

Estate No. 11 - 3103569
Court Number B240334
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN BANKRUPTCY

IN THE MATTER OF THE PROPOSAL OF
Go Flooring Ltd.

of the City of Abbotsford
in the Province of British Columbia

PROPOSAL TO CREDITORS

**FILED PURSUANT TO THE
BANKRUPTCY AND INSOLVENCY ACT,
R.S.C. 1985 c. B-3, AS AMENDED**

Proposal of Go Flooring Ltd. (the "Debtor"), to its creditors (the "Proposal"), filed on **October 7, 2024** pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 as amended (the "Act").

The defined terms and expressions as used in this [Amended] Proposal appear in Article II below.

**ARTICLE I
PURPOSE AND EFFECT OF PROPOSAL**

1.1 General Intent of Proposal

The Proposal is made pursuant to the Act.

1.2 Under the Proposal, the claims of the Creditors will be restructured and paid in accordance with the Act as provided in Articles IV and V herein. Each Creditor (excepting as provided by section 54(3) of the Act) is entitled to consider and vote upon the Proposal in the manner described herein and to attend the Creditors' Meeting to be held on the Creditors' Meeting Date for that purpose.

1.3 The Proposal is designed to allow the Debtor to maintain its working relationship with its customers, to enable the Creditors to recover more than would be recovered following an immediate and complete liquidation of Go Flooring Ltd. to continue its business and its assets and to avoid the wasting of the Debtor's assets.

- 1.4 The Debtor has determined that the amounts presently owing to Canada Revenue Agency under section 60(1.1) of the Act may exceed the value of its assets on a liquidation basis, with the result that claims against the Debtor have little or no value. In order to permit the Debtor to continue in business and to enhance the outcomes facing the Creditors, it is necessary for the Debtor to reconcile its current financial obligations and allow completion of current orders and work in progress. The Debtor has inadequate available cash to make a substantial payment to the Creditors but can make regular payments and other intangible accommodations which make this proposal preferable to bankruptcy.
- 1.5 01177350 B.C. Ltd. and Walji Financial Ltd. (together the “Related Parties”) are affiliated and/or related to the Debtor and have agreed to postpone their intercorporate loans to assist the Debtor by sale of the Related Party Assets to facilitate the Proposal herein (the “Postponement”). The Related Parties have further agreed to advance a sum to be determined in tranches (the “Advances”).
- 1.6 The overall scheme of the Proposal is to continue the business and make regular installments on the Indebtedness of the Debtor to give effect to these intentions. The combined effect of this Proposal and the sale of the Related Party Assets will allow for payment within six months of the Proposal Implementation Date (or such later date as Canada Revenue Agency may approve) of the amount owing to Canada Revenue Agency as liabilities for source deductions (at present approximately \$3,040,004.45).
- 1.7 The Debtor has employed a dual-track process. Under this dual-track process: (i) the Related Party Assets will be offered for sale; and (ii) will continue to operate the business and maximize the return on the work in progress. To maximize the realization value for the Creditors by operating the Debtor as a going concern and by selling Related Party Assets.

2.1 Definitions

“CRA Consent” means the consent of Canada Revenue Agency to payment of amounts hereunder over a period which exceeds six months made pursuant to section 60(1.1) of the Act.

“DIP Financing” means financing as set out in Schedule “B” hereto.

“Interim Period” means the period from and including the Proposal Date to and including the Proposal Implementation Date.

“Net Operating Revenue” means any revenue generated by the licensing of the Patent Assets less any expenses associated with such licensing.

“Order” means any Order of the Court in these proceedings.

“Proposal” means the Proposal to the Creditors herein made in accordance with the Act.

“Proposal Confirmation Date” means the date on which the Proposal is sanctioned and approved by an Order.

“Proposal Date” means October 7th, 2024, being the date on which this Proposal was lodged by the Debtor with the Trustees and filed with the Office of the Superintendent of Bankruptcy.

“Proposal Implementation Date” means the fifth Business Day following the date on which all rights to appeal the final Order of the Court from the Proposal Implementation Date have expired, or such other date as **[bankrupt]** and the Inspectors may, subject to the approval of the Court, agree.

“Proposal Period” means the period of time commencing on the filing of the Proposal and ending on the date of the Trustee’s Discharge Order.

“RBC Fosters Mortgage” means mortgage granted by Walji Financial to RBC over Foster Property

“RBC Island Mortgage” means mortgage granted by Walji Financial to RBC over Island Property

“RBC Ware Mortgage” means mortgage granted by 1177385 BC Ltd to RBC

“Related Party Assets” means the assets listed on Schedule “A” hereto.

“Related Party Mortgages” means the RBC Fosters Mortgage, the RBC Island Mortgage and the RBC Ware Mortgage

“Releasor” when used in relation to the release of a Claim under this Proposal means the person releasing or who is deemed to release the Claim under this Proposal.

“Releasee” when used in relation to the release of a Claim under this Proposal means the person in favor of whom a Claim is released.

“Secured Creditor(s)” means the Debtor’s secured creditors, as defined in section 2(1) of the Act.

“Trustee” means Crowe MacKay & Company Ltd., the Trustee under the Proposal so designated in the Initial Filing.

“Trustee’s Discharge Order” means the order discharging the Trustee upon performances of the Proposal by the Debtor.

“Unsecured Creditors” means all creditors of the Debtor with unsecured claims for any indebtedness as of the Filing Date.

2.2 Article References

In the Proposal, a reference to an article, section, clause or paragraph shall, unless otherwise stated, refer to an article, section, clause or paragraph of the Proposal.

2.3 Interpretation Not Affected by Headings

The division of the Proposal into articles, sections, clauses and paragraphs and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of the Proposal.

2.4 Date For Any Action

In the event that any date on which any action is required to be taken hereunder is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

ARTICLE III OPERATIONS

- 3.1** The Debtor shall, during the currency of this Proposal, continue its operations in the normal course of business and shall pay all post-filing claims without limitation including taxes, landlords, employees, suppliers and levies, fees and disbursements of the Trustee.

ARTICLE IV CERTAIN STATUTORY AMOUNTS OWING TO GOVERNMENTAL AUTHORITIES, TRUSTEE AND EMPLOYEES

4.1 Source Deductions

- 4.2** The Debtor shall pay in full on the last day of the sixth month after the Proposal Confirmation Date, or later if approved by Canada Revenue Agency, all amounts required to be paid by sub-section 60(1.1) of the Act.

- 4.3** The Debtor shall pay in priority to all amounts to be distributed to the Creditors under the Proposal, all amounts required to be paid by sub-section 60(1) of the

Act. Without limiting the generality of the foregoing, the Trustee's fees and expenses incurred in connection with the performance of its functions under this Proposal and under the Act shall be paid out of the performance of its functions under this Proposal and under the Act shall be paid out of the available funds in priority to any amounts owing or to be distributed to the Creditors under this Proposal. It is contemplated that the Trustee's fees and costs are to be paid by the Debtor separate and apart from the funds to be made available to the Creditors, however, in the event of a default in the Proposal, the Trustee's fees and costs will rank first in priority to relation to all Creditors.

- 4.4 All amounts payable to CRA will be applied first to tax until the tax amount of any claim is paid in full and then only to penalties and interest and costs
- 4.4 In addition the Trustee shall be entitled to collect its fees and expenses incurred in connection with the performance of its responsibilities in priority to any distribution thereof to any Creditor.

ARTICLE V PROPOSAL TO CREDITORS

- 5.1 The Debtor shall pay Secured Creditors interest only pursuant to their security at the contractual rates in effect at the time of filing the notice of intention or such lower rate as may apply thereafter. Additional interest will accrue and will be paid.

5.2 Levy

The levy will be paid on und secured claims in accordance with the Act

5.3 Payment of Claims

- 5.3.1 The Debtor will cause the Related Parties to sell the Related Party Assets and will pay the proceeds of sale to be paid (i) first to costs of sale and conveyance; then (ii) to Secured Creditors having charges of the Related Party Assets; (iii) then to the Trustee for distribution to Canada Revenue Agency; and (iv) then to RBC in accordance with Schedule "C" hereto.
- 5.3.2 The Secured Creditor will realize first on its security against the Related Party Assets, with the balance, if any, owing to the Secured Creditor by the Debtor after such realization to be paid from the Related Party Assets.
- 5.3.3 After payment to the Secured Creditor(s), one hundred percent (100%) of the remaining Related Party Assets will be distributed by the Trustee to the Unsecured Creditors on a pro rata basis provided that
 - (i) the first \$2500 of all unsecured claims will be paid in full.

(ii) the remainder of unsecured claims will be paid in full without interest and the pro-rated amount of the remaining Related Party Assets which are available for distribution.

5.3.4 The Debtor will be entitled to receive the remaining allocation after distribution to the Unsecured Creditors in accordance with clause above.

5.4 If the Debtor does not enter into an agreement for the purchase and sale of one or none of the Related Party Assets as a going concern within 6 months from the Proposal Implementation Date, or at such earlier date as the Debtor may deem fit, subject to the consent of the Trustee.

5.5 Release by Unsecured Creditors

Upon approval of the Proposal, the Debtor shall be and is hereby released by each Creditor (as Releasor) in respect of its proven claim, and in respect of any other Claims whatsoever, without prejudice to the entitlement of such Unsecured Creditor to receive payment(s) under the Proposal.

5.6 Right of Set-Off

The Debtor shall be entitled to set-off any amount owing by each Creditor to the Debtor in calculating the amount of each Creditors' claim provided that pre-filing proposal claims will not be set off against post filing proposal claims.

5.7 Further Assurances

All of the Creditors shall be deemed to consent to and permit all of the provisions of this Article V, and the Creditors and the Debtor shall do all such other acts and execute all such other documents as may be necessary to give effect thereto, and to that end each Creditor does hereby constitute the Debtor as its lawful attorney with full authority to do all such acts and execute all such documentation on its behalf.

ARTICLE VI COVENANTS OF THE [BANKRUPT]

6.1 Related Party Transactions

So long as amounts are owing to a Creditor under the Proposal, the Debtor shall, during the Proposal Period, ensure that all business transactions entered by him with any related party (as such term is defined in the Act as in Force at the Filing Date) shall, at the time they are entered into, be on commercially reasonable terms. The Debtor will give notice of such business transactions to the Trustee and provide such particulars as the Trustee may reasonably require.

ARTICLE VII DEFAULT PROVISIONS

7.1 Events of Default

An event of default shall occur under the Proposal where the Debtor commits a material default in the performance of the covenants contained in this Proposal.

7.2 Cure of Event of Default

If an event of default should occur under clause 7.1, the Debtor shall have thirty (30) days in which to cure such default, failing which the Debtor may be declared in default under the Proposal. If the Debtor is declared to be in default under the Proposal, the Proposal shall remain in full force and effect and any aggrieved Creditor whose claim remains unpaid in accordance with the terms of the Proposal may bring an action in the Court for enforcement of its rights as against the Debtor under the terms of this Proposal.

7.3 Stay by Secured Creditor

While the Debtor Is not in default, each Secured Creditor will (i) stay enforcement of the Related Party Mortgage which the Secured Creditor maintains in respect of the Related Party Assets on or before the filing date; and (ii) will not enforce its right to any prepayment penalty.

7.4 Default

In the event that there is a default under this Proposal, and the Proposal is annulled under sections 62.1 and 63 of the Act then to the extent that one or more of the Related Party Mortgages is not sold the Debtor will consent to a one-month redemption period in a foreclosure on any of the extant Related Party Mortgages.

ARTICLE VIII CREDITOR APPROVAL

8.1 Classification of Creditors

The Creditors shall be the following classes of Creditors for the purpose of considering and voting upon the Proposal:

Class 1 - The Secured Creditors

Class 2 - The Unsecured Creditors

8.2 Meeting of Creditors

No sooner than ten (10) days and no later than twenty-one (21) days after the Proposal Date, the Debtor shall hold a Creditors' Meeting to consider and vote upon the Proposal pursuant to the Act. At the Creditors' Meeting, the Creditors may appoint one or more, but not exceeding five, Inspectors under this Proposal whose powers shall be restricted to:

- (a) advising the Trustee on such matters as may be appropriate from time to time; and
- (b) authorizing one or more extensions of the time limits specified in the Proposal.

8.3 Voting

Each Creditor will be entitled to vote in its class to the extent of the amount which is equal to the Creditor's proven claims against the Debtor.

8.4 Report of the Trustee

The filing of the Proposal will be accompanied by the report of the Trustee pursuant to the Act.

8.5 Procedure

In order that the Proposal be binding on the Creditors of the Debtor in accordance with the Act, it must first be accepted by each class of Creditors, as prescribed by this Proposal, by a majority in number of the Creditors in each class who actually vote upon the Proposal (in person, by voting letter or by proxy) at the Creditors' Meeting, representing two-thirds in value of the claims of the Creditors in such class whom actually vote upon the Proposal (whether in person, by voting letter or by proxy) at the Creditors' Meeting. Any Creditor wishing to vote on the Proposal must submit a Proof of Claim to the Trustee prior to the Creditors' Meeting Date.

8.6 Valuation of Claims

Prior to the Creditors' Meeting Date, the Debtor reserves the right to seek an Order establishing a procedure for valuing the claims of Creditors and for resolving any dispute between the Debtor and any Creditor as to the value of the claim of any Creditor. The Debtor also reserves the right to seek the assistance of the Court in valuing the claim of any Creditor, is required, to ascertain the result of any vote on the Proposal or the amount payable to such Creditor under the Proposal.

8.7 Confirmation of Proposal

In the event that the Proposal is approved by the required majority of Creditors in each class, the Debtor will then seek an Order for the sanction and approval of the Proposal. Subject to such Order being granted, the Proposal will be implemented by the Debtor and will be binding upon all the Creditors of the Debtor affected by the Proposal.

8.8 Modification of Proposal

The Debtor reserves the right to file any modification of or amendment to the Proposal by way of a supplementary Proposal or Proposals lodged with the Trustee at any time prior to the conducting of votes upon the Proposal by affected classes of Creditors at the Creditors' Meeting convened by the Debtor for that purpose, in which case any such supplementary Proposal or Proposals shall, for all purposes, be and be deemed to be a part of and incorporated into this Proposal.

8.9 Conditions on Proposal Implementation

The implementation of the Proposal by the Debtor shall be conditional upon:

- (a) delivery of the Canada Revenue Agency consent;
- (b) the Debtor shall have obtained the DIP Financing;
- (c) the sanction and approval of the Proposal by the Court in accordance with the provisions of the Act; and
- (d) all applicable judicial consents, orders and approvals required or desirable for the completion of the transactions contemplated by this Proposal or any aspect thereof having first been obtained or received.

ARTICLE IX MISCELLANEOUS

9.1 Compromise Effective for all Purposes

The compromise or other satisfaction of any indebtedness, liability or obligation of the Debtor under the Proposal, if sanctioned and approved by the Court, shall, in the case of any Creditor whose claim is in a class voting in favor of the Proposal, be binding upon such Creditor for all purposes.

9.2 Paramountcy

From and after the Proposal Implementation Date, any conflict between the covenants, warranties, representations, terms, conditions or obligations, expressed or implied, of any

contract, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale, lease or other agreement, whether written or oral, and any and all amendments or supplements thereto existing between any third party and the Debtor as at the Proposal Implementation Date will be deemed to be governed by the terms, conditions and provisions of the Proposal, which shall take precedence and priority.

9.3 Completion of Trustee's Duties

The responsibilities of the Trustee under this Proposal shall terminate no later than the last day of the Proposal Period whereupon the Debtor will apply for the Trustee's Discharge Order.

Go Flooring Ltd. hereby makes this Proposal to his Creditors as evidenced by its execution hereof below.

Dated at West Kelowna, British Columbia, this 7th day of October, 2024.

GO FLOORING LTD.



Authorized Signatory

**SCHEDULE "A" TO A PROPOSAL
RELATED PARTY ASSETS**

Registered Owner	Civic Address	Parcel Identifier	Mortgage Debt	April Appraisal	Post Bill 44 Value	Estimated Equity
Walji Financial Ltd.	101-201 1628 Fosters Way	024-011-711	\$1,878,000*	\$2,250,000	\$2,300,000	\$400,000
Walji Financial Ltd.	102A-1830 Island Highway	025-238-931	\$1,275,000*	\$1,480,000	\$1,600,000	\$300,000
1177350 B.C. Ltd.	2660 Ware Street	000-510-530	\$2,180,000*	\$2,660,000	\$3,500,000	\$1,000,000
Walji Financial Ltd.	443 Matheson Road	001-865-382	\$375,000		\$700,000	\$325,000
	453 Matheson Road	002-530-937				
Walji Financial Ltd.	17-125 Cabernet Drive	028-497-503	\$500,000		\$600,000	\$100,000
	18-125 Cabernet Drive	028-497-511				
Walji Financial Ltd.	1719 Treffry Place	031-448-429	\$750,000		\$1,100,000	\$350,000
	1728 Treffry Place	031-448-488				
	1732 Treffry Place	031-448-470				
				TOTAL		\$2,475,000
Irfan Walji	16286-80A Avenue	024-761-478	\$1,625,000		\$2,000,000	\$375,000
Irfan Walji	1661 Pritchard Drive	009-735-861	\$4,100,000	\$5,750,000		\$1,650,000
				TOTAL		\$2,025,000

* Purchase money mortgage to RBC under foreclosure (SCBC Action No. H253227 – New Westminster Registry)

SCHEDULE "B" TO A PROPOSAL



**EXPRESS
BUSINESS
FUNDING**
Client-centered Financial Solutions

August 22, 2024

Irfan Walji, Director
Go Flooring Ltd.
Unit #10-1585 Cliveden Avenue,
Delta, BC, V3M 6P7

Re: Debtor in Possession Financing Facility

Dear Irfan:

We are pleased to confirm that The EBF Group Ltd. o/a Express Business Funding ("EBF") is considering providing the DIP Facility to the Borrower, Go Flooring Ltd. ("Go Flooring"), in accordance with the terms and conditions set out in this DIP Term Sheet subject for the successful completion of due diligence and credit committee approval.

FACILITY:	\$1,400,000.00 in weekly draws of \$250,000.00 net of initial fee and subsequent fee as applicable.
TYPE OF FACILITY:	Debtor In Possession Financing
USE OF FUNDS:	to fund the operating expenses of the Borrower necessary for the preservation of its business and assets during the BIA Proceedings
INTEREST RATE:	20% Per annum
TERM:	3 Months
INITIAL FEE:	\$50,000.00 non-refundable commitment fee due on closing from initial advance.
SUBSEQUENT FEE:	\$25,000.00 non-refundable commitment fee deducted from each Subsequent Advance made.
DUE DILIGENCE FEE:	Borrower shall pay a non-refundable due diligence fee upon acceptance of the Term Sheet in the amount of \$5,000.00.

RETAINER:

\$25,000.00 due with a signed Term Sheet to cover the cost of standard legal review, out-of-pocket expenses, documents, and on-site review. Any additional legal fees will be charged to the Borrower without markup.

CONDITIONS TO FUNDING:

1. Successful completion of due diligence and approval of credit committee;
2. The DIP Obligations shall be secured by a super-priority security interest and charge (the "DIP Charge") overall Collateral, including the Operating Account and all "investment property" (as such term is defined in or pursuant to the PPSA) of the Borrowers. The DIP Charge shall rank in priority to all Encumbrances in respect of the Collateral save and except for the Administration Charge. The DIP Charge shall be approved by the BIA Court on terms and conditions satisfactory to the Lender.
3. Receipt and approval of any subsequent cash flow projections for any extensions to the stay of proceedings.
4. Postponement of all shareholder loans to the Borrower;
5. Personal Guarantee of all controlling shareholders;
6. Receipt of an accurate inventory reporting with documentation supporting the cost of the inventory.
7. Site visit by EBF at the Borrower's head office and the location of their inventory; and
8. Other conditions and financial information and/or security as may reasonably be requested by EBF.

ACCEPTANCE:

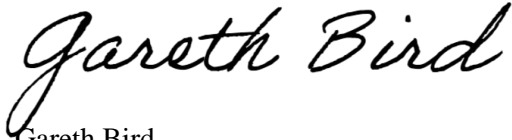
If these terms and conditions are acceptable, please sign and return this Terms Letter and wire the Due Diligence Fee, and Retainer to EBF per the wire instructions below. If we do not hear from you before 5:00 p.m. on Tuesday, September 10, 2024, this Terms Letter is of no force and effect.

WIRE INSTRUCTIONS:

Bank Name:	Royal Bank of Canada 3030 Mainway, Burlington, ON L7M 1A3
Account Number:	102-677-2
Transit Number:	00712
Bank Code:	003
Beneficiary Name:	The EBF Group Ltd. 1455 Lakeshore Road, Suite 203S Burlington, ON L7S 2J1

Sincerely,

The EBF Group Ltd.



Gareth Bird
Chief Growth Officer

Assignors hereby accept the terms and conditions of this Terms Letter, agrees to be bound thereby, and will provide the required Security.

Dated at _____, this _____ day of _____, 2024.

Name and title:

Signature:
(I am authorized to bind the corporation)
Go Flooring Ltd.