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COURT FILE NUMBER

24-3301173

COURT

COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE

EDMONTON



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.

DOCUMENT

ORDER (Charging Order)

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

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DATE ON WHICH ORDER WAS PRONOUNCED:

January 16, 2026

NAME OF JUSTICE WHO MADE THIS ORDER:

The Honourable Justice J Burns

LOCATION OF HEARING:

Edmonton, Alberta

UPON the Application of Morning Glory Daycare Ltd. (the “**Company**”); AND UPON reviewing the Trustee’s First Report, the Trustee’s Supplemental Report dated December 2, 2025, the Affidavit of K. Lee dated December 3, 2025 (the “**1st Lee Affidavit**”), the First Extension Order granted December 4, 2025 (the “**First Extension Order**”), the Charging Order granted December 4, 2025 (the “**Admin Charge Order**”), the Affidavit of K. Lee dated January 5, 2026 (the “**2nd Lee Affidavit**”), the Affidavit of K. Lee dated January 16, 2026 (the “**3rd Lee Affidavit**”), the Trustee’s Second Report, filed, the Confidential Exhibit to the 2nd Lee Affidavit (the “**Confidential Lee Exhibit**”); the Notice to the Media of Restricted Access Application; and the Brief of Law of the Applicants and Authorities dated January 5, 2026; AND UPON having heard submissions from counsel for the Applicants, and any other party that may be present;

IT IS HEREBY ORDERED AND DECLARED THAT:

1. Service of the application is hereby validated and deemed good and sufficient and this Application is properly returnable today.

DIP Charge

2. The Company is hereby authorized and empowered to obtain and borrow under a credit facility from Young Yong Kwon (the “**Interim Lender**”) in order to finance the Applicants’ working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed Forty Five Thousand (\$45,000) Dollars unless permitted by further order of this Court.
3. Such credit facility shall be on the terms and subject to the conditions set forth in the commitment letter between the Company and the Interim Lender dated as of January 7, 2026 (the “**Commitment Letter**”), attached as Exhibit “A” to the 3rd Lee Affidavit.
4. Pursuant to section 50.6(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (“**BIA**”), the Interim Lender shall be entitled to the benefits of and is hereby granted a second priority charge (the “**DIP Charge**”) on the Daycare Assets (as defined in the 2nd Lee Affidavit) to secure all obligations incurred on or after the date of this Order, which charge shall not exceed the aggregate amount advanced on or after the date of this Order.
5. The DIP Charge shall constitute a charge on the Daycare Assets and such charge shall rank in priority to all security interests, trusts, liens, charges and encumbrances, and claims of secured creditors, statutory or otherwise in favour of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being “Persons” and each being a “Person”), save and except for the Administration Charge granted by the Charging Order (“**Encumbrances**”).
6. The DIP Charge shall not secure any obligation owing to the Interim Lender before the date this Order is made.
7. The filing, registration or perfection of the DIP Charge shall not be required, and the DIP Charge shall be valid and enforceable for all purposes, including as against any right, title or

interest filed, registered, recorded or perfected subsequent to the DIP Charge coming into existence, notwithstanding any such failure to file, register, record or perfect.

8. Except as otherwise expressly provided for herein, or as may be approved by this Court, no charges or any encumbrances shall be granted over any of the Daycare Assets that rank in priority to, or *pari passu* with, the DIP Charge, unless the Applicant also obtains the prior written consent of the beneficiary of the DIP Charge, or further order of this Court.
9. Any interested Person may apply to this Court on notice to any other party likely to be affected for an order to allocate the DIP Charge, amongst the various assets comprising the Daycare Assets.
10. The DIP Charge shall not be rendered invalid, unenforceable, or otherwise be deemed to be limited in any way by: a) Morning Glory's s assignment into bankruptcy, whether voluntary, involuntarily or by operation of law; b) any provision(s) in any federal or provincial statute(s); and c) any negative covenant in any existing contract, agreement, or instrument of any kind whatsoever entered into by Morning Glory and any third-party.
11. The granting of this DIP Charge does not constitute a fraudulent conveyance, fraudulent preference, transfer at undervalue, oppressive conduct, or any other reviewable or voidable transaction.
12. 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 Company and the Trustee 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 as to provide such assistance to the Company and the Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Company, the Trustee and its agents in carrying out the terms of this Order.
13. This Order and all other orders in these proceedings are declared to have full force and effect in all provinces and territories in Canada.

Service of Order

14. Service of this Order shall be deemed good and sufficient by serving the same on:

- (a) the creditors of the Company as set forth in the Statement of Affairs;
- (b) any other person served with notice of the application for this Order;
- (c) any other parties attending or represented at the application for this Order;
- (d) Posting a copy of this Order on the Trustee's website at:
<https://www.gcalit.ca/engagements;>
- (e) and service on any other person is hereby dispensed with.

15. Service of this Order may be effected by facsimile, electronic mail, personal delivery or regular mail. Service is deemed to be effected the next business day following transmission or delivery of this Order or, in the case of ordinary mail, 7 days from mailing.


Justice of the Court of King's Bench of Alberta