

Melinda McKie #1
Sworn: December ____, 2009

No. S081520
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36

AND

IN THE MATTER OF THE *CANADA BUSINESS CORPORATIONS ACT* R.S.C., 1985,
c. C-44

AND

IN THE MATTER OF THE *BRITISH COLUMBIA BUSINESS CORPORATIONS ACT*
R.S.B.C. 2002 c. 57

AND

IN THE MATTER OF ASCALADE COMMUNICATIONS INC.
AND ASCALADE TECHNOLOGIES INC.

PETITIONERS

AFFIDAVIT

I, MELINDA MCKIE, CMA, CIRP, of 2800-1055 Dunsmuir Street, in the City of Vancouver, Province of British Columbia, MAKE OATH AND SAY AS FOLLOWS:

1. I am a Senior Vice President and Trustee in Bankruptcy with Deloitte & Touche Inc., the Monitor of Ascalade Communications Inc. and Ascalade Technologies Inc. (collectively, the "Petitioners" or the "Company") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended ("CCAA") and, as such, am authorized to make this affidavit.
2. On December 7, 2009, the Fifth Report of the Monitor dated December 1, 2009 ("Fifth Report") was filed with this Honourable Court. The Fifth Report details the activity of the

Monitor, provides its Statement of Receipts and Disbursement to December 1, 2009 and proposes a distribution to the Shareholders of the Company. For ease of reference, these sections of the report are the following:

- (a) Background information in section 1 of the Fifth Report;
- (b) Monitor's Activities in section 7 of the Fifth Report;
- (c) Copies of the Monitors' invoices in Appendix D of the Fifth Report; and
- (d) Summary schedule of the time analysis from March 3, 2008 to discharge is attached as **Exhibit "A"** to this affidavit. The correct total hours listed in the schedule is 2,555.9 which is different from the hours listed in the fee summary in Appendix D of the Fifth Report.

3. The Court directed the method of service of the materials, which included and were addressed in the following manner:

- (a) Serving all parties who had filed an appearance, which was completed by December 9, 2009;
- (b) Posting the materials on the Monitor's website, which the Monitor arranged to be completed on December 10, 2009;
- (c) Arranging for filing a press release on SEDAR and having it disseminated via Canadian Newswire, which was completed on December 9, 2009; and
- (d) Arranging for delivery of a copy of the material to the Petitioner's transfer agent, Computershare Investors Services Inc. which was completed on December 9, 2009.

4. The total receipts of the Estate were approximately \$19.1 million.

5. The total distributions to proven creditors were approximately \$6.5 million.

6. The total distributions to the shareholders will be approximately \$3.2 million.

7. The Monitor had agreed to provide the Company with a discount of 20% of its standard fees. The Monitor's discounted fees total approximately \$1.1 million and expenses total

approximately \$72,000 for a total of \$1.2 million in discounted fees and expenses. Approximately \$597,000 of this amount has been incurred for and allocated to the Scheme of Arrangement filed by Ascalade Communications Ltd., a Hong Kong subsidiary of the Petitioner's parent company.

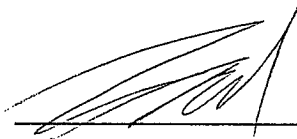
8. I have reviewed the fees and disbursements of our counsel, Fasken Martineau and their U.S. Agent, Chapman and Cutler LLP as attached to John Grieve's affidavit filed concurrently herewith and in my view those fees and disbursements were necessarily incurred, were incurred on the Monitor's instructions and are fair and reasonable in the circumstances.

9. This was a complicated international proceeding involving three Canadian companies, a company in Hong Kong, companies in the People's Republic of China which held the most significant asset of the Petitioners' group of companies, companies in the British Virgin Islands and a company in the United Kingdom. I believe that Deloitte was uniquely suited to carry out this administration, and that given the result, being payment in full of all creditors and a substantial distribution to shareholders the Monitor's fees were necessarily incurred and were, fair, and reasonable in the circumstances. This file was also made more difficult and frankly, more risky when Deloitte in essence took over management of the Petitioners, when the existing directors resigned pursuant to the Order of Mr. Justice Burnyeat pronounced herein on December 17, 2008 a copy of which Order is attached hereto as **Exhibit "B"**.

10. In this regard, in the event that this matter cannot be resolved we will ask this Honourable court to further adjourn the Annual General meeting of the Petitioners as per paragraph 11 of the December 17, 2008 Order for another year to December 31, 2010.

11. In the event that this taxation of the Monitor's and its Counsel's fees and a distribution to shareholders cannot proceed by the end of the year (and we are not suggesting that the Court rush this matter if it needs to consider it further), I note that there will be certain further tax filings that will be necessary so that will change the accounting we have provided to the Court and the Respondents albeit, only slightly.

SWORN BEFORE ME at the City of)
Vancouver, in the Province of British)
Columbia, this 17 day of December,)
2009)
)
)
)
A Commissioner for taking Affidavits for)
British Columbia)



MELINDA MCKIE, CMA, CIRP

DELWIN C. YUNG
*A Commissioner for taking Affidavits
Within the Province of British Columbia
Suite 2000, 1055 Dunsmuir Street
Vancouver, B.C. V6X 1P4*
Appointment Expires: Mar 31, 2011

This is Exhibit "A" referred to in the affidavit of Melinda McKie

sworn before me at Vancouver in the Province of British Columbia,

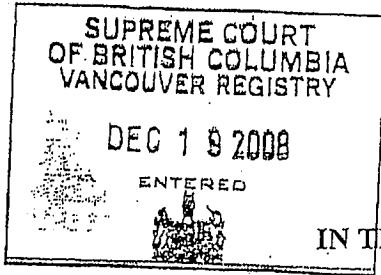
this 17 day of December 2009

Ascalade Communications Inc. et al.
Companies' Creditors Arrangement Act Proceeding
Deloitte & Touche Inc. Fee Summary

Invoice #	Period	Gross Fees	Discount	Net Fees	Expenses	Subtotal	GST	Total
2127355	Mar 3 - 14/08	\$ 114,416.10	\$(27,411.00)	\$ 87,005.10	-	7,041.79	\$ 4,352.09	\$ 91,393.88
2140965	Mar 15 - 28/08	108,444.50	(26,026.68)	82,417.82	-	82,651.61	4,132.58	86,784.19
2145118	Mar 29 - Apr 11/08	61,717.50	(14,812.00)	46,905.50	3,467.99	50,373.49	2,518.67	52,892.16
2156897	Apr 12 - 25/08	55,357.50	(13,285.80)	42,071.70	80.85	42,152.55	2,107.63	44,260.18
2175056	Apr 26 - May 9/08	64,282.50	(12,856.50)	51,426.00	9,843.30	61,269.30	3,063.47	64,332.77
2196944	May 10 - 23/08	67,920.00	(13,584.00)	54,336.00	282.19	54,618.19	2,730.91	57,349.10
2212407	May 24 - June 6/08	48,187.50	(9,637.50)	38,550.00	6,793.82	45,343.82	2,267.19	47,611.01
2220294	June 7 - June 20/08	101,812.50	(20,362.50)	81,450.00	375.50	81,825.50	4,091.27	85,916.77
2221143	June 21 - July 4/08	70,475.00	(14,095.00)	56,380.00	296.79	56,676.79	2,833.85	59,510.64
2229769	July 5 - 18/08	50,121.00	(10,024.20)	40,096.80	1,873.79	41,970.59	2,098.53	44,069.12
2240776	July 19 - Aug 1/08	36,420.00	(7,284.00)	29,136.00	15.16	29,151.16	1,457.56	30,608.72
2240795	Aug 1 - 15/08	22,682.50	(4,536.50)	18,146.00	35.90	18,181.90	909.10	19,091.00
2255289	Aug 16 - 29/08	11,062.50	(2,212.50)	8,850.00	248.18	9,098.18	454.91	9,553.09
2255320	Aug 30 - Sept 12/08	11,812.50	(2,362.50)	9,450.00	-	9,450.00	472.50	9,922.50
2260106	Sept 13 - 26/08	8,220.00	(1,644.00)	6,576.00	5,765.24	12,341.24	617.06	12,958.30
2268983	Sept 27 - Oct 10/08	24,997.50	(4,999.50)	19,998.00	-	19,998.00	999.90	20,997.90
2279220	Oct 11 - 24/08	35,707.50	(7,141.50)	28,566.00	3,963.82	32,529.82	1,626.49	34,156.31
2285859	Oct 25 - Nov 7/08	27,990.00	(5,598.00)	22,392.00	1,798.99	24,190.99	1,209.55	25,400.54
2291067	Nov 8 - 21/08	20,280.00	(4,056.00)	16,224.00	-	16,224.00	811.20	17,035.20
2304996	Nov 22 - Dec 5/08	18,532.50	(3,706.50)	14,826.00	98.08	14,924.08	746.20	15,670.28
2310289	Dec 6/08 - Jan 2/09	26,250.00	(5,250.00)	21,000.00	31.19	21,031.19	1,051.56	22,082.75
2325026	Jan 3 - 16/09	16,192.50	(3,238.50)	12,954.00	-	12,954.00	647.70	13,601.70
2326634	Jan 17 - 31/09	34,755.00	(6,951.00)	27,804.00	-	27,804.00	1,390.20	29,194.20
2329464	Feb 1 - 13/09	12,187.50	(2,437.50)	9,750.00	3,937.03	13,687.03	684.35	14,371.38
2345114	Feb 14 - 27/09	11,202.50	(2,240.50)	8,962.00	5,498.22	14,460.22	723.01	15,183.23
2370560	Mar 1 - 27/09	16,170.00	(3,234.00)	12,936.00	-	12,936.00	646.80	13,582.80
2395128	Mar 28 - Apr 24/09	40,875.00	(8,175.00)	32,700.00	4.79	32,704.79	1,635.24	34,340.03
2421166	Apr 25 - May 8/09	36,020.00	(7,204.00)	28,816.00	177.88	28,993.88	1,449.70	30,443.58
2438030	May 9 - June 19/09	36,520.00	(7,304.00)	29,216.00	16,620.42	45,836.42	2,291.82	48,128.24
2461901	June 20 - July 31/09	42,907.50	(8,581.50)	34,326.00	-	34,326.00	1,716.30	36,042.30
2468873	Aug 1 - 14/09	22,545.00	(4,509.00)	18,036.00	-	18,036.00	901.80	18,937.80
2499202	Aug 15 - Sept 11/09	54,427.50	(10,885.50)	43,542.00	-	43,542.00	2,177.10	45,719.10
2516173	Sept 12 - Dec 1/09	97,630.00	(19,526.00)	78,104.00	10,859.85	88,963.85	4,448.20	93,412.05
Total		\$ 1,408,121.60	\$(295,172.68)	\$ 1,112,948.92	\$ 72,339.46	\$ 1,185,288.38	\$ 59,264.44	\$ 1,244,552.82

2,555.9

Total Hours



This is Exhibit "B" referred to in the affidavit of Melinda McKie sworn before me at Vancouver in the Province of British Columbia, this 17 day of December 2009.

D. Del. Y.
A Commissioner for taking Affidavits for British Columbia

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AND ASCALADE TECHNOLOGIES INC.

PETITIONERS

ORDER

BEFORE THE HONOURABLE)
MR. JUSTICE BURNYEAT) WEDNESDAY, THE 17th DAY
OF DECEMBER, 2008

THE APPLICATION coming on for hearing at Vancouver, British Columbia this day, and on hearing Geoffrey Thompson, counsel for the Petitioners, and those counsel listed in Schedule "A" hereto; AND UPON READING the Orders pronounced herein on March 3, 2008, April 2, 2008, May 20, 2008, May 26, 2008 and June 24, 2008 (the "Orders"), the pleadings and other materials filed herein, including the Affidavit of Greg Allen sworn in these proceedings and filed:

1. THIS COURT ORDERS that the time for service of the Petitioners' Notice of Motion and the materials herein is hereby abridged and the application is properly returnable today and further service thereof is hereby dispensed with.

2. THIS COURT ORDERS that the terms not otherwise defined in this Order shall have the same meanings as attributed thereto in the Plan of Compromise or Arrangement filed by the Petitioners (the "Plan") in the version attached to the Proof of Claim Package as defined in, and forwarded to Creditors pursuant to the terms of, the Order pronounced on May 20, 2008 (the "Procedural Order").

3. THIS COURT acknowledges the resignations of Greg Allen, Troy Bullock and Edmund Ho as directors of Ascalade Communications Inc. ("ACI") and Ascalade Technologies Inc. ("ATI") effective December 31, 2008 and that following December 31, 2008 the Petitioners will have no directors.

4. THIS COURT FURTHER ORDERS AND DECLARES THAT Jervis Rodrigues and/or Melinda McKie, on behalf of Deloitte & Touche Inc., in its capacity as Monitor herein, are hereby authorized but not obligated to take all actions on behalf of the Petitioners deemed necessary or appropriate to effect the terms of the Plan and to effect an orderly wind-up of the Business and the Petitioners and, without limiting the generality of the foregoing, Jervis Rodrigues and Melinda McKie, on behalf of the Monitor, are hereby specifically authorized and empowered to:

- (i) execute any and all agreements and documents;
- (ii) retain and instruct counsel and/or other advisors;
- (iii) settle any claims, actions or disputes;
- (vi) distribute any further dividends to Creditors;
- (v) approve such matters and take such steps as may be necessary, following payment in full of all Creditors, to effect any payment to shareholders of the Petitioners either by way of dividend, reduction of paid-up capital or otherwise;
- (vi) attend to any other corporate matters of the Petitioners; and
- (vii) perform such other acts or duties,

as deemed necessary, prudent or advisable to carry out the terms of the Plan and this Order.

5. THIS COURT FURTHER ORDERS AND DECLARES that Deloitte & Touche Inc. is entitled to all of the rights and protections afforded to the Petitioners by the Orders and, in addition to the rights and protections specifically afforded to the Monitor under the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36 (the "CCAA") or which the Monitor possesses as an officer of this Court, Deloitte & Touche Inc., its officers and employees shall incur no liability or obligation as a result of its appointment herein or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the rights and protections given to the Monitor by any applicable legislation.

6. THIS COURT FURTHER ORDERS that, except as otherwise provided in this Order, the stay of proceedings set out in the Initial Order dated March 3, 2008 and extended on April 2, 2008, May 20, 2008, May 26, 2008 and June 24, 2008, shall be further extended and shall remain in full force and effect with respect to the Petitioners and the Monitor until one day after the Monitor files a Final Report advising this Court that substantially all of the assets of the Petitioners have been liquidated and the net proceeds distributed to the Creditors and shareholders under the terms of the Plan, whereupon the stay of proceedings will automatically terminate without further Order of this Court.

7. THIS COURT FURTHER ORDERS that the Monitor may [subject to the provisions of the CCAA and the *Bankruptcy and Insolvency Act* ("BIA")] at any time file a voluntary assignment in bankruptcy or a proposal pursuant to the commercial reorganization provisions of the BIA if it determine that such a filing is appropriate.

8. THIS COURT FURTHER ORDERS that upon the filing of the Final Report, Deloitte & Touche Inc., having then fulfilled its duties as Monitor of the Petitioners pursuant to the terms of the Orders, shall be discharged from its duties as set forth in the Orders in relation to the Petitioners and shall be at liberty to apply to pass its accounts and those of its legal counsel before this Court on a summary basis.

9. THIS COURT FURTHERS ORDERS that prior to passing of its accounts, the Monitor shall be at liberty from time to time to apply reasonable amounts, out of monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the

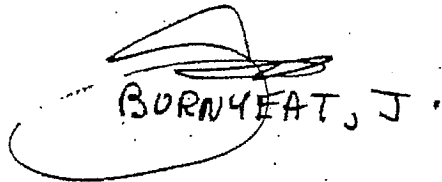
normal rates and charges of the Monitor or its counsel, and such amounts shall constitute advances held against its remuneration and disbursements when and as approved by this Court.

10. THIS COURT FURTHER ORDERS AND DIRECTS that, until the Final Report is filed, the Monitor's powers shall continue as set forth in the Orders and Plan, except as expanded or otherwise provided in this Order.

11. THIS COURT FURTHER ORDERS that, pursuant to Section 186 of the *British Columbia Business Corporations Act* SBC 2002, c.57, the time for ACI to call an Annual General Meeting of its shareholders be and is hereby extended to December 31, 2009.

12. THIS COURT FURTHER ORDERS AND DECLARES that the Monitor and any other interested parties are hereby granted leave to apply to this Court for any directions or determinations required to resolve any matter or dispute relating to the Plan, this Order or the subject matter thereof and the rights and benefits thereunder, provided that no provision of this Order shall be construed to modify or impair any right, title, interest, privilege or remedy expressly provided for or reserved under the Plan.

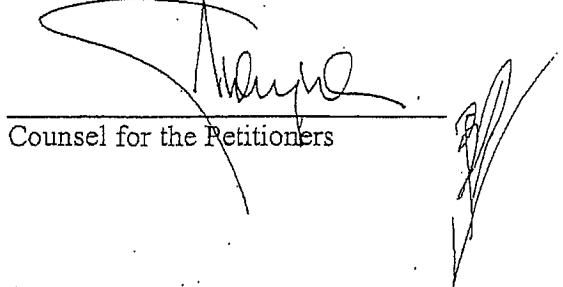
13. THIS COURT FURTHER ORDERS that approval of this Order as to form by counsel appearing on this application is hereby dispensed with.


BURNYEAT, J.

BY THE COURT


DISTRICT REGISTRAR

APPROVED AS TO FORM:


Counsel for the Petitioners

Schedule "A"

(List of Counsel)

KIBBEN JACKSON

DELOITTE & TOUCHE INC.

No. S081520
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IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C.
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PETITIONERS

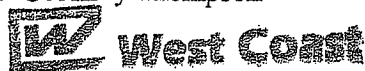
ORDER

GT/bt

19/12

BORDEN LADNER GERVAIS LLP
1200 Waterfront Centre
200 Burrard Street, P.O. Box 48600
Vancouver, British Columbia
V7X 1T2

Telephone: (604) 687-5744
Attn: Geoffrey Thompson



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PETITIONERS

AFFIDAVIT

FASKEN MARTINEAU DuMOULIN LLP

Barristers & Solicitors
2900 - 550 Burrard Street
Vancouver, B.C., V6C 0A3
604 631 3131

Counsel:
Matter No: 242587.95 / 14484