

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

THE HONOURABLE ) TUESDAY, THE 7<sup>th</sup>  
JUSTICE *S.R. Dunphy* )  
DAY OF AUGUST, 2018

BETWEEN:

**HSBC BANK CANADA**

Applicant

- and -

**SAFETY SEAL PLASTICS INC.**

Respondent



APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED

*AND* *AFO*  
**~~APPROVAL, VESTING AND DISTRIBUTION ORDER~~**

**THIS APPLICATION**, made by the Applicant, for an order: (a) approving the sale transaction (the "**Transaction**") contemplated by an agreement of purchase and sale (the "**Sale Agreement**") between the Respondent, Safety Seal Plastics Inc. (the "**Debtor**"), and Labelink Products Inc. (the "**Purchaser**") dated July 19, 2018 and appended to the Affidavit of Frank V. Tannura sworn July 27, 2018 (the "**Tannura Affidavit**"); (b) vesting in the Purchaser the Debtor's right, title and interest in and to the assets described in the Sale Agreement (the

"**Purchased Assets**"); and (c) authorizing and directing Deloitte Restructuring Inc. ("**Deloitte**"), in its capacity as the Court-appointed receiver (the "**Receiver**") of the undertaking, property and assets of the Debtor, to distribute to the Applicant and to Royal Bank of Canada ("**RBC**") amounts from the sale proceeds of the Transaction, was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the Tannura Affidavit, the report of Deloitte dated July 27, 2018 in its capacity as proposed receiver of the Debtor, on hearing the submissions of counsel for the Applicant, the Debtor, the Receiver, RBC, and such other counsel listed on the Counsel Slip, no one appearing for any other person on the service list, although properly served as appears from the affidavit of Puya Fesharaki sworn July 30, 2018, filed:

**Transaction**

1. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved. The Receiver is hereby authorized and directed, for and on behalf of the Debtor, to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.
2. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as **Schedule A** hereto (the "**Receiver's Certificate**"), all of the Debtor's right, title and interest in and to the Purchased Assets described in the Sale Agreement shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have

attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: ~~(i) any encumbrances or charges created by the Order of the Honourable Justice [NAME] dated August 8, 2018;~~ <sup>ADD</sup> and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system (all of which are collectively referred to as the "**Encumbrances**"), and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

3. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Receiver's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

4. **THIS COURT ORDERS AND DIRECTS** the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

5. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Company's records pertaining to the Debtor's past and current employees, including personal information of those employees listed on Schedule 5.1 to the Sale Agreement. The Purchaser

shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtor.

6. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtor and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Debtor;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

**Distributions**

7. **THIS COURT ORDERS** that the Receiver is hereby authorized and directed to distribute upon filing of the Receiver's Certificate, \$485,000 to RBC subject to the security held by RBC, without further Order of this Court.

8. **THIS COURT ORDERS** that the Receiver is hereby authorized and empowered to distribute from time to time all funds coming into its hands in respect of the realization of the assets of the Debtor, including the balance of the sale proceeds of the Transaction, to HSBC subject to the security held by HSBC, and subject to such reserves as the Receiver may deem prudent, up to the amount of \$4,700,000, without further Order of this Court.

9. **THIS COURT ORDERS** that the Receiver is hereby empowered and authorized to convey or transfer any part or parts of the Property excluding the assets that are subject to the Transaction (the "**Remaining Property**"), out of the ordinary course of business, to persons with a valid Claim against such Remaining Property, as determined by the Receiver, in accordance with the rank and priority of such Claims and limited to the indebtedness of the Respondent to each such party asserting a Claim, without further Order of this Court.

**General**

10. **THIS COURT HEREBY 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 Receiver 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 Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

ENTERED AT / INSCRIT À TORONTO  
ON / BOOK NO:  
LE / DANS LE REGISTRE NO:

AUG 07 2018

PER / PAR:

UM.



**Schedule A – Form of Receiver’s Certificate**

Court File No. \_\_\_\_\_

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

BETWEEN:

**HSBC BANK CANADA**

Applicant

- and -

**SAFETY SEAL PLASTICS INC.**

Respondent

**RECEIVER’S CERTIFICATE**

**RECITALS**

A. Pursuant to an Order of the Honourable [NAME OF JUDGE] of the Ontario Superior Court of Justice (the "**Court**") dated August 7, 2018, Deloitte Restructuring Inc. was appointed as the receiver (the "**Receiver**") of the undertaking, property and assets of Safety Seal Plastics Inc. (the "**Debtor**").

B. Pursuant to an Order of the Court dated August 7, 2018, the Court approved the agreement of purchase and sale made as of July 19, 2018 (the "**Sale Agreement**") between the Debtor and Labelink Products Inc. (the "**Purchaser**") and provided for the vesting in the Purchaser of the Debtor’s right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the

Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in Article 8 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

**THE RECEIVER CERTIFIES** the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in Article 8 of the Sale Agreement have been satisfied or waived by the Receiver, for and on behalf of the Debtor, and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at \_\_\_\_\_ [TIME] on \_\_\_\_\_ [DATE].

**DELOITTE RESTRUCTURING INC.,  
in its capacity as Receiver of the undertaking,  
property and assets of Safety Seal Plastics  
Inc., and not in its personal capacity**

Per: \_\_\_\_\_  
Name:  
Title:

**HSBC BANK CANADA**

Applicant

and

**SAFETY SEAL PLASTICS INC.**

Respondent

Court File No.: CV-18-00602325-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

Proceedings commenced at Toronto

**APPROVAL, VESTING AND DISTRIBUTION  
ORDER**

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