounts due to Canada Revenue Agency will be included in the secured creditors payments.

8. Professional Fees and Expenses

All of the fees, expenses and disbursements of the Receiver and the Receiver's legal counsel shall be paid in priority to all claims. The Receiver and the Receiver's counsel may draw their fees and expenses from time to time and such draws shall be subject to final Court approval pursuant to the Receiver's appointment order.

9. Voting and Meeting of Creditors

Only Preferred and Ordinary Unsecured Creditors may vote on the proposal. A voting letter will be sent to Preferred and Ordinary Unsecured Creditors with the proposal documents. Preferred and Ordinary Unsecured Creditors may vote in advance of the Meeting (described below) if their claim is on the creditor listing or if they have proven their claim with the Receiver prior to the Meeting. A Preferred or Ordinary Unsecured Creditor may also file a proxy with the Receiver prior to the Meeting allowing the proxy to vote at the Meeting on the Preferred and Ordinary Unsecured Creditor's behalf.

A meeting of creditors will be held on February 26, 2020 at 10 a.m. at the offices of BDO Canada Limited located at 25 Main St. W., Suite 500, Hamilton, Ontario to vote on the proposal (the "**Meeting**"). A Preferred or Ordinary Unsecured Creditor must be on the creditor list or have proved their claim with the Receiver prior to the Meeting to be able to vote on the proposal.

10. Dividends

The Purchaser will fund the proposal based on the lesser of:

- An amount sufficient to pay all Preferred and Ordinary Unsecured Claims in full; or,
- \$400,000 to fund payments to Preferred and Ordinary Unsecured Claims.

In the event the total Preferred and Ordinary Unsecured Claims exceed \$400,000, the Preferred claims will be paid in full first and any remaining funds will be paid to the Ordinary Unsecured Claims based on their pro-rata share of the remaining funds from the proposal payment.

There will be no payments made in respect of any Shareholder Claims.

Dividends will be paid following the conclusion of the claims bar date on May 26, 2020. The claims bar date has been set pursuant to an Order of the Ontario Superior Court of Justice dated January 29, 2020.

11. Funding of Dividend Payments

BDO Canada Limited ("BDO") as the Receiver of the Proposal shall retain the funds required for the Proposal dividend. All dividends under the Proposal shall be made by the Receiver.

The proposal will be funded by the Purchaser by payments made to the Receiver as follows (collectively the "Proposal Funding Payments"):

- \$50,000 to be paid no later than February 7, 2020;
- \$150,000 to be paid within two business days of the acceptance of the proposal by the Ordinary Unsecured Creditors voting on the proposal; and,
- \$200,000 paid by no later than 30 days after approval of the proposal by the Ordinary Unsecured Creditors.

Any excess above the amount required to pay all Preferred and Ordinary Unsecured Claims will be refunded to the Purchaser after the payment of the proposal dividends.

12. Default Provisions

The proposal will be in default if one or more of the following events occurs and is not remedied within five (5) business days of the default:

- The Proposal Funding Payments are not paid by the time periods set out in paragraph 11, above;
- 50% plus one in number representing 2/3rds in dollar value of the Preferred and Ordinary Unsecured Creditors voting on the proposal do not vote to accept the proposal; and,
- The Court does not approve the sale of the Company's assets to the Purchaser and/or does not issue the approval and vesting order for the sale of the Company's assets.


13. BDO Canada Limited

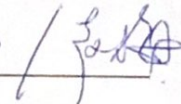
The Receiver is acting solely in its capacity as Receiver and not in its personal capacity and shall not be responsible or liable for any obligations of the Company.

DATED at Toronto this 5th day of Feb., 2020.

2644013 ONTARIO INC.

Per:

HWANIS AWDRN
Witness 

Mei Zhao / 
Authorized Officer