

COURT/ESTATE FILE NUMBER

24-3301173

COURT

COURT OF KING'S BENCH OF ALBERTA
IN BANKRUPTCY AND INSOLVENCY

JUDICIAL CENTRE

EDMONTON

FILING PARTY

G. CHAN & ASSOCIATES INC.

DOCUMENT



ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

FIRST REPORT OF THE PROPOSAL
TRUSTEE

IN THE MATTER OF THE BANKRUPTCY
AND INSOLVENCY ACT, R.S.C. 1985 C. B-3

AND IN THE MATTER OF THE NOTICE OF
INTENTION TO MAKE A PROPOSAL OF
MORNING GLORY DAYCARE LTD.

DATED NOVEMBER 24, 2025

PROPOSAL TRUSTEE:

G. CHAN & ASSOCIATES INC.
201, 9426 51 AVE NW
EDMONTON, ALBERTA T6E 5A6

ATTENTION: GARRETT CHAN, CIRP, LIT

TELEPHONE: 780.619.7616
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COUNSEL:

SHAREK LOGAN & VAN LEENEN LLP
2100, 10060 JASPER AVENUE NW
EDMONTON, ALBERTA T5J 3R8

ATTENTION: DAVID ARCHIBOLD

TELEPHONE: 780.413.3100
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Introduction

1. Morning Glory Daycare Ltd. (“**Company**”) filed a Notice of Intention to Make a Proposal (“**NOI**”) pursuant to s. 50.4 of the *Bankruptcy and Insolvency Act* (“**BIA**”) on November 21, 2025 (the “**NOI Date**”), and G. Chan & Associates Inc. was appointed as Proposal Trustee (“**Proposal Trustee**”).
2. The Company has complied with the conditions set out in s. 50.4(2) of the BIA. Accordingly, the NOI provides the Company with a stay of proceedings until December 21, 2025 (“**Initial Stay Period**”), pursuant to section 50.4(1) of the BIA. Attached hereto and marked as Appendix “A” is a copy of the Certificate of Filing of the NOI.
3. The Proposal Trustee has filed applications returnable December 4, 2025, (“**December 4 Applications**”) for, *inter alia*, the following relief:
 - a. an Order extending the stay of proceedings by 45 days to January 18, 2026 (“**First Extension Application**”); and
 - b. an Order granting a first-priority security interest or charge in the amount of \$50,000 over all of the real and personal property of the Company (“**Administration Charge**”) to secure the fees and disbursements of the Proposal Trustee and any financial or other experts engaged by the Proposal Trustee, Sharek Logan & Van Leenen LLP, legal counsel to the Proposal Trustee (“**Trustee Counsel**”), and Prowse Barrette LLP, proposed legal counsel to the Company, or such other legal counsel who may be engaged by the Company (“**Debtor Counsel**”) (“**Administration Charge Application**”); and
 - c. an Order sealing a pending offer to purchase the Company’s assets as confidential due to commercial sensitivity (“**Restricted Access Application**”).
4. The purpose of this first report of the Proposal Trustee (the “**First Report**”) is to provide the Court with:
 - a. information regarding the Proposal Trustee’s activities to date;
 - b. a background and summary regarding the Company’s restructuring efforts;
 - c. an overview of the Company’s creditor body;
 - d. the Proposal Trustee’s comments on the relief it is seeking in the December 4 Applications.
5. Due to the accelerated timeline of these proceedings further discussed herein, the Proposal Trustee has not received any communication from any party objecting or consenting to the First Extension Application or Administration Charge Application.

Background

Notice to reader

6. In preparing this report, the Proposal Trustee has relied on unaudited financial information, the books and records of the Company, and discussions with the Company's management ("Management"), interested parties, and stakeholders. The Proposal Trustee has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of the information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook. The Proposal Trustee expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report or relied upon by the Proposal Trustee in preparing this report.
7. Certain of the information referred to herein consists of financial forecasts and/or projections. The financial forecasts included in the report are the responsibility of Management. Management's responsibility extends beyond ensuring that the individual assumptions used to prepare the financial forecasts are appropriate in the circumstances and to ensure that assumptions as a whole are appropriate. While the Proposal Trustee has reviewed the information, the Proposal Trustee has not performed an audit or other verification of such information. The Proposal Trustee expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in the financial forecasts or relied upon by it in reporting on the financial forecasts. Future-oriented financial information included in this report is based upon Management's assumptions regarding future events. Actual results achieved may vary and these variations may be material.
8. The Proposal Trustee assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, reproduction, or use of this report. Any use which any party makes of this report, or any reliance or decision to be made based on this report, is the sole responsibility of such party.
9. All amounts included herein are in Canadian dollars unless otherwise stated.

Background Information

10. The Company is a privately held corporation incorporated under the laws of Alberta. The Company's sole director and shareholder is Ms. Myoungshin (Karen) Lee ("Director"). Attached hereto and marked as Appendix "B" is a copy of the Alberta Corporate Registry search.
11. The Company was formerly in the business of operating a daycare and out of school childcare program known as Morning Glory Daycare & OSC ("Daycare") at a leased premises located at 12761 50 Street, Edmonton, Alberta ("Premises").
12. Since April 1, 2022, the Daycare was licensed by Jobs, Economy and Trade ("JET"), a ministry of the Government of Alberta, which monitors licensed child-care programs in

compliance with the *Early Learning and Child Care Act* ("**ELCCA**"). The Daycare was licensed for a capacity of 40 children.

13. According to public information, the Daycare was subject to a probationary licence due to alleged non-compliances under the ELCCA and was subject to enhanced compliance monitoring by JET.
14. On July 26, 2024, JET issued a cancellation of the Daycare's probationary licence and refused to reinstate a suspended licence ("**Licence Cancellation**"). On July 31, 2024, JET ordered the Daycare to cease operations ("**Closure Order**") on the basis that the Daycare was unable to return to satisfactory compliance. The Daycare had 35 children enrolled at the time of the Closure Order.
15. The Company appealed the Licence Cancellation ("**Licence Appeal**") pursuant to the ELCCA and the Licence Appeal was heard by a panel in May 2025. The panel issued a decision confirming the Licence Cancellation on August 12, 2025.
16. Since the Closure Order, the Company has maintained occupancy of the Premises to solicit a sale ("**Transaction**") of substantially all the Daycare's assets ("**Daycare Assets**") situate on the Premises. The Company has also compiled materials with the intention of applying to the Court for a judicial review ("**Judicial Review**") of the Licence Appeal and Licence Cancellation.
17. On November 17, 2025, with the assistance of a broker ("**Broker**"), the Company was successful in soliciting a conditional offer to purchase the Daycare Assets ("**November 17 Offer**").
18. Notwithstanding the November 17 Offer, the Company is insolvent and has been relying on capital injections from the Director, who is no longer able to financially support the Company.
19. To facilitate completion of the November 17 Offer, the Company filed the NOI to obtain a stay of proceedings and further advance a potential Transaction, which the Company believes will offer the best recovery to creditors in the circumstances.
20. The Company is contemplating an orderly liquidation of its assets within the structured environment of a BIA Proposal ("**Restructuring Objectives**"). The Company also required the NOI stay of proceedings to stay potential enforcement action from creditors, which might disrupt its Restructuring Objectives to the detriment of the general body of creditors.

Proposal Trustee's activities to date

21. As only two days have passed since the NOI Date, the Proposal Trustee has taken the following preliminary steps:
 - a. notified all known creditors of the Company of the NOI filing;

- b. attended at the Premises to view the Daycare Assets;
- c. scheduled meetings with the Broker and Landlord to discuss the November 17 Offer, potential Transaction, the implications of the NOI, and the Company's Restructuring Objectives.
- d. discussed with Trustee Counsel and the Company the Restructuring Objectives within the NOI proceedings; and
- e. prepared this First Report in support of the December 4 Applications.

Company's restructuring efforts

- 22. The Company's efforts to achieve the Restructuring Objectives leading up to the NOI Date have primarily focused on working with the Broker in soliciting offers to purchase the Daycare Assets and maintaining its occupancy at the Premises to facilitate a potential Transaction in cooperation with 1962623 Alberta Ltd. ("Landlord").
- 23. The Director has advised the Proposal Trustee that it has maintained monthly lease payments to the Landlord to date with the exception of the latest payment of approximately \$11,000, which was due on November 20, 2025,
- 24. The Company is not in a position to address ongoing expenses, including rent, and has also allowed the Company's insurance to lapse due to liquidity constraints.
- 25. Notwithstanding the financial condition of the Company, the timeline of the November 17 Offer contemplates a short window to closing the proposed Transaction as discussed in further detail herein.
- 26. The Director intends to continue with the Company's application to Court for the Judicial Review and has provided the Proposal Trustee with voluminous materials in support thereof. The Proposal Trustee has not yet had the opportunity to review these materials to determine the value in a proposal or bankruptcy. The deadline for the Company to apply to Court for the Judicial review is February 12, 2026.

November 17 Offer

- 27. The Company has entered into the November 17 Offer with 2764686 Alberta Ltd. ("Purchaser") which contemplates a potential Transaction and the sale of materially all the Daycare Assets. A copy of the November 17 Offer has been filed with the Court pursuant to the Restricted Access Application and a redacted copy is attached hereto and marked as Appendix "C".
- 28. Material terms of the November 17 Offer are summarized below.

- a. cash offer not subject to financing
- b. conditions for the benefit of the Purchaser contemplate a 35-day due diligence period ("Due Diligence Period"), more specifically:
 - i. a due diligence period of 15 days following the "Effective Date", which is not defined in the November 17 Offer; and
 - ii. the Purchaser's satisfactory review of the Lease and consent of the Landlord to assign the Lease to the Purchaser on or before the 35th day following the "Effective Date".

Assuming the "Effective Date" refers to November 17, 2025, the latest date for the Purchaser to waive due diligence conditions and obtain an assignment of the Lease would be December 22, 2025 ("Condition Waiver Date").

- c. purchase of substantially all personal property situate on the Premises as described in the schedules to the November 17 Offer, including any deposits, equipment, and leasehold improvements.
- d. the Purchaser is to pay
 - i. an initial deposit of \$25,000 within five business days of acceptance of the November 17 Offer;
 - ii. an additional deposit of \$25,000 within five business days of waiver of conditions; and
 - iii. Payment of the balance of the purchase price on closing.
- 29. As the November 17 Offer was entered into shortly prior to the NOI Date, it is not yet clear as to how the NOI will impact the proposed Transaction although the Broker has advised that the Purchaser remains motivated to complete the proposed Transaction.
- 30. The Proposal Trustee notes that
 - a. a cash offer and quantum of the proposed purchase price demonstrates a degree of interest and commitment from the Purchaser and a value of the Daycare Assets that justify exploring the Proposed Transaction further.
 - b. The nature of the Daycare Assets are not so complex as to present a material impediment to due diligence and closing;
 - c. A material factor of the proposed Transaction is an assignment of the lease which would require consent of the Landlord and Purchaser; and
 - d. a broker agreement was entered into between the Company and the Broker on November 17, 2025, ("Brokerage Agreement") contemplating payment of a lump sum commission by the Company on closing of the November 17 Offer.

- e. the Proposal Trustee has some concern with the flat rate commission as the commission should be variable with the purchase price to motivate the Broker to achieve the highest price possible and has discussed with the Broker potentially modifying his commission.

Overview of creditors and priorities

- 31. The Proposal Trustee has not yet had the opportunity to conduct a detailed review of the Company's various creditors and priorities at law. However, set out below is a preliminary summary of the Company's creditors organized by the nature of their claims based on information presently available to the Proposal Trustee.
- 32. A copy of a Personal Property Registry ("PPR") search is attached hereto and marked as Appendix "D".

Super-priority creditors

- 33. The Company is not aware of any super-priority claims of Canada Revenue Agency ("CRA"), employee wage claims, environmental liabilities, or otherwise. A copy of a CRA Statement is attached hereto and marked as Appendix "E".

TD Canada Trust

- 34. TD Canada Trust ("TD") appears on the PPR as the Company's primary secured creditor with security over all personal and after acquired property. The Company has disclosed TD's indebtedness at the sum of \$280,950.64 as of the NOI Date.

Unsecured creditors

- 35. Unsecured claims disclosed by the Company total the aggregate sum of approximately \$119,734.30. A list of unsecured creditors is attached hereto and marked as Appendix "F".

Proposal Trustee's comments on Administration Charge Application

- 36. Pursuant to s. 64.2 of the BIA, on notice to the secured creditors who are likely to be affected by the security or charge, the Court may make an order declaring that all or part of the property of a person in respect of whom a notice of intention is filed under s. 50.4 or a proposal is filed under s. 62(1) is subject to a security or charge, in an amount that the court considers appropriate, in respect of the fees and expenses of
 - a. the trustee, including the fees and expenses of any financial, legal or other experts engaged by the trustee in the performance of the trustee's duties;

- b. any financial, legal or other experts engaged by the person for the purpose of proceedings under this Division; and
- c. any financial, legal or other experts engaged by any other interested person if the court is satisfied that the security or charge is necessary for the effective participation of that person in proceedings under this Division.

37. The Proposal Trustee is of the view that the proposed Administration Charge in the amount of \$50,000 is appropriate in the circumstances for the following reasons:

- d. in respect of the Proposal Trustee and Trustee Counsel, the Proposal Trustee anticipates playing a material role in its role as Court officer in these proceedings generally, including participating in any proposed Transaction and formulating a proposal with a view to maximizing recovery to creditors;
- e. in respect of a charge in favour of Debtor Counsel, the Company cannot proceed under its NOI and close any Transaction without the expertise of its legal counsel; and
- f. in both cases, a charge is appropriate as the Company has liquidity constraints and has no way of paying professionals other than out of proceeds from liquidation the Daycare Assets, which will require the professionals' assistance in obtaining a Sale and Vesting Order in order to convey clean title and close any Transaction.

38. The alternative of the Proposal Trustee or legal counsel being unable to act within these proceedings would subject the Company and creditors to significant uncertainty as the Company will not be able to convey clear title in any Transaction including the November 17 Offer.

39. Based on the foregoing, the Proposal Trustee is of the view that the proposed Administration Charge is reasonable in the circumstances.

Proposal Trustee's comments on Extension Application

40. The Company has generally cooperated with the Proposal Trustee's requests and the Company's efforts to date appear to support the Restructuring Objectives which seek to maximize recovery to creditors.

41. The Proposal Trustee notes that the Condition Waiver Date under the November 17 Offer is on December 22, 2025, which implies that any closing of that proposed Transaction will not occur within the 30-day Initial Stay Period. Further any sale of the Daycare Assets will require Court approval under s. 65.13 of the BIA as well as a Sale and Vesting Order which will not be possible to obtain until January 2026 following the holiday season, Transaction closing, and the Court hearing the sale approval application.

42. If an extension of time is not granted the Company will be deemed bankrupt, which would likely terminate the November 17 Offer and subject any sale of the Daycare Assets to an extended timeline and increased cost and uncertainty to the detriment of all creditors.
43. Accordingly, the Proposal Trustee is of the view that the requested extension of time is reasonable and that:
 - a. the Company has acted, and is acting in good faith and with due diligence in attempting to conclude a Transaction within the NOI context and cooperating with the Proposal Trustee generally;
 - b. the Company would likely be able to make a viable proposal if the extension being applied for were granted and pursuing a Transaction would further enhance the viability of such a proposal; and
 - c. no creditor would be materially prejudiced if the extension being applied for were granted as a Transaction, Restructuring Objectives, and contemplated proposal likely represent the best alternative for an orderly liquidation of the Daycare Assets.

Conclusions and recommendations

44. Based on current information, it appears to the Proposal Trustee that the Company is acting in good faith and with due diligence, that the Restructuring Objectives are reasonable and will likely allow the Company to make a viable proposal, and no creditor will be prejudiced by the extension requested.
45. The Proposal Trustee is of the view that the Administration Charge Application in the proposed amount of \$50,000 is necessary to retain the ability for the Proposal Trustee and the Company's legal counsel to act and support the Restructuring Objectives, which are being undertaken by the Company for the overall benefit of the proposal proceedings.

Respectfully submitted this 24th day of November 2025.

G. CHAN & ASSOCIATES INC.
Trustee in the Matter of the Proposal of
Morning Glory Daycare Ltd.
And not in its personal capacity



Per: Garrett Chan, CIRP, LIT
President

Appendix “A”



Industry Canada
**Office of the Superintendent
of Bankruptcy Canada**

Industrie Canada
**Bureau du surintendant
des faillites Canada**

District of: Alberta
Division No.: 01 - Edmonton
Court No.: 24-3301173
Estate No.: 24-3301173

In the Matter of the Notice of Intention to make a proposal of:

Morning Glory Daycare Ltd.

Insolvent Person

G. Chan & Associates Inc.
Licensed Insolvency Trustee

Date of the Notice of Intention: November 21, 2025

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: November 21, 2025, 14:07

E-File/Dépôt Electronique

Official Receiver

Canada Place Building, 9700 Jasper Avenue NW, Suite 725, Edmonton, Alberta, Canada, T5J4C3, (877)376-9902

Canada

Appendix “B”

Government Corporation/Non-Profit Search of Alberta ■ Corporate Registration System

Date of Search: 2025/11/20
Time of Search: 01:15 PM
Service Request Number: 45910340
Customer Reference Number: P151_481188

Corporate Access Number: 2023724319

Business Number: 779311703

Legal Entity Name: MORNING GLORY DAYCARE LTD.

Legal Entity Status: Active

Alberta Corporation Type: Named Alberta Corporation

Registration Date: 2021/09/03 YYYY/MM/DD

Registered Office:

Street: 219-6203 28 AVE NW

City: EDMONTON

Province: ALBERTA

Postal Code: T6L6K3

Records Address:

Street: 219-6203 28 AVE NW

City: EDMONTON

Province: ALBERTA

Postal Code: T6L6K3

Email Address: ARS@DSLLP.CA

Primary Agent for Service:

| Last Name | First Name | Middle Name | Firm Name | Street | City | Province | Postal Code | Email |
|------------|------------|-------------|------------------------|--------------------|----------|----------|-------------|--------------|
| SCHULDHAUS | RON | | DOHERTY SCHULDHAUS LLP | 219-6203 28 AVE NW | EDMONTON | ALBERTA | T6L6K3 | ARS@DSLLP.CA |

Directors:

Last Name: LEE

First Name: MYOUNGSHIN

Street/Box Number: 47-330 BULYEA ROAD NW

City: EDMONTON

Province: ALBERTA
Postal Code: T6R0W8

Voting Shareholders:

Last Name: LEE
First Name: MYOUNGSHIN
Street: 47-330 BULYEA ROAD NW
City: EDMONTON
Province: ALBERTA
Postal Code: T6R0W8
Percent Of Voting Shares: 100

Details From Current Articles:

The information in this legal entity table supersedes equivalent electronic attachments

Share Structure: SEE ATTACHED SCHEDULE "A"

Share Transfers Restrictions: SEE ATTACHED SCHEDULE "B"

Min Number Of Directors: 1

Max Number Of Directors: 7

Business Restricted To: NONE

Business Restricted From: NONE

Other Provisions: SEE ATTACHED SCHEDULE "C"

Associated Registrations under the Partnership Act:

| Trade Partner Name | Registration Number |
|-----------------------------|---------------------|
| MORNING GLORY DAYCARE & OSC | TN23760218 |

Other Information:

Last Annual Return Filed:

| File Year | Date Filed (YYYY/MM/DD) |
|-----------|-------------------------|
| 2024 | 2024/08/12 |

Outstanding Returns:

Annual returns are outstanding for the 2025 file year(s).

Filing History:

| List Date (YYYY/MM/DD) | Type of Filing |
|-------------------------------|---|
| 2021/09/03 | Incorporate Alberta Corporation |
| 2021/09/03 | Update Business Number Legal Entity |
| 2024/08/12 | Enter Annual Returns for Alberta and Extra-Provincial Corp. |
| 2024/10/29 | Change Address |
| 2024/10/29 | Change Agent for Service |

Attachments:

| Attachment Type | Microfilm Bar Code | Date Recorded (YYYY/MM/DD) |
|---|---------------------------|-----------------------------------|
| Share Structure | ELECTRONIC | 2021/09/03 |
| Restrictions on Share Transfers | ELECTRONIC | 2021/09/03 |
| Other Rules or Provisions | ELECTRONIC | 2021/09/03 |

The Registrar of Corporations certifies that, as of the date of this search, the above information is an accurate reproduction of data contained in the official public records of Corporate Registry.



Appendix “C”

ASSET PURCHASE AND SALE AGREEMENT

THIS AGREEMENT dated as of the 17th day of November, 2025.

BETWEEN:

MORNING GLORY DAYCARE LTD.

a corporation organized and existing under the laws of the Province of Alberta
(hereinafter called the "Vendor")

- and -

2764686 Alberta Ltd and/or NOMINEE

a corporation organized and existing under the laws of the Province of Alberta
(hereinafter called the "Purchaser")

WHEREAS the Vendor owns and operates the Business at the Leased Premises under the business name of "Morning Glory Daycare";

AND WHEREAS the Purchaser has agreed to purchase and the Vendor has agreed to sell the Purchased Assets, comprising all or substantially all of the assets of the Vendor's Business, on the terms and conditions set out herein;

NOW THEREFORE in consideration of the premises and the mutual agreements and covenants herein contained, and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by the Parties), the Parties covenant and agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, unless there is something in the subject matter or context inconsistent therewith, the following words and terms shall have the respective meanings ascribed to them as follows:

- (a) **"Agreement"** means this asset purchase agreement and all documents and instruments supplemental hereto, including amendments permitted herein;
- (b) **"Accounts Receivable"** means the amount payable by customers of the Business to the Vendor for any sales completed by the Vendor prior to the Closing Date;
- (c) **"ASPE"** means the Accounting Standards for Private Enterprise applicable on the Closing Date, the whole applied in a manner consistent with previous financial years;
- (d) **"Business"** means the Vendor's business of operating a Morning Glory Daycare & OSC location at the Leased Premises;
- (e) **"Business Day"** means a day other than a Saturday, a Sunday or a statutory holiday observed in the Province of Alberta;

- (f) "**Chattel Leases**" means, to the extent the Vendor is permitted by law to transfer, assign or otherwise convey them, the chattel leases described in **Schedule "E"**;
- (g) "**Closing**" means the completion of the Transaction on the terms and conditions set out herein;
- (h) "**Closing Date**" means **ten (10) days following waiver of the last of the Purchaser's Conditions** or such other time or date as shall be mutually agreed to by the parties in writing;
- (i) "**Counsel for the Purchaser**" means R.K Sidhu Law Office, Attn : Sonia Sidhu;
- (j) "**Counsel for the Vendor**" means SB LLP, Attn: Roshan Kalra;
- (k) "**Deposit**" has the meaning set out in Section 2.3(a);
- (l) "**Equipment**" – means all equipment owned by the Vendor for use in the **Leased Premises**, as more particularly described in **Schedule "G"** hereto;
- (m) "**ETA**" means Part IX of the *Excise Tax Act* (Canada), as amended from time to time, and any reference to a specific provision of the ETA shall refer to any successor provision thereto of like or similar effect;
- (n) "**Excluded Assets**" means the following property and assets of the Vendor:
 - (i) all of the Vendor's real property except the **Lease**;
 - (ii) all cash on hand, cheques, credit card accounts, bank balances, monies in possession of or on deposit with banks and other depositories, term or time deposits and similar cash items of, owned or held by or for the account of the Vendor;
 - (iii) all shares, notes, bonds, debentures or other securities of or issued by corporations or other Persons and all certificates or other evidences of ownership thereof owned or held by or for the account of the Vendor;
 - (iv) the additional specifically excluded assets, if any, listed in **Schedule "D"** hereto;
 - (v) all income and other taxes recoverable by the Vendor;
 - (vi) the Accounts Receivable;
 - (vii) the **Inventory**; and
 - (viii) all original records relating to any Excluded Assets and all the corporate, financial and other records of the Vendor not pertaining primarily to the Business;
- (o) "**Goodwill**" means all of the goodwill of the Business as a going concern including, without limitation, the right of the Vendor to retain and use all of the Business' present telephone numbers as listed in the current telephone directory for the **Leased Premises**, upon the Purchaser making arrangements with the telephone utility company therefore;
- (p) "**G.S.T.**" means all goods and services tax payable under the ETA;

- (q) **"Inventory"** means all inventories, stock-in-trade and supplies of every nature and kind at the **Leased Premises**;
- (r) **"Lease"** means the lease, as more particularly described in **Schedule "B"** hereto, for the **Leased Premises including, without limitation, all fixtures and leasehold improvements at the Leased Premises to the extent of the Vendor's interest therein**;
- (s) **"Leased Premises"** means the location at which the Vendor operates the Business as set out in **Schedule "A"** hereto;
- (t) **"Non-Competition and Non-Solicitation Agreement"** means that agreement respecting competition and solicitation between the Vendor and the Purchaser substantially in the form attached hereto as **Schedule "F"**;
- (u) **"Parties"** means the parties to this Agreement;
- (v) **"Person"** means an individual, a corporation, a limited partnership, a general partnership, a trust, a joint stock company, a joint venture, an association, a syndicate, a bank, a trust company, a governmental authority and any other legal or business entity;
- (w) **"Prime Rate"** means that annual rate of interest charged by the Royal Bank of Canada (the "bank") for Canadian commercial loans to the bank's most credit worthy customers and quoted from time to time by the bank as its 'Prime Rate';
- (x) **"Purchase Price"** means the purchase price to be paid by the Purchaser to the Vendor for the Purchased Assets as provided in Section 2.2;
- (y) **"Purchased Assets"** means all of the assets, property and rights (other than the Excluded Assets) owned and used by the Vendor or held by it for use in, or in respect of the operation of, the Business as a going concern wherever such assets, property or rights are located as of the date hereof including, without limitation, the following assets, properties and rights:
 - (i) all right, title and interest of the Vendor in, to and under all contracts, leases, agreements, commitments and other rights of or pertaining to the Business, whether written or unwritten, including without limitation:
 - (A) all contracts and agreements;
 - (B) the full benefit of all outstanding orders for the purchase or sale of **Inventory**, or other personal property;
 - (C) the full benefit and advantage of all forward commitments by or to the Vendor for supplies or materials for use in the Business;
 - (D) the **Lease**; and
 - (E) the **Chattel Leases**;

all as are specifically accepted by the Purchaser in writing, including, without limitation, the agreements set out in **Schedule "E"** hereto; provided that the Purchaser shall in no event be liable or responsible for any liabilities or obligations thereunder which shall be in existence at, or accruing for or during

the period prior to the Closing Date except as otherwise agreed in this Agreement;

- (ii) the **Equipment**;
- (iii) subject to the approval of any lessor's rights in respect to such names, the right of the Vendor to represent itself as carrying on the Business under the trade names "Morning Glory Daycare & OSC" and the right to use any words indicating that the Business is so carried on;
- (iv) the **Goodwill**;
- (v) all licenses, permits and other required authorizations issued by any governmental body, which are required in the continued operation of the Business and which are assignable;
- (vi) the list of customers of and suppliers to the Business, and to the extent they exist and are capable of being assigned any and all customer profiles and customer databases associated with the Store, provided that the Vendor shall not be obligated hereby to provide any such information in contravention of any provincial or federal privacy legislation;
- (vii) the full benefit of all warranties and warranty rights (implied, express or otherwise) against manufacturers or suppliers which apply to any of the Purchased Assets and which survive the Closing;
- (viii) deposits, if any, which pertain to the Business; and
- (ix) all books and records and files relating to the Business (other than, for greater certainty, those forming part of the **Excluded Assets**) including, without limitation, all production, inventory, sales and customer records, except that where the Vendor is required by law to retain a particular book, record or file, it shall retain such book, record or file and deliver to the Purchaser a copy thereof;

(z) "**Statement of Adjustments**" has the meaning specified in Section 2.5;

(aa) "**Transaction**" means the transaction of purchase and sale provided for in this Agreement.

1.2 Gender and Number

Words importing the singular include the plural and vice versa; and words importing gender include all genders.

1.3 Entire Agreement

This Agreement, including the Schedules hereto, together with the agreements and other documents to be delivered pursuant hereto, constitute the entire agreement between the Parties pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties, and there are no warranties, representations or other agreements between the Parties in connection with the subject matter hereof except as specifically set forth herein and therein. No supplement, modification or waiver or termination of this Agreement shall be binding unless executed in writing by the Party to be bound thereby.

1.4 Agreement References

The expressions "herein", "hereby", "hereof", "hereto" and "hereunder" and similar expressions mean and refer to this Agreement and not to any particular article or section, unless the context otherwise clearly requires; "Article", "Section" or "Subsection" means and refers to the specified article, section or subsection of this Agreement.

1.5 Headings

The Article and Section headings contained herein are included solely for convenience, are not intended to be full or accurate descriptions of the content thereof and shall not be considered part of this Agreement.

1.6 Schedules

The following are the Schedules to this Agreement, which Schedules are incorporated into and form an integral part of this Agreement:

| | |
|----------------|--|
| Schedule "A" - | Leased Premise |
| Schedule "B" - | Lease of Leased Premises |
| Schedule "C" - | Allocation of Purchase Price |
| Schedule "D" - | Specific Excluded Assets |
| Schedule "E" - | Contracts and Chattel Leases |
| Schedule "F" - | Non-Competition and Non-Solicitation Agreement |
| Schedule "G" - | Equipment List |

1.7 Applicable Law

This Agreement shall be construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein. The Parties irrevocably attorn to the jurisdiction of the Alberta courts for the determination of all matters arising hereunder and agree that any litigation relative hereto shall be commenced and heard by the Alberta courts at Edmonton, Alberta.

1.8 Currency

Unless otherwise indicated, all dollar amounts referred to in this Agreement are in Canadian funds.

ARTICLE 2 PURCHASE AND SALE

2.1 Purchased Assets

Subject to the terms and conditions of this Agreement, the Vendor agrees to sell, transfer, convey, assign and deliver to the Purchaser, and the Purchaser agrees to purchase from the Vendor, the Purchased Assets for the Purchase Price.

2.2 Purchase Price

Subject to adjustments as provided in this Agreement, the Purchase Price payable by the Purchaser hereunder for the Purchased Assets shall be the aggregate of the following amounts:

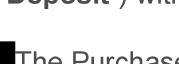
(a) the sum of [REDACTED] (b) GST and any other applicable taxes payable in accordance with Section 7.4 hereof.

adjusted pursuant to Section 2.6 hereof.

2.3

Payment of the Purchase Price

The Purchase Price shall be paid by the Purchaser as follows:

- (a)   \$25,000.00 As an initial deposit, held in trust by R.K.SIDHU Law Office (the "**Initial Deposit**") within 5 business days of acceptance of this Agreement;
- (b)   \$25,000.00 As an additional deposit, held in trust by R.K.SIDHU Law Office (the "**Additional Deposit**") within 5 business days of waiver of conditions
 
- (c)    The Purchase Price, by way of Solicitors Trust cheque, wire payment, or bank draft on closing.
  Total Purchase Price, GST to be paid thereon

2.4

Deposit

Any and all monies owing or due to the Vendor hereunder, including the Deposit, shall be released:

- (a) to the Purchaser, upon demand, in the event this Agreement is not accepted;
- (b) to the Purchaser, upon demand, should the Purchaser not waive the Purchaser's Conditions;
- (c) to the Purchaser, upon demand, in the event the Purchaser has waived the Purchaser's Conditions, should the Vendor thereafter breach or fail to complete the Transaction herein provided for in accordance with the terms of this Agreement;
- (d) to the Vendor, upon demand, in the event the Purchaser has waived the Purchaser's Conditions, should the Purchaser thereafter breach or fail to complete the Transaction herein provided for in accordance with the terms of this Agreement.

2.5

Allocation of Purchase Price

The Purchase Price shall be allocated among the Purchased Assets in accordance with **Schedule "C"** hereto. The Purchaser and the Vendor shall file their respective income tax returns prepared in accordance with such allocation.

2.6

Adjustments

- (a) The conveyance of the Purchased Assets hereunder shall be effective as of the Closing Date;
- (b) Lease costs (including the Leases and Chattel Leases), security deposits paid under the Lease, prepaid expenses, rents and property taxes, shall be adjusted as of 12:00 a.m. on the Closing Date, with all prepaid rent, prepaid expenses, benefits and obligations prior to 12:00 a.m. on the Closing Date being for the account of the Vendor and all benefits and obligations from and after 12:00 a.m. on the Closing Date being for the account of the Purchaser;
- (c) A final accounting of the adjustments pursuant to this Section 2.6 shall be made at Closing. The Vendor and the Purchaser shall cooperate in preparing such accounting and a statement of adjustments (the "**Statement of Adjustments**") and the Vendor shall cooperate reasonably to allow the Purchaser to verify the amounts set forth in such statement.

2.7 Inventory Amount

It is agreed that Inventory is not included in the Purchase Price. On the Closing Date the Purchaser shall pay the Vendor a sum equal to the aggregate value of the Inventory, calculated pursuant to Section 2.8.

2.8 Inventory Calculation

The Purchaser or its representatives and the Vendor or its representatives will conduct an inventory count (the costs of which shall be borne equally by the Vendor and Purchaser), at a mutually agreeable time on the day immediately preceding the Closing Date, a physical count of the Inventory. The cost will be calculated using the cost of purchase of the Inventory. Contemporaneous with the Inventory count, the Vendor shall provide to the Purchaser a list of obsolete or stale dated inventory. The Vendor will prepare a statement at the Closing Date that shall set forth the aggregate value of the Inventory, which shall include a reduction for the obsolete and stale dated Inventory. For greater certainty, stale dated or obsolete shall mean inventory which is older than one (1) year or for food products, which is expired. In the event of a dispute regarding obsolete and stale dated Inventory, or any other matter relating to the Inventory calculation contemplated in this Section 2.8, the Parties shall appoint a professional inventory valuator whose decision in respect of the matter shall be final and binding on the Parties.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Vendor

The Vendor hereby represents and warrants to the Purchaser and acknowledges that the Purchaser is relying on such representations and warranties in connection with its purchase of the Purchased Assets:

- (a) *Incorporation and Organization* - The Vendor is a corporation duly incorporated or continued, organized and valid and subsisting under the laws of the Province of Alberta;
- (b) *Execution of Documents* - This Agreement has been duly authorized, executed and delivered by the Vendor and all other documents executed and delivered by the Vendor pursuant hereto will be duly authorized, executed and delivered by the Vendor and this Agreement does, and such documents will, constitute legal, valid and binding obligations of the Vendor enforceable in accordance with their respective terms;
- (c) *Residence* - The Vendor is not a non-resident of Canada for the purposes of the *Income Tax Act* (Canada);
- (d) *G.S.T. Registrant* - The Vendor is or will be a G.S.T. registrant on or before the Closing Date and will continue to be a registrant until at least sixty (60) days after the Closing Date and the Purchased Assets constitute all or substantially all of the property used by the Vendor in its operation of the Business and the Vendor undertakes to prepare and file any forms prescribed under section 167 of the GST Act as required thereunder;
- (e) *No Adverse Changes* – At the date of this agreement and at the Closing Date there has not been and shall not have been any material adverse change in the nature, volume or profitability of the Business nor has there been nor will there be any development or threatened or probable development which would or will have any materially adverse effect upon the Business;

- (f) *Title* – On or within a reasonable time following the Closing Date the Vendor will have good and marketable title to all of the Purchased Assets, free and clear of all liens, mortgages, charges and encumbrances or whatsoever nature, and on the Closing Date will be entitled at law and in equity to sell, assign and transfer clear title of the Purchased Assets;
- (g) *Use of Premises* – To the best of the Vendor's knowledge, at the date hereof and at the Closing Date, the use of the land, building and premises of the Business for the purpose of the conduct of the Business are and will be in conformity with all zoning and other provincial and municipal statutes, bylaws, rules, regulations and orders, provided that the Vendor makes no representation or warranty whatsoever in respect of environmental matters relating to the Leased Premises or otherwise and the Purchaser shall make its own investigations in that regard;
- (h) *No Proceedings* – To the best of the Vendor's knowledge, at the date hereof and at the Closing Date there is not and will not be any action, proceeding or governmental investigation in progress or pending or threatened against the Vendor affecting the Business or the Purchased Assets;
- (i) *Conduct of Business to Closing Date* – From the date hereof to and including the Closing Date, the Vendor shall retain, conduct and maintain the Business and properly keep, repair, and maintain or insure the Purchased Assets, at its own cost and expense so that upon the closing of the transaction herein contemplated the Purchaser shall have and enjoy the Purchased Assets and the Business as a going concern without any material loss of goodwill, customers, contracts, licenses or depreciation in value of any of the physical items included in the Purchased Assets, reasonable wear and tear excepted;
- (j) *Condition of Inventory and Equipment* – The Inventory and Equipment to be purchased are purchased in good working order and will be in the same condition on Closing as they are in on the date hereof, reasonable wear and tear excepted;
- (k) *No Other Agreements* - save and except for the Lease and Franchise Agreement, the Vendor is not a party to nor otherwise bound by any agreement, contract or commitment, whether written or oral, of any nature or kind whatsoever relating to the Assets that would affect the use and ownership of the Assets or the conduct of the Business by the Vendor;
- (l) *Lease* - the Lease is in good standing and in full force and effect without amendment thereto, and the Vendor is not nor, to the knowledge of the Vendor, is the landlord under the Lease, in breach of any covenants, conditions or obligations contained therein. All payments required to be made by the Vendor pursuant to the Lease have been duly paid. The landlord under the Lease is not in default in meeting any of its material obligations under the Lease. The Lease contains the entire agreement between the Vendor and the landlord in respect of the lease of the Premises and is a bona fide arm's length lease;

3.2 Representations and Warranties of the Purchaser

The Purchaser hereby represents and warrants to the Vendor as follows and acknowledges that the Vendor is relying on such representations and warranties in connection with its sale of the Purchased Assets:

- (a) *Incorporation and Organization* - The Purchaser corporation is a corporation duly incorporated, organized and valid and subsisting under the laws of British Columbia and is duly registered and qualified to carry on business therein;
- (b) *G.S.T. Registrant* - The Purchaser is a G.S.T. registrant or on or before Closing will be a G.S.T. registrant; and
- (c) *Canadian Corporation* - The Purchaser is not a non-Canadian corporation for purposes of the *Investment Canada Act* (Canada).

3.3 Survival of Representations and Warranties

All representations, warranties, covenants and agreements herein contained on the part of each of the Parties shall survive the Closing, the execution and delivery hereunder of any bills of sale, instruments of conveyance, assignments or other instruments of transfer of title to any of the Purchased Assets and the payment of the consideration therefor, for a period of one year from the Closing Date, after which time, if no claim shall, prior to the expiry of the said one year period, have been made hereunder against a Party hereto with respect to any incorrectness in or breach of any representation or warranty made herein by such Party, such Party shall have no further liability hereunder with respect to such representation or warranty.

3.4 In the event that the Purchaser is selling the assets within three years of closing and receives a Bonafide written offer from a third party to purchase the assets, and it is willing to accept the terms and conditions of that offer, it shall promptly provide the Vendor with a notice and a copy of such offer. Upon receipt of the Bonafide offer, the Vendor shall have the right, but not the obligation, to match the terms and conditions of the third-party offer within seven (7) calendar days from the date of receipt of notice. If the Vendor elects to match the offer in writing within this period, the Purchaser agrees to proceed with the Vendor under those matched terms. If the Vendor does not deliver written notice of its intention to match the offer within seven (7) calendar days, the Purchaser may proceed to accept the third-party offer.

ARTICLE 4 INDEMNIFICATION

4.1 Covenants of the Vendor

The Vendor agrees to indemnify and save the Purchaser harmless from and against all claims, demands, actions, causes of action, damage, loss, deficiency, cost, liability and expense which may be made or brought against the Purchaser or which the Purchaser may suffer or incur as a result of, in respect of or arising out of:

- (a) any non-performance or non-fulfillment of any covenant or agreement on the part of the Vendor contained in this Agreement or in any document given in order to carry out the transactions contemplated hereby;
- (b) any misrepresentation, inaccuracy, incorrectness or breach of any representation or warranty made by the Vendor contained in this Agreement or contained in any document or certificate given in order to carry out the transactions contemplated hereby;
- (c) the conduct of the Business prior to the Closing Date;

- (d) all costs and expenses including, without limitation, reasonable legal fees, incidental to, arising from or in respect of the foregoing.

4.2 Covenants of the Purchaser

The Purchaser hereby agrees to indemnify and save the Vendor harmless from and against all claims, demands, actions, causes of action, damage, loss, deficiency, cost, liability and expense which may be made or brought against the Vendor or which the Vendor may suffer or incur as a result of, in respect of or arising out of:

- (a) any non-performance or non-fulfilment of any covenant or agreement on the part of the Purchaser contained in this agreement or in any document given in order to carry out the transactions contemplated hereby;
- (b) any misrepresentation, inaccuracy, incorrectness or breach of any representation or warranty made by the Purchaser contained in this agreement or contained in any document or certificate given in order to carry out the transactions contemplated hereby;
- (c) the conduct of the Business after the Closing Date; and
- (d) all costs and expenses including, without limitation, reasonable legal fees, incidental to, arising from or in respect of the foregoing.

ARTICLE 5 COVENANTS

5.1 Access for Investigation

Subject always to federal and provincial privacy legislation, the Vendor shall permit the Purchaser and its employees, agents, counsel and accountants or other representatives, during the **Due Diligence Period** set out in Section 6.1 hereof, without interference to the ordinary conduct of the Business, to have reasonable access during normal business hours to the Business and to all the books, accounts, records, agreements, contracts, documents, instruments and other data of the Vendor (including, without limitation, all business and accounting records of the Vendor) with respect to the Business and the Purchased Assets, and the Vendor shall furnish to the Purchaser such financial and operating data, agreements, contracts, documents, instruments and other materials and information with respect to the Business and the Purchased Assets as the Purchaser shall from time to time reasonably request.

5.2 Conduct of Business Prior to Closing

Provided that the Purchaser's Conditions contained herein are waived by the Purchaser, during the period from the waiver of the Conditions to the Closing Date, the Vendor shall do the following:

- (a) *Inventory* - The Vendor shall not order any additional Inventory except for orders in the ordinary course for the daily operation of the Business unless the Vendor has the prior written approval of the Purchaser;
- (b) *Business Hours* - The Vendor shall keep the Business open for normal business operations, during normal business hours;
- (c) *Continue Insurance* - Continue in force all policies of insurance currently maintained by the Vendor in respect of the Business; and

(d) *Comply with Laws* - The Vendor shall not knowingly breach any laws affecting the operation of the Business.

5.3 Risk

Risk of loss or damage to the Purchased Assets shall be that of the Vendor until the Closing Date. If any loss or damage to the Purchased Assets shall occur prior to such time and if such loss or damage is material, the Purchaser may at its option cancel this Agreement at any time prior to completion of the Closing.

5.4 Equipment Leases and Rentals

The Vendor and the Purchaser shall cooperate in taking all commercially reasonable steps to allow the Purchaser to obtain assignments or novations of the following agreements in favour of the Purchaser, namely: telephones, alarm, or others if any.

5.5 Commissions

The Vendor shall be solely responsible for all fees, commissions and remuneration whatsoever to all real estate agents and brokers claiming remuneration through the Purchaser

5.6 Employees

The Vendor shall advise all of its employees of this intended sale and purchase and shall terminate their employment by the Vendor effective on the Closing Date and pay and satisfy all salaries, wages, holiday pay, termination pay, Unemployment Insurance premiums, Workers' Compensation payments, Income Tax and Canada Pension Plan deductions of such employees up to and including the Effective Date. The Purchaser may at its discretion rehire any or all existing employees on substantially the same employment terms and conditions as was provided by the Vendor.

5.7 Non-Competition & Non-Solicitation

On or prior to the Closing Date, the Vendor agrees to execute and deliver the Non-Competition and Non-Solicitation Agreement in the form attached as Schedule "F" hereto.

ARTICLE 6 CONDITIONS PRECEDENT

6.1 Conditions Precedent for the Benefit of the Purchaser

The following conditions (**the "Purchaser's Conditions"**) to this Agreement are for the sole benefit of the Purchaser:

(a) Completion of a satisfactory due diligence review of the Vendor, and the Vendor's business operations and affairs, conducted by the Purchaser and its legal and accounting representatives with the result of such review to be acceptable to the Purchaser in its sole and unfettered discretion.

(b) The Vendor obtaining the consent of the Landlord to assign the existing Lease to the Purchaser and the Purchaser's satisfactory review of such Assignment of Lease;

The conditions specified in paragraph 6.1(a) are to be satisfied or waived by the Purchaser in writing on or before the **Fifteenth (15th) day following the Effective Date hereof** (**the "Purchaser's Condition Date"**), failing which this Agreement shall be null and void. The condition specified in paragraph 6.1(b) is to be satisfied or waived by the Purchaser in writing on or before the **forty-fifth (45th) day following the Effective Date hereof** (**the "Purchaser's Lease Condition Date"**), failing

(35th) **forty-fifth (45th) day following the Effective Date hereof** (**the "Purchaser's Lease Condition Date"**), failing

(35th) **forty-fifth (45th) day following the Effective Date hereof** (**the "Purchaser's Lease Condition Date"**), failing

which this Agreement shall be null and void. Any condition may be waived in writing by notice given to the Vendor in writing pursuant to the notice provisions of this Agreement on or before the date for satisfaction of a condition. If any of the conditions set out in this paragraph 6.1 are not satisfied or waived, this Agreement shall be null and void and of no further force or effect whatsoever, and neither party to this Agreement shall have any claim against the other with respect to this Agreement. The period between the date of this Agreement and the Purchaser's Lease Condition Date is herein referred to as the "Due Diligence Period".

ARTICLE 7 CLOSING

7.1 Actions by Vendor and Purchaser at Closing

At the Closing Date, pursuant to the terms and conditions hereof, the Vendor shall deliver to the Purchaser:

- (a) the certificate of an officer of the Vendor confirming the truth and correctness in all material respects of such representations and warranties;
- (b) a Bill of Sale covering the Equipment, free and clear of all prior encumbrances other than any encumbrance assumed pursuant to the terms hereof;
- (c) a duly executed GST Form 44;
- (d) an Assignment of the Lease, in a form acceptable to the Purchaser and duly consented to by the landlord of the Leased Premises;
- (e) assignments of any contracts or Chattel Leases, with any required consent;
- (f) the Non-Competition and Non-Solicitation Agreement in the form attached as **Schedule "F"**;
- (g) possession to all of the Purchased Assets, all keys, combinations to safes, miscellaneous title documents and any and all other items or indicia of title to enable it to assume full, complete and unencumbered operation of the Business and possession of the Purchased Assets;
- (h) Special Resolution of the Shareholders of the Vendor pursuant to Section 190(1) of the Business Corporations Act (Alberta);
- (i) an executed Undertaking to Re-adjust, to be prepared by the Vendor's Solicitors, and the Purchaser shall pay and deliver to the Vendor:
 - (j) the Purchase Price in full, without any deduction or set-off;
 - (k) the certificate of an officer of the Purchaser;
 - (l) a duly executed GST Form 44;
- (m) the Assignment of the Lease, executed by the Purchaser;
- (n) an Indemnity Agreement, in favour of the Vendor and its principal, in a form prepared by the Counsel for the Vendor and in a form satisfactory to the Counsel of the Purchaser, indemnifying the Vendor and its principal from any obligations under the Lease for which the Vendor and its principal may remain bound following the Closing Date;

- (o) proof satisfactory to the Vendor that the Purchaser has accepted the assignments of any contracts or Chattel Leases; and
- (p) the Non-Competition and Non-Solicitation Agreement in the form attached as Schedule "F".

7.2 Place of Closing

The Closing shall take place at the Closing Date at the law offices of Counsel for the Vendor or at such other place or manner as the parties may agree in writing.

7.3 Non-Assumption of Liabilities

For greater certainty, the parties hereby acknowledge and agree that the Purchaser is not assuming and shall not be liable or responsible for any of the liabilities, debts or obligations (known or unknown, present or contingent) of the Vendor or the Business existing at or accruing for or during the period prior to the Closing Date, whether or not relating to the Business, except as specifically provided in this Agreement.

7.4 Transfer Taxes

If required, the Purchaser will pay to the Vendor on Closing any applicable G.S.T. and provincial sales tax payable in connection with the purchase of the Purchased Assets pursuant to the *Excise Tax Act* (Canada) unless and the parties are qualified to and may properly elect jointly under section 167(1) of the ETA in the form prescribed for the purposes of that section in respect of the sale and transfer to the Purchaser of the Purchased Assets hereinbefore set forth.

ARTICLE 8 GENERAL

8.1 Public Notices

Except as required by law, all public notices to third parties including employees of the Business (but excluding any lessor of real or personal property, and any other party required to be notified in order to fulfill the requirements of this Agreement) and all other publicity concerning the transactions contemplated by this Agreement shall be jointly planned and co-ordinated by the Vendor and the Purchaser, and neither shall act unilaterally in that regard without the prior approval of the other, such approval not to be unreasonably withheld.

8.2 Expenses

All costs and expenses (including, without limitation, the fees and disbursements of legal counsel) incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the Party incurring such expenses, unless otherwise provided herein.

8.3 Time

Time shall be of the essence hereof.

8.4 Notices

Any notice or other writing required or permitted to be given hereunder or for the purposes hereof (hereinafter in this Section 8.4 called a "notice") to any Party shall be sufficiently given if delivered personally, or if transmitted by facsimile with transmission confirmed by the sending machine:

- (a) To the Vendor at:

[REDACTED]

Attention: Myoungshin Lee

(b) To the Purchaser at:

121-52472 RR224, Sherwood Park, AB

Attention: Chanpreet Singh Goraya

or at such other address as the Party to whom such writing is to be given shall have last notified the Party giving the same in the manner provided in this section. Any notice delivered to the Party to whom it is addressed as hereinbefore provided shall be deemed to have been given and received on the day it is so delivered at such address, provided that if such day is not a Business Day then the notice shall be deemed to have been given and received on the next Business Day. Any notice transmitted by facsimile shall be deemed given and received on the date of such transmission if received during the normal business hours of the recipient and on the first Business Day after its transmission if it is received after the end of such normal business hours on the date of its transmission.

8.5 Assignment

Neither this Agreement nor any rights or obligations hereunder shall be assignable by either Party without the prior written consent of the other Party hereto, such consent not to be unreasonably withheld. Subject thereto, this Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors (including any successor by reason of amalgamation of any Party) and permitted assigns.

8.6 Further Assurances

The Parties hereto shall with reasonable diligence do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated hereby, and each Party shall provide such further documents or instruments required by the other Party as may be reasonably necessary or desirable to effect the purpose of this Agreement and carry out its provisions, whether before or after the Closing.

8.7 Third Parties

Except as specifically set forth or referred to herein, nothing herein expressed or implied is intended or shall be construed to confer upon or give to any Person, other than the Parties and their respective successors and assigns, any rights or remedies under or by reason of this Agreement.

8.8 Performance in Accordance with Applicable Laws

Each Party shall perform its obligations hereunder in accordance with all applicable laws, rules and regulations now or hereafter in effect. Except where expressly stated to the contrary in this Agreement, all rights and remedies specified herein are cumulative and are not exclusive of any rights or remedies provided by law or specified in any other agreement between the Parties.

8.9 Invalidity

If any provision of this Agreement is found to be invalid, illegal or unenforceable, such provision shall be conclusively deemed to be severable and to have been severed from this Agreement and the balance of this Agreement shall remain in full force and effect, notwithstanding such severance. To the extent permitted by law, each of the Parties hereto hereby waives any law, rule or regulation that might otherwise render any provision of this Agreement invalid, illegal or unenforceable.

8.10 Waiver

No term or provision hereof shall be waived nor any breach hereof excused except in writing signed by the Party that is claimed to have so waived or excused. No waiver of any provision of this Agreement shall constitute a waiver of any other provision. No consent or waiver by any Party to any breach by the other Party shall constitute a consent to, waiver of or excuse for any other breach. The failure of a Party to give notice to another Party, or to take any other steps in respect of, the breach or non-fulfilment of any provision of this Agreement shall not constitute a waiver thereof. Acceptance of payment by a Party after the breach or non-fulfilment of any provision of this Agreement by the other Party shall not constitute a waiver thereof.

8.11 Sole Relationship

This Agreement is the sole relationship between the Parties hereto and each disclaims any intention to create a partnership, joint venture, fiduciary, trust or confidential relationship, principal and agent or master-servant relationship or any relationship other than that of commercially sophisticated contracting parties operating at arm's-length and bound only to perform their obligations to each other as expressly set forth in this Agreement.

8.12 Entire Agreement

This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior negotiations, proposals and agreements, whether oral or written, with respect to the subject matter hereof.

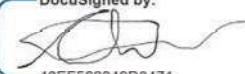
8.13 Counterparts/Facsimile or PDF Transmission

This Agreement may be executed and delivered in counterpart, including execution and delivery by facsimile or PDF e-mail, each of which when so executed and delivered shall be deemed to be an original, and such counterparts shall constitute one and the same Agreement and shall be deemed to be and constitute a properly executed and delivered document and further, notwithstanding the date of execution of such counterparts, shall be deemed to bear the date as of the document so executed.

IN WITNESS WHEREOF the parties hereto have hereunto executed this Agreement as of the date and year first above written.

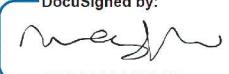
2764686 Alberta Ltd

Per: _____

DocuSigned by:

49EE562240D0471

MORNING GLORY DAYCARE LTD.

Per: _____

DocuSigned by:

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SCHEDULE "A" TO THE ASSET PURCHASE AND SALE AGREEMENT

LEASED PREMISES

Municipal Address: 12761/63 – 50 Street
Edmonton, Alberta T5A 4L8

SCHEDULE "B" TO THE ASSET PURCHASE AND SALE AGREEMENT
LEASE OF LEASED PREMISES

As Attached

SCHEDULE "C" TO THE ASSET PURCHASE AND SALE AGREEMENT

ALLOCATION OF PURCHASE PRICE



The above purchase price allocations are estimates and are subject to change in accordance with the terms of the Agreement.

SCHEDULE "D" TO THE ASSET PURCHASE AND SALE AGREEMENT

SPECIFIC EXCLUDED ASSETS

None

SCHEDULE "E" TO THE ASSET PURCHASE AND SALE AGREEMENT

CONTRACTS AND CHATTEL LEASES ASSUMED BY THE PURCHASER

None

SCHEDULE "F" TO THE ASSET PURCHASE AND SALE AGREEMENT

NON-COMPETITION AND NON-SOLICITATION AGREEMENT

THIS AGREEMENT dated as of the 17th November, 2025.

BETWEEN:

MORNING GLORY DAYCARE LTD.

a corporation organized and existing under the laws of the Province of Alberta
(hereinafter called the "Vendor")

- and -

2764686 Alberta Ltd. AND/OR NOMINEE

a corporation organized and existing under the laws of the Province of Alberta (hereinafter
called the "Purchaser")

WHEREAS the Vendor owns and operates the Business at the Leased Premises under the business name of "Morning Glory Daycare & OSC";

AND WHEREAS the Vendor and Purchaser entered into an Asset Purchase Agreement dated as of the 17th November, 2025 with respect to the purchase and sale of the "**Purchased Assets**";

AND WHEREAS the Purchaser has agreed to purchase and the Vendor has agreed to sell the Purchased Assets, comprising all or substantially all of the assets of the Vendor's Business, on the terms and conditions set out herein;

AND WHEREAS pursuant to the terms and conditions of the Asset Purchase and Sale Agreement, it is a condition and requirement that the Vendor execute and deliver this Non-Competition and NonSolicitation Agreement;

NOW THEREFORE WITNESSETH that the parties have hereunto agreed as follows:

1. The Vendor covenants and agree with the Purchaser that it will not, either individually or in partnership or in conjunction with, as principal agents, shareholder, guarantor, creditor, broker or in any other manner whatsoever, directly or indirectly (without the prior written consent of the Purchaser, which consent shall not be unreasonably withheld), carry on or be engaged in any aspect of the business or any activity or business similar to the Business within a five (5) kilometre radius of the Leased Premises for a period of two (2) year commencing from the Closing Date (the "Period").
2. The Vendor will not, directly or indirectly, approach or solicit any employee of the Purchaser employed in connection with the Business at any time within the Period in any attempt to direct any such employee away from the Purchaser. Nothing contained

- (i) enforce any lawful remedies against the Vendor or the Principal during the Period;
- (ii) prevent the Vendor or the Principal from approaching or soliciting any employee of the Purchaser with a view towards inducing such employee to breach any contract between the Purchaser and such employee or;
- (iii) recover any damages resulting therefrom.

3. The Vendor and Principal will not, directly or indirectly contact or solicit any current customers of the Business.

(a) The covenants contained in Section 1, Section 2 and Section 3 above shall be construed as if they are divided into separate and distinct covenants in respect of each aspect thereof and each such distinct covenant in respect of each aspect thereof shall constitute a separate and severable covenant from all other such distinct covenants.

4. Unless otherwise defined herein, capitalized words herein referred to shall have the same meaning ascribed to such words in the Asset Purchase and Sale Agreement.

IN WITNESS WHEREOF the parties hereto have hereunto executed this Agreement as of the date and year first above written.

2764686 Alberta Ltd

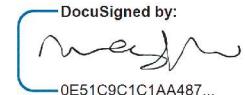
Per: _____

DocuSigned by:

48EF562349D0471...

MORNING GLORY DAYCARE LTD.

Per: _____

DocuSigned by:

0E51C9C1C1AA487...

SCHEDULE "G" TO THE ASSET PURCHASE AND SALE AGREEMENT

Equipment List

| # | Item | Specification s | Make | Model | Serial | Qty |
|---|---|--------------------|----------------------------|---------|--------|-----|
| | | | | | | |
| 1 | Window Blinds | | Ikea | Fridans | | 9 |
| 2 | Toys, puzzles, books etc. | | | | | |
| 3 | Play centres: kitchens, doll house, etc. | | | | | |
| 4 | Plywood cubbies, plywood sand tables, plywood lockers, plywood book display, storage trunk, etc. | | | | | |
| 5 | Janitorial: fire extinguishers, waste baskets, mops, brooms, buckets, step stools, bathroom packages, change tables, etc. | | | | | |
| 6 | Décor, pictures, etc. | | | | | |
| 7 | Interact Projector | | | | | |
| 8 | Molded chairs with chrome legs | | Factory Direct Partners | 12"-14" | | 40 |
| 9 | Molded chairs with chrome legs | | Factory Direct Partners | 16" | | 6 |

| | | | | | | |
|----|--|--|-----------|-----------|--|---|
| 10 | Various kids tables | | | | | |
| 11 | Crafts & Art Supplies | | | | | |
| 12 | Small Office Equipment | | | | | |
| 13 | Shoe racks, coat racks | | | | | |
| 14 | Desk, stacking chair, 2 drawer filing cabinet, wall shelf, 3 tier shelf, 3 tray storage unit, folding chairs, 4'Lifetime table, rolling tray | | | | | |
| 15 | Phone | | Polycom | VX411 | | |
| 16 | 2009 Monitor, mouse, keyboard, defender 4K DVR, cameras | | Samsung | T260HD | | |
| 17 | Wall mounted shelves | | | | | |
| 18 | Metal 1x3 lockers | | | | | 2 |
| 19 | Stacking Washer & Dryer DLE3400W | | LG | WM3400W | | |
| 20 | Folding stroller | | | | | |
| 21 | Kitchen wares, small wares, pots, pans, etc. | | | | | |
| 22 | Dishwasher | | Lamber | F92-ek PS | | |
| 23 | Fridge | | LG | LL520020V | | 2 |
| 24 | Microwave | | TotalChef | TCM07 | | |
| 25 | Rice Cooker | | Tiger | JNP-1800 | | |

| | | | | | | |
|----|--|----------|-------------------------|-------------|--|----|
| 26 | Coffee maker, sunbeam Osterizer 8 Blender, Tea Kettles | | Sunbeam | BVSB6975033 | | |
| 27 | Range | | Samsung | | | |
| 28 | Tablet | 8" | Samsung | | | 4 |
| 29 | Feeder Chairs | | Foundations | 4607247 | | 8 |
| 30 | Change table | | Ikea | | | |
| 31 | Misc. furniture: book display, table & chair set (2), play table | | | | | |
| 32 | Eversaucer | | Evenflo | 61731199 | | |
| 33 | Cribs | | | | | 3 |
| 34 | Linens, pillows, blankets, rugs, etc. | | | | | |
| 35 | Stacking sleeping cots | | Wood Designs | | | 39 |
| 36 | Child Chairs | 9" | Children's Factory | AB7709NT | | 17 |
| 37 | Cubby | 2 x 4 | Ikea | Kallax | | 4 |
| 38 | Table | 2' x 4' | Factory Direct Partners | | | 4 |
| 39 | Table | 2' x 56" | Factory Direct Partners | | | 5 |
| 40 | Easels | | Crayola | | | 3 |
| 41 | Adjustable desk with chair | | Wynn Kids | | | |
| 42 | Wood stools | | Ikea | Flisat | | 4 |
| 43 | Lack table | | Ikea | Flisat | | |
| 44 | Exterior play toys, kids picnic tables | | | | | |
| 45 | Storage Box | | | | | |
| 46 | Storage Shed | | | | | |

Appendix “D”

Search ID#: Z19440782

Transmitting Party
REGISTRYSEARCH.CA

Reference #: P151_481169

SUITE 207, 236 91 STREET SW
EDMONTON, AB T6X 1W6

Search ID #: Z19440782

Date of Search: 2025-Nov-20

Time of Search: 12:04:10

Business Debtor Search

MORNING GLORY DAYCARE LTD

Exact Result(s) Only Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.
Be sure to read the reports carefully.



Search ID #: Z19440782

Business Debtor Search For:

MORNING GLORY DAYCARE LTD

Search ID #: Z19440782

Date of Search: 2025-Nov-20

Time of Search: 12:04:10

Registration Number: 21111008046

Registration Type: SECURITY AGREEMENT

Registration Date: 2021-Nov-10

Registration Status: Current

Expiry Date: 2026-Nov-10 23:59:59

Exact Match on: Debtor No: 1

Exact Match on: Debtor No: 2

Amendments to Registration

21111032429

Amendment

2021-Nov-10

Debtor(s)**Block****Status**
Current

1 MORNING GLORY DAYCARE LTD.
12761 50 ST NW
EDMONTON, AB T5A 4L8

Block**Status**
Current by
21111032429

2 MORNING GLORY DAYCARE LTD.
12763 50 ST NW
EDMONTON, AB T5A 4L8

Secured Party / Parties**Block****Status**
Current

1 THE TORONTO-DOMINION BANK - 82509
630-3803 CALGARY TRAIL NW
EDMONTON, AB T6J 5M8
Email: abautonsp@teranet.ca

Collateral: General**Block** **Description****Status**

1 ALL PRESENT AND AFTER-ACQUIRED ALL EQUIPMENT FOR DAY CARE

Current

2 OPERATIONS EQUIPMENT AND ALL PARTS, ATTACHMENTS, ADDITIONS AND

Current

Search ID #: Z19440782

| | | |
|---|---|---------|
| 3 | ACCESSIONS, ALL PROCEEDS INCLUDING ALL GOODS, SECURITIES, | Current |
| 4 | INSTRUMENTS, DOCUMENTS OF TITLE, CHATTEL PAPER, INTANGIBLES, OR | Current |
| 5 | MONEY NOW OR HEREAFTER FORMING PROCEEDS OF THE FOREGOING | Current |
| 6 | COLLATERAL | Current |

Search ID #: Z19440782

Business Debtor Search For:

MORNING GLORY DAYCARE LTD

Search ID #: Z19440782

Date of Search: 2025-Nov-20

Time of Search: 12:04:10

Registration Number: 21111008065

Registration Type: SECURITY AGREEMENT

Registration Date: 2021-Nov-10

Registration Status: Current

Expiry Date: 2026-Nov-10 23:59:59

Exact Match on: Debtor No: 1

Exact Match on: Debtor No: 2

Amendments to Registration

21111032461

Amendment

2021-Nov-10

Debtor(s)

| <u>Block</u> | | <u>Status</u> |
|--------------|--|---------------|
| 1 | MORNING GLORY DAYCARE LTD. 12761 50 ST NW EDMONTON, AB T5A 4L8 | Current |

| <u>Block</u> | | <u>Status</u> |
|--------------|--|---------------------------|
| 2 | MORNING GLORY DAYCARE LTD. 12763 50 ST NW EDMONTON, AB T5A 4L8 | Current by 21111032461 |

Secured Party / Parties

| <u>Block</u> | | <u>Status</u> |
|--------------|---|---------------|
| 1 | THE TORONTO-DOMINION BANK - 82509 630-3803 CALGARY TRAIL NW EDMONTON, AB T6J 5M8 Email: abautonsp@teranet.ca | Current |

Collateral: General

| <u>Block</u> | <u>Description</u> | <u>Status</u> |
|--------------|--|---------------|
| 1 | ALL PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY | Current |

Result Complete

Appendix “E”

Overview

As of November 20, 2025

The Canada Revenue Agency (CRA) uses online mail as the default method of delivering most business correspondence. This means you will receive your business tax notices and other correspondence

- ❶ through My Business Account. If you do not have an email address on your business account, please access Notification Preferences in your Profile to add or update the email address to receive email notifications on important tax notices and other information.

Business balance and services



Outstanding returns: **No**

Total amount owing: **\$0.00**

Manage pre-authorized debit

Direct deposit transactions

Filing and balance confirmation

Progress tracker



View the status of files that you have submitted to CRA.

Our records show that you have no files being tracked at this time.

Accounts

| ▼ | Account | Amount | Outstanding |
|---------|---------|---------|-------------|
| Filter: | type ▾ | owing ▾ | returns ▾ |

GST/HST

RT0001

Outstanding returns: **No**

Amount owing: **\$0.00** [View and pay](#)
account balance

Payroll 

RP0001

Outstanding returns: **No**

Amount owing: **\$0.00** [View and pay](#)
account balance

Corporation income tax

RC0001

Outstanding returns: **No**

Amount owing: **\$0.00** [View and pay](#)
account balance

1 to 3 of 3 |< < > >|

Screen ID: A-MBA-08

Version: 2025-10-31 2:16:01 p.m. (25.10.3-RELEASE)

Appendix “F”

- Creditor Mailing List -

| Creditor Type | Name | Attention | Address | Claim \$ |
|---------------|--|----------------|---|------------|
| Preferred | 1962623 Alberta Ltd | Justin Rudyk | 14127 23 Ave NW, Edmonton AB T6R 0G4 jrudyk@nadg.com | 10,700.00 |
| Secured | FDR TD Canada Trust Overdraft c/o Omega Three | Connie Dunford | 82505288152 Box 292 Mississauga ON L5M 2B8 Fax: (905) 812-7675 omega3@mackel-assoc.com | 19,902.82 |
| | TD Canada Trust - Hypothèque C/O FCT Default Solutions | | 82509288152-03 PO Box 2514, Station B London ON N6A 4G9 Fax: (647) 439-1419 dsinsolvency@collectlink.com | 251,064.76 |
| | TD Canada Trust Visa C/O FCT Default Solutions | | 4520 71** **** 0103 PO Box 2514, Station B London ON N6A 4G9 Fax: (647) 439-1419 dsinsolvency@collectlink.com | 9,983.06 |
| Unsecured | ATB Financial - Mastercard Recoveries | | Mastercard Recoveries - Tr 911 PO Box 6050 STN Central Calgary AB T2A 6M3 bankruptcydocs@atb.com | 17,368.00 |
| | BDC - Business Development Bank of Canada | Graham Eastham | 5288152 #250, 6700, Macleod Trail SE Calgary AB T2H 0L3 graham.eastham@bdc.ca | 91,666.30 |