

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MR.)

FRIDAY, THE 31ST

JUSTICE HAINEY)

DAY OF MARCH, 2017



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

BETWEEN:

HSBC BANK CANADA

Applicant

- and -

2SOURCE MANUFACTURING INC.

Respondent

APPROVAL AND VESTING ORDER

THIS MOTION, made by Deloitte Restructuring Inc. in its capacity as the Court-appointed receiver (the "**Receiver**") of the assets, undertakings and properties of 2Source Manufacturing Inc. (the "**Debtor**") for an order approving the sale transaction (the "**Transaction**") contemplated by an asset purchase agreement dated March 16, 2017 (the "**APA**") between the Receiver and Daniel Chai, in trust for a company to be incorporated ("**Chai**"), as assigned by Chai to AlliedOne Industrial Inc. pursuant to an assignment and assumption agreement to be executed among the Receiver and AlliedOne Industrial Inc. (the "**Purchaser**") and appended to the Report of the Receiver dated March 23, 2017 (the "**First Report**"), and vesting in and to the Purchaser the Debtor's right, title and interest in and to the

assets detailed in the APA (the "**Purchased Assets**"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the First Report and on hearing the submissions of counsel for the Receiver, the Applicant and the Purchaser, no one appearing for any other person on the service list, although properly served as appears from the affidavit of [NAME] sworn [DATE] filed:

1. **THIS COURT ORDERS AND DECLARES** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and indicated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the APA by the Receiver is hereby ratified. The Receiver is hereby authorized and directed 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.

3. **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 APA shall vest absolutely in and to 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 Hainey dated January 23, 2017; 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 (collectively referred to as the "**Encumbrances**", which term shall not include the permitted encumbrances listed on Schedule "B" hereto) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged against the Purchased Assets.

4. **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.

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

6. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act* (Canada), 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. 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.

7. **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, under the *Bankruptcy and*

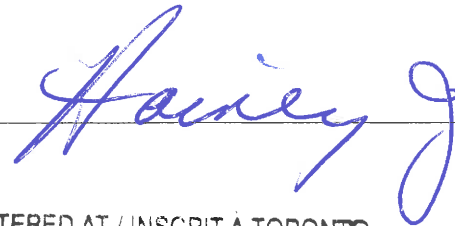
Insolvency Act (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

8. **THIS COURT ORDERS** that the Receiver is hereby authorized, *nunc pro tunc*, to redact from the version of the First Report served on any party other than this Court: (a) the commercially sensitive information contained therein and attached as Confidential Appendices “A”, “B”, and “D”; and (b) the unredacted version of the APA, attached as Confidential Appendix “C”.

9. **THIS COURT ORDERS** that the unredacted version of the First Report, including Confidential Appendices “A”, “B”, and “C”, filed with this Honourable Court, be sealed from the public record until the closing of the Transaction, or further order of this Court.

10. **THIS COURT ORDERS** that Confidential Appendix “D”, filed with this Court, be sealed from the public record pending further order of this Court.

11. **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:

MAR 31 2017

PER / PAR: 

Schedule A – Form of Receiver’s Certificate

Court File No. CV-17-11672-00CL

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

THE HONOURABLE)
JUSTICE)
)

**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**

BETWEEN:

HSBC BANK CANADA

Applicant

- and -

2SOURCE MANUFACTURING INC.

Respondent

RECEIVER’S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Justice Hainey of the Ontario Superior Court of Justice (the “**Court**”) dated January 23, 2017, Deloitte Restructuring Inc. was appointed as the receiver (the “**Receiver**”) of the assets, undertakings and properties of 2Source Manufacturing Inc. (the “**Debtor**”).

B. Pursuant to an Order of the Court dated March 31, 2017, the Court approved the asset purchase agreement made as of March 16, 2007 (the "APA") between the Receiver and Daniel Chai, in trust for a company to be incorporated ("Chai") as assigned by Chai to [●] (the "Purchaser") and provided for the vesting in and to 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 section 5 of the APA have been satisfied or waived or otherwise agreed to be dealt with on a post-Closing Date basis 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 APA.

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 APA;
2. The conditions to Closing as set out in section 5 of the APA have been satisfied, waived, or otherwise agreed to be dealt with on a post-Closing basis by the Receiver 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 assets, properties and
undertakings of 2Source Manufacturing Inc.,
and not in its personal or corporate capacity**

Per: _____
Name:
Title:

Schedule B – Permitted Encumbrances

1. Personal Property Security Act financing statement in favour of Roynat Inc. having Reference File No. 698399001 and Registration No. 20140728 1525 1902 7234.

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**ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)**

Proceeding commenced at TORONTO

**APPROVAL AND VESTING ORDER
(March 31, 2017)**

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