

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL
NO.:

SUPERIOR COURT
(Commercial Division)

Montréal March 19, 2010

Present: The Honourable
Chantal Corriveau

In the matter of the liquidation of M8
Entertainment Inc. pursuant to the
Canada Business Corporations Act (R.C.S.
1985 c. C-44)

MEDIAMASTER LIMITED,

And

MUSIC BOX ENTERTAINMENT, LTD.,

Petitioners

And

M8 ENTERTAINMENT INC.,

Respondent

And

THE DIRECTOR,

Mis en Cause

And

RSM RICHTER INC.,

Liquidator

ORDER

SEEING the *Petition for the Issuance of a Liquidation Order* (the "Petition") filed by the Petitioners Mediamaster Limited and Music Box Entertainment (the "Petitioners") and the Exhibits and the Affidavit of Mr. Kwok Chi Kin filed in support thereof and that the Petitioners consent that RSM Richter Inc. act as Liquidator herein;

GIVEN the representation of counsel for the Petitioners and counsel for the Respondent;

GIVEN the provisions of the *Canada Business Corporation Act*, R.S.C, 1985, c. C-44, as amended (the "**CBCA**");

GIVEN that:

- (a) Respondent M8 Entertainment Inc. (the "**Corporation**") is a corporation governed by the *CBCA*;
- (b) the Corporation has a wholly owned subsidiary, Media 8 Holdings, a California corporation ("**Holdings**");
- (c) Holdings has a wholly owned subsidiary, Media 8 Entertainment, a California corporation ("**Media 8**"); and,
- (d) Media 8 has various wholly owned subsidiaries, being California corporations or other non-Canadian corporations (all of such corporations, together with Holdings and Media 8 collectively the "**M8 Group**").

WHEREFORE, THE COURT:

GENERAL

- [1] **DECLARES** that Mediamaster Limited and Music Box Entertainment, Ltd. (hereinafter the "**Petitioners**") are dispensed from giving notice of the Petition to any interested party;
- [2] **GRANTS** the Petition;
- [3] **ORDERS** that the Corporation be liquidated under the terms of the *CBCA*;

APPOINTMENT OF THE LIQUIDATOR AND POWERS OF THE LIQUIDATOR

- [4] **APPOINTS** RSM Richter Inc. as Liquidator (the "**Liquidator**"), without security, in respect of the Corporation, with the powers hereinafter set forth until further order of this Court;
- [5] **ORDERS** the Liquidator to serve the order to be rendered on this Petition to each claimant and Creditor of the Corporation known to the Liquidator;
- [6] **ORDERS** that the Liquidator is empowered and authorized, but not obligated, to act at once to do any of the following where the Liquidator considers it necessary or desirable:
 - (a) to take possession and control of any and all of the Corporation's current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situated including all cash and amounts owned by the Corporation

and which are held by third parties (the “**Property**”) and any and all proceeds, receipts and disbursements arising out of or from the Property, such Property to exclude, for all purposes of this Order, all current and future assets, undertakings and properties of any member of the M8 Group;

- (b) to receive, preserve, protect and maintain control of the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate and carry on the business of the Corporation, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Corporation;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the powers and duties conferred by this Order;
- (e) to report to, meet with and discuss with such affected Persons (as defined below) as the Liquidator deems appropriate on all matters relating to the Property and the liquidation, and to share information, subject to such terms as to confidentiality as the Liquidator deems advisable; and
- (f) to take any steps reasonably incidental to the exercise of these powers excluding, however, the exercise of any rights in respect of any current and future assets, undertakings and any properties of the M8 Group or the exercise of any rights as a shareholder or creditor of any member of the M8 Group except as hereafter expressly provided,

and in each case where the Liquidator takes any such actions or steps, the extent and manner of carrying them out shall be at the sole discretion of the Liquidator and it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Corporation.

LIQUIDATOR TO HOLD FUNDS

- [7] **ORDERS** that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Liquidator from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable forming part of the Property in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Liquidator (the “**Liquidation Accounts**”) and the monies standing to the credit of such Liquidation

Accounts from time to time, net of any disbursements provided for herein, shall be held by the Liquidator to be paid in accordance with the terms of this Order or any further Order of this Court;

LIQUIDATION PROCESS

- [8] **ORDERS** that the Liquidator is authorized and empowered to inquire into and analyze the assets and business operations of the M8 Group in order to evaluate the most advantageous and efficient way to dispose of the M8 Group and/or the assets and business operations of the M8 Group;
- [9] **ORDERS** that the Liquidator shall report back to this Court by no later than July 15, 2010 or such later date as this Court may order or such later date the Petitioners, Respondent, and Liquidator, mutually agree (the "**Liquidator's Report**"), copies of such Liquidator's Report to be furnished to Petitioners and the M8 Group (or their respective legal attorneys) and provide its recommendations with respect to the most advantageous and efficient way to dispose of, operate or otherwise deal with (as the Liquidator deems appropriate) the M8 Group and/or the assets and business operations of the M8 Group;
- [10] **ORDERS** that the Liquidator shall obtain the approval of the Court or mutual agreement of the Petitioners and Respondent, prior to selling, transferring or otherwise disposing of any of the outstanding shares in the capital stocks of any member of the M8 Group or any of the Corporation's rights or interests against or in any member of the M8 Group, which approval shall be obtained only after the Liquidator's submission of the Liquidator's Report to this Court;
- [11] **ORDERS** that the Liquidator shall obtain the approval of the Court prior to exercising any rights as either a shareholder (or ultimate shareholder) or a creditor of any member of the M8 Group against or in respect of any member of the M8 Group, which approval shall be obtained only after the Liquidator's submission of the Liquidator's Report to this Court;
- [12] **ORDERS** that, while it is evaluating the most advantageous and efficient way to dispose of, operate or otherwise deal with (as the Liquidator deems appropriate) the M8 Group and/or the assets and business operations of the M8 Group, the Liquidator is empowered and authorized to enter into agreements or arrangements with any or all members of the M8 Group entitling the Liquidator to exercise certain controls over receipts and disbursements, bank accounts and tangible film collateral of some or all of the members of the M8 Group and entitling the Liquidator to give certain undertakings to International Entertainment Corporation and others with respect to the provisions of a "Promissory Note" in the amount of US\$5,000,000.00 plus interest issued by Media 8 to and in favour of International Entertainment Corporation;

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE LIQUIDATOR

- [13] **ORDERS** that (i) the Corporation, (ii) all of its current and former directors, officers, employees, agents and shareholders, any other persons acting on its instructions or behalf including, without limitation, any accountants or legal counsel, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Liquidator of any Property in such Person's possession or control, shall grant unfettered immediate and continued access to the Property to the Liquidator;
- [14] **ORDERS** that all Persons shall either make available to the Liquidator or, if requested by the Liquidator, deliver to the Liquidator all of the Corporation's books, documents, securities, contracts, orders, corporate and accounting records and all computer records, computer programs, computer tapes, computer disks, data storage media and programs containing any such information, and any other papers, records and information of any kind of the Corporation relating thereto in their possession or control (the foregoing, collectively, the "**Records**"), and shall provide to the Liquidator or permit the Liquidator to make, retain and take away copies thereof and grant to the Liquidator access to and use of accounting, computer, software and physical facilities relating thereto;
- [15] **ORDERS** that all Persons shall provide the Liquidator with access to all of the M8 Group's books, documents, securities, contracts, orders, corporate and accounting records and all computer records, computer programs, computer tapes, computer disks, data storage media and programs containing any such information, and any other papers, records and information of any kind of the Corporation relating thereto in their possession or control (the foregoing, collectively, the "**M8 Records**"), and shall provide to the Liquidator or permit the Liquidator to make, retain and take away copies thereof and grant to the Liquidator access to and use of accounting, computer, software and physical facilities relating thereto;
- [16] **ORDERS** all Persons not to destroy or dispossess themselves of any of the Property, the Records or the M8 Records without having provided the Liquidator with a prior notice of not less than five business days;

NO PROCEEDINGS AGAINST THE LIQUIDATOR

- [17] **ORDERS** that no proceeding, enforcement process or extra-judicial proceeding in any court or other tribunal (each, a "**Proceeding**") shall be commenced or continued against the Liquidator except with the written consent of the Liquidator or with leave of this Court;

LIMITATION ON THE LIQUIDATOR'S LIABILITY

- [18] **ORDERS** that the Liquidator shall incur no liability or obligation as a result of its appointment or the fulfillment of its duties in carrying out the provisions of this Order, save and except for any gross negligence or willful misconduct on its part;

- [19] **DECLARES** that the Liquidator shall not be considered as operating or continuing the enterprise of the Corporation, for any purposes whatsoever;
- [20] **ORDERS** that the Liquidator shall not incur any liability whatsoever regarding third parties for any act done under this Order;
- [21] **ORDERS** that the Liquidator is not and shall not be deemed or considered to be a successor employer, related employer, sponsor or payer with respect to any of the employees of the Corporation or any former employees within the meaning of any provincial, federal or municipal legislation or common law governing employment or labor standards (the "**Labor Laws**") or any other statute, regulation or rule of law or equity for any purpose whatsoever, or any collective agreement or other contract between the Corporation and any of their current or former employees. In particular, the Liquidator shall not be liable to any of the employees of the Corporation for any wages under applicable Labor Laws, including severance pay, termination pay and vacation pay. The Liquidator shall not be liable for any contribution or other payment to any pension or benefit fund;
- [22] **ORDERS** that nothing herein contained shall require the Liquidator to take care, ownership, control, charge, occupation, possession or management, or require or obligate the Liquidator to occupy or to take control; care, charge, occupation, possession or management of any of the Property;
- [23] **ORDERS** that the Liquidator shall not, as a result of this Order or anything done in pursuance of the Liquidator's duties and powers under this Order, be deemed to be in possession of any of the property of the Corporation within the meaning of any federal, provincial or other legislation, statute, regulation or rule of law or equity respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination and regulations thereunder;

LIQUIDATOR CHARGE

- [24] **ORDERS** that any expenditure or liability which shall properly be made or incurred by the Liquidator, including the fees of the Liquidator, its disbursements as well as those of its legal counsel, incurred at the standard rates and charges of the Liquidator and its counsel, shall be allowed to it in passing its accounts and shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favor of any Person (the "**Liquidator's Charge**");
- [25] **ORDERS** that the Liquidator shall be at liberty from time to time to apply amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the normal rates and charges of the Liquidator or its counsel, and such amounts shall constitute advances against its remuneration and disbursements;

OTHER

- [26] **ORDERS** that the Liquidator may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder, including directions on matters arising in the course of its investigation/analysis of the assets and business operations of the M8 Group;
- [27] **ORDERS** that nothing in this Order shall prevent the Liquidator from acting as a trustee in bankruptcy of the Corporation, in the case thereof;
- [28] **DECLARES** that the filing and presentation of the Petition and the issuance of this Order does not constitute an event of default pursuant to any agreement to which any entity of the Corporation is a party;
- [29] **REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Liquidator and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Liquidator, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Liquidator and its agents in carrying out the terms of this Order;
- [30] **ORDERS** that the Liquidator be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order;
- [31] **ORDERS** that any application to this Court to be made by the Liquidator as envisaged by or relating to the Corporation or this Order shall be served upon Petitioners and the M8 Group (or their respective attorneys) at least seven (7) juridical days prior to the scheduled date of hearing thereof;
- [32] **ORDERS** that any application by any interested party (including Petitioners and any member of the M8 Group) as envisaged by or relating to the Corporation or this Order shall be served upon the Liquidator and, as the case may be, Petitioners and the M8 Group (or their respective attorneys) at least seven (7) juridical days prior to the scheduled date of hearing thereof;
- [33] **THE WHOLE WITHOUT COSTS.**

