

No. B-230306
Estate No. 11-2959889
Division No. 03 – Vancouver
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY AND INSOLVENCY**

IN THE MATTER OF THE PROPOSAL OF
LA BICICLETTA BICYCLES INC.

NOTICE OF APPLICATION

Name of applicant: La Bicicletta Bicycles Inc.

TO:

FTI Consulting Canada Inc.
Suite 1450 – 701 West Georgia Street
Vancouver, BC V7Y 1B6

Royal Bank of Canada
c/o Borden Laden Gervais LLP
200 Burrard Street, Suite 1200
Vancouver, BC V7X 1T2

Business Development Bank of Canada
c/o Burns Fitzpatrick LLP
Suite 400, 570 Granville Street
Vancouver, BC V6C 3P1

Office of the Superintendent of Bankruptcy
2000 – 300 West Georgia Street
Vancouver, BC V7Y 1C7

LTP Sports Group Inc. & Live To Play Sports
1465 Kebet Way
Port Coquitlam BC, V3C 6L3
Email: leannem@livetoplaysports.com

Specialized Bicycle Components Canada
Inc.
20975, Rue Daoust
Ste-Anne-De-Bellevue QC H9X 0A3
Email: Lynn.Louthood@specialized.com

Ford Credit Canada Leasing, Division Of
Canadian Road Leasing Company
Po Box 2400
Edmonton AB T5J 5C7
Email: Rreilly@brownbrosford.com

Cycles Lambert Inc.
1000 Rue Des Riveurs
Levis, QC G6Y 9G3
Email: mperea@hlc.bike

CWB National Leasing Inc.
525 Buffalo Place
Winnipeg, MB R3T 1L9
Email:
customerservice@cwbnationalleasing.com

Dorel Industries, Inc. Trading
Name Cycling Sports Group
Canada
8 Market St Suite 500
Toronto, ON M5E 1M6

Email: julie.rowser@cannondale.com

Southbridge Business Park (II)
2000 - 595 Burrard St
Vancouver BC V6C 0E4
Email: glecour@wesgroup.ca

Canada Revenue Agency
Surrey National Verification and Collections
Centre
9755 King George Boulevard
Surrey BC V3T 5E1
Fax: 1-833-697-2390

TAKE NOTICE that an application will be made by La Bicicletta Bicycles Inc. (the “**Debtor**”) to the presiding judge at the courthouse at 800 Smithe Street, Vancouver, British Columbia, on Thursday, the 31st day of August, 2023 at 9:45 am for the orders set out in Part 1 below.

PART 1: ORDER(S) SOUGHT

1. The Debtor seeks the following relief:
 - (a) an order (the “**Approval and Vesting Order**”) substantially in the form of the draft order attached hereto as **Schedule “A”**, among other things, approving the sale transaction (the “**Transaction**”) contemplated by the Asset Purchase Agreement dated August 29, 2023 (the “**Sale Agreement**”) between the Debtor, as vendor, and CSL Sports Ltd. as purchaser (the “**Purchaser**”), which vests the purchased assets described in the Sale Agreement in the Purchaser free and clear of all encumbrances; and,
 - (b) such further and other relief as may be sought by the Debtor.

PART 2: FACTUAL BASIS

1. The facts in support of this Application are more fully set out in Affidavit #1 of Graham Fox, sworn on July 19, 2023 (the “**First Fox Affidavit**”) and the Affidavit #2 of Graham Fox, sworn on August 29, 2023 (the “**Second Fox Affidavit**”). Capitalized terms used but not otherwise defined in this Application have the same meaning as ascribed to them in the First Fox Affidavit.
2. On June 27, 2023 (the “**Filing Date**”), the Debtor filed a Notice of Intention to Make a Proposal (the “**NOI**”) pursuant to subsection 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”). FTI Consulting Canada Inc. (“**FTI**”)

was appointed as the Debtor's proposal trustee under the NOI (in such capacity, the "**Proposal Trustee**").

First Fox Affidavit at para 3

3. The Debtor (formerly Great Western Bicycle Company Ltd.) is a privately-held corporation founded in 1984 and incorporated pursuant to the laws of the Province of British Columbia on August 28, 1989. The Debtor is in the business of selling and servicing specialty bikes, and is currently conducting its physical business operations at two (2) warehouses located in British Columbia, with all sales carried out online through its website and sales portal (the "**Online Store**"). The Debtor's Online Store and distribution center operates in all ten Canadian provinces and worldwide.

First Fox Affidavit at paras 6-9 and Exhibit A

4. The Debtor's business experienced rapid growth between the calendar years 2019 through mid-2022, including a substantial growth in revenue, largely as a result of an increased demand for bikes during the COVID-19 pandemic.

First Fox Affidavit at para 14

5. The Debtor obtained the following credit facilities in 2022 to assist in meeting its working capital requirements:
 - (a) a non-revolving credit facility, in the maximum principal amount of \$2,000,000 granted by BDC Capital Inc. ("**BDC**"), a wholly-owned subsidiary of the Business Development Bank of Canada, pursuant to the BDC Loan Agreement; and
 - (b) a revolving demand facility in the maximum principal amount of \$1,650,000 (initially \$2,000,000, subject to reduction with the passage of time); and, a corporate credit card facility in the maximum principal amount of \$150,000, granted by Royal Bank of Canada ("**RBC**"), and collectively with BDC, the "**Lenders**", pursuant to the RBC Loan Agreement.

First Fox Affidavit at para 16

6. As collateral security for the amounts advanced under the aforementioned credit facilities, the Debtor's founders, Johnathan Bula and Graham Fox (collectively, the

“Founders”) granted personal guarantees to and in favour of each of the Lenders (collectively, the **“Founders’ Guarantees”**).

First Fox Affidavit at para 50

7. In mid-2022, the cycling market shifted considerably and the Debtor was unable to address its short-term working capital requirements and defaulted under the RBC Loan Agreement and the BDC Loan Agreement. Due to its lack of liquidity, the Debtor’s management and board decided to seek a stay of proceedings to allow them the time necessary to refinance and/or restructure its debts and filed the NOI on June 27, 2023.

8. On July 2, 2023, with the assistance of the Proposal Trustee, the Debtor commenced a sales and investment solicitation process (the **“Sales Process”**) for the marketing and sale of the assets of the Debtor.

First Fox Affidavit at para 33

9. On July 25, 2023, the Honourable Justice Tammen granted an order in these proceedings (the **“NOI Proceedings”**) extending the stay of proceedings to August 31, 2023.

The Debtor’s Activities

10. Since the stay extension hearing on July 25, 2023, the Debtor has continued to work with the Proposal Trustee to diligently progress the Sale Process.

11. The Lenders and the Debtor’s trade suppliers continue to support the Debtor’s restructuring efforts. To date, there has been no issues with any unsecured creditors.

Transaction With CSL Sports Ltd.

12. Pursuant to the Sales Process, the deadline for submissions of binding offers was July 26, 2023 (the **“Bid Deadline”**). As of the Bid Deadline, two *en bloc* conditional offers and one expression of interest were received as a result of the Sales Process.

First Fox Affidavit at para 35 and Exhibit E

13. A summary of the offers received are as follows:

Offeror	Offer Type	Purchase Price	Notes
CSL Sports Ltd.	<i>En bloc</i>	\$500,000	Cash consideration paid on close. Conditional on: (1) court approval of the transaction; (2) execution of a mutual release of the Founders' Guarantees; and (3) the execution of new contractor/employee contracts with the Founders and certain key employees. \$15,000 deposit received.
Raymond Lanctot Ltd.	<i>En bloc</i>	\$150,000	Cash consideration paid on close. Conditional on court approval of the transaction. \$15,000 deposit not received.
Tiny Capital	N/A	N/A	Expression of interest provided, however no offer was submitted. Indicated interest in providing funding on go-forward working capital basis, and intention to give Lenders minority equity interests. Offer subject to a minimum due diligence period of 2 weeks.

14. The Proposal Trustee, in consultation with the Debtor, entered into negotiations with the interested parties to try to increase the transaction value of their offers. Following those negotiations, the Debtor, in consultation with the Proposal Trustee, identified the offer submitted by the Purchaser as the highest and best bid in the circumstances and continued negotiations to reach a definitive agreement.
15. On August 29, 2023, the Debtor entered into the Sale Agreement with the Purchaser, for the sale of substantially all of the Debtor's assets.
16. The material terms of the Sale Agreement are as follows:
 - (a) The purchase price is \$500,000 (the "**Purchase Price**"), which includes:
 - (i) \$15,000 deposit previously paid by the Purchaser; and
 - (ii) \$485,000 payable by the Purchaser on the Closing Date.
 - (b) The Purchase Price shall be paid to the Proposal Trustee to be distributed pursuant to the terms of the Approval and Vesting Order. Particularly, the Proposal Trustee shall first pay all amounts having priority to the security of RBC,

and remit the remainder to the Lenders in an amount to be agreed upon by the Lenders.

- (c) The purchased assets are all of the Debtor's assets relating to the Debtor's business as currently conducted, but excluding any contracts that are not being expressly assumed and any of the Debtor's inventory that is subject to a valid purchase money security interest claim having priority over the security held by RBC.
 - (d) Closing of the Transaction is subject to the following conditions precedents:
 - (i) an approval and vesting order granted by this Court approving the Transaction and vesting the Purchased Assets to the Purchaser free and clear of all encumbrances;
 - (ii) execution and delivery of a mutual release of any and all personal guarantees granted by the Founders in connection with the Debtor, including for greater certainty, the Founder Guarantees; and
 - (iii) the Purchaser will have entered into employment contracts with the Founders and certain key employees that the Purchaser has identified as being fundamentally important to the business.
 - (e) The Closing Date is August 31, 2023 or such later date as agreed by the Purchaser in writing.
17. The Lenders support the Transaction and the terms of Sale Agreement Proceeds subject to certain conditions precedent, as set out in further detail in the Second Fox Affidavit.

Second Fox Affidavit at para 12

Second Proposal Trustee's Report at para 15

Secured Creditors

18. Pursuant to the search of the British Columbia personal property registry conducted on the name of the Debtor, attached as Exhibit "G" to the First Fox Affidavit, the following

creditors have registered security agreements against the personal property of the Debtor (in order of the date of registration):

- (a) RBC, base registration number 374646I, registered on January 6, 2015;
- (b) LTP Sports Group Inc. and Live to Play Sports, base registration number 126265J, registered on February 22, 2016. The Debtor understands that these creditors claim a purchase money security interest in some of the Debtor's inventory, however, these creditors have entered into a priority agreement with RBC affirming RBC's priority over certain collateral. This priority agreement has been registered with registration number 374836J. Pursuant to the priority agreement, LTP Sports Group Inc. and Live to Play Sports have priority over RBC on all new inventory acquired by the Debtor and financed by these creditors after April 2016, such assets will be an Excluded Asset (as defined in the Second Fox Affidavit) under the Sale Agreement;

Second Fox Affidavit at Exhibit C

- (c) RBC, base registration number 374836J, registered on June 27, 2016. This is the registration subject to the priority agreement with LTP Sports Group Inc. and Live to Play Sports mentioned above;
- (d) Specialized Bicycle Components Canada Inc., base registration number 671751K, registered on April 5, 2018. The Debtor understands that this creditor claims a purchase money security interest in all of Specialized Bicycle Components Canada Inc.'s products held or acquired by the Debtor, however, this creditor has entered into a priority agreement with RBC affirming RBC's priority over the security interest held by Specialized Bicycle Components Canada Inc.;

Second Fox Affidavit at Exhibit D

- (e) Cervelo Cycles Inc. and Cervelo USA, Inc., base registration number 765941K, registered on May 17, 2018. The Debtor has returned all inventory subject to Cervelo's claim, and is no longer in possession of such property. It is accordingly irrelevant.;

- (f) Starting Point Holdings Ltd., base registration number 114344L, registered on October 26, 2018. Starting Point Holdings Ltd.'s principal is also a principal of the Purchaser pursuant to the Sale Agreement, and consents to the sale;
- (g) Ford Credit Canada Leasing, Division of Canada Road Leasing Company, base registration number 566832M, registered on November 2, 2020. The Ford T250 subject to this security interest does not form part of the Purchased Assets and as such, will be an Excluded Asset (as defined in the Second Fox Affidavit), as it is subject to a lease that expires in September 2023, and will be returned to Ford;
- (h) Cycles Lambert Inc., base registration number 625341M, registered on November 30, 2020. The Debtor understands that this creditor claims a purchase money security interest in certain property in the Debtor's inventory, however, this creditor has entered into a priority agreement with RBC affirming RBC's priority over the security interest held by Cycles Lambert Inc.;

Second Fox Affidavit at Exhibit E

- (i) Ford Credit Canada Leasing, Division of Canadian Road Leasing Company, base registration number 767499M, registered on February 12, 2021. This registration has been discharged and relates to a leased vehicle that has been returned to Ford;
- (j) CWB National Leasing Inc., base registration number 319056N, registered on October 21, 2021. The Debtor understands that CWB National Leasing Inc. claims a purchase money security interest in the various software that was going to be installed by the Debtor, but which did not proceed. This software is an Excluded Asset (as defined in the Second Fox Affidavit) under the Sale Agreement;
- (k) Cervelo Cycles Inc. and Cervelo USA, Inc., base registration number 432010N, registered on December 16, 2021. As noted above, all inventory with respect to this registration has been returned and is, accordingly, irrelevant;
- (l) BDC, base registration number 732489N, registered on May 16, 2022;

- (m) Dorel Industries, Inc. trading name Cycling Sports Group Canada, base registration number 129881P, registered on October 7, 2022. The Debtor understands that Dorel Industries, Inc. claims a purchase money security interest in certain of the Debtor's inventory and, if correct, such property will be an Excluded Asset (as defined in the Second Fox Affidavit) under the Sale Agreement; and
- (n) Southbridge Business Park (II), base registration number 627310P, registered on June 26, 2023. This creditor is a landlord and is registered subsequent in time to RBC and BDC.

Second Fox Affidavit at 18

PART 3: LEGAL BASIS

The Approval and Vesting Order

1. Pursuant to section 65.13 of the BIA, an insolvent person in respect of whom a notice of intention is filed may not sell or otherwise dispose of assets outside the ordinary course of business unless authorized by the Court to do so.
2. Subsection 65.13(4) of the BIA provides that this Court is to consider the following factors when exercising its discretion to authorize a sale of assets outside the ordinary course of business:
 - (a) whether the process leading to the proposed sale or disposition was reasonable in the circumstances;
 - (b) whether the trustee approved the process leading to the proposed sale or disposition;
 - (c) whether the trustee filed with the court a report stating that in their opinion the sale or disposition would be more beneficial to the creditors than a sale or disposition under a bankruptcy;
 - (d) the extent to which the creditors were consulted;

- (e) the effects of the proposed sale or disposition on the creditors and other interested parties; and
- (f) whether the consideration to be received for the assets is reasonable and fair, taking into account their market value.

3. The Approval and Vesting Order is appropriate in the circumstances, as:

- (a) As set out in more detail in the First Fox Affidavit, the Sales Process was overseen and approved by the Proposal Trustee. This Sales Process was open, transparent, and adequately exposed the Debtor's assets to the market;

First Fox Affidavit at paras 33-37

Second Proposal Trustee's Report at paras 16(a)-(c) and 26

- (b) The Proposal Trustee oversaw the Sales Process and negotiation of the Sale Agreement and approves of such process;

First Fox Affidavit at paras 33-37

- (c) The Proposal Trustee has filed a report stating that in their opinion the sale is more beneficial to the Debtor's creditors than a sale or disposition under a bankruptcy;

Second Proposal Trustee's Report at para 16(d)

- (d) The Lenders and the Debtor's critical trade suppliers were consulted and are supportive of both the Sales Process and the Transaction;

First Fox Affidavit at paras 33-37

- (e) The only stakeholders with an economic interest impacted by the Transaction are the Lenders, who support the Transaction because it allows the Debtor to continue as a going concern with the benefit of the Debtor's Founders, key employees, and trade suppliers; and

Second Fox Affidavit at para 12

Second Proposal Trustee's Report at para 16(g)

- (f) Given the result of the Sales Process indicated that the Debtor's assets carry little to no market value, it is eminently clear that the consideration received pursuant to the Transaction is fair and reasonable.

Second Proposal Trustee's Report at para 13(d) and Appendix B

- (g) The Transaction represents the highest and best offer and is materially superior to all other offers received in the Sales Process as the Purchase Price under the Sale Agreement is significantly higher than all other offers received.

Second Proposal Trustee's Report at para 16(d)

WEPPA

4. Section 5(5) of the *Wage Earner Protection Program Act*, SC 2005, c 47 (the "**WEPPA**") states that on application, a court in BIA proceedings may determine that a former employer meets the criteria prescribed by the *Wage Earner Protection Program Regulations*, SOR/2008-222 (the "**Regulations**"), thereby qualifying the former employees to receive payment under section 5(1) of the WEPPA. The criteria to be a "former employer", as set out in Section 3.2 of the Regulations, is when all employees in Canada have been terminated other than any retained to wind down its business operations. All such employees have been terminated in this case, and as such, this Court may determine that the Debtor qualifies as a former employer for the purposes of Section 5(5) of the WEPPA.

Wage Earner Protection Program Act, SC 2005, c 47, s. 5(1) and 5(5)

Wage Earner Protection Program Regulations, SOR/2008-222, s. 3.2

Abridged Service

5. Section 6(4) of the *Bankruptcy and Insolvency General Rules*, CRC, c 368 (the "**General Rules**") allows the court to exempt any person from the notice requirements set out in Section 6(2) of the General Rules where the Court considers appropriate, including a change in time limits.

Bankruptcy and Insolvency General Rules, CRC, c 368, s. 6(2) and 6(4)

6. The Debtor is requesting short service of the filed materials on the basis that the benefits of such relief outweighs any potential prejudice to the Debtor's creditors. Specifically, the Debtor does not have adequate liquidity to extend the stay of proceedings, which expires on August 31, 2023. As such if this Transaction is not approved prior to the proposed closing date of August 31, 2023, the Debtor will be unable to continue as a going concern and would need to proceed to a liquidation under the BIA. As set out further above, the Transaction represents the best and highest offer received by the Debtor following the Sales Process, and is exponentially higher than both the market value of the assets as set out in the Second Report, and the next highest bid received. As such, there is substantial benefit to approving abridgement of service, as it will allow for the Transaction to close, if so approved by this Court, as the Transaction is materially better than a liquidation scenario.
7. By contrast, no parties are prejudiced by the Transaction. The only stakeholders with an economic interest impacted by the Transaction are the Lenders, who support the Transaction because it allows the Debtor to continue as a going concern. The collateral of those purchase money security interest claimants in priority of the Lender are specifically carved out of the purchased assets and are therefore not affected by the relief sought.
8. The parties to the Transaction worked on an expedited basis to negotiate this Transaction. Consensus among the parties regarding the Sale Agreement was only reached on August 28, 2023. In these circumstances, the Debtors request the Court exercise its discretion to exempt the Debtor from the notice requirements set out in Section 6(2) of the General Rules and allow for abridged service.

Conclusion

9. The Proposal Trustee supports the Transaction and the granting of the Approval and Vesting Order.

Second Report Trustee's Report at para 29

10. The factors set out in subsection 65.13(4) of the BIA weight in favour of this Court granting the Approval and Vesting Order and, as such, the Debtor respectfully submits that the relief sought in the within Application should be granted.

PART 4: MATERIAL TO BE RELIED ON

1. Affidavit #1 of Graham Fox, made July 19, 2023;
2. Affidavit #2 of Graham Fox, made August 29, 2023;
3. First Report of FTI Consulting Canada Inc., in its capacity as proposal trustee of La Bicicletta Bicycles Inc., dated July 19, 2023;
4. Second Report of FTI Consulting Canada Inc., in its capacity as proposal trustee of La Bicicletta Bicycles Inc., dated August 29, 2023; and
5. such further and other materials as counsel may advise and this Honourable Court may permit.

The applicant estimates that the application will take twenty (20) minutes.

This matter is not within the jurisdiction of a master.

TO THE PERSONS RECEIVING THIS NOTICE OF APPLICATION: If you wish to respond to this notice of application, you must, within 5 business days after service of this notice of application or, if this application is brought under Rule 9-7, within 8 business days after service of this notice of application:

- (a) file an Application Response in Form 33
- (b) file the original of every affidavit, and of every other document, that
 - (i) you intend to refer to at the hearing of this application, and
 - (ii) has not already been filed in the proceeding, and
- (c) serve on the applicant 2 copies of the following, and on every other party of record one copy of the following
 - (i) a copy of the filed application response;
 - (ii) a copy of each of the filed affidavits and other documents that you intend to refer to at the hearing of this application and that has not already been served on that person;

(iii) if this application is brought under Rule 9-7, any notice that you are required to give under Rule 9-7(9).

DATED: August 29, 2023

Signature of Lawyer for the Applicant
McCarthy Tétrault LLP
(H. Lance Williams and Ashley Bowron)

To be completed by the Court only:

Order made

in the terms requested in paragraphs _____ of Part 1 of this Notice of Application

with the following variations and additional terms:

Dated: _____

Signature of Judge Master

APPENDIX

THIS APPLICATION INVOLVES THE FOLLOWING:

- discovery: comply with demand for documents
- discovery: production of additional documents
- other matters concerning document discovery
- extend oral discovery
- other matter concerning oral discovery
- amend pleadings
- add/change parties
- summary judgment
- summary trial
- service
- mediation
- adjournments
- proceedings at trial
- case plan orders: amend
- case plan orders: other
- experts
- none of the above

SCHEDULE "A"

No. B-230306
Estate No. 11-2959889
Division No. 03 – Vancouver
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE PROPOSAL OF
LA BICICLETTA BICYCLES INC.

ORDER MADE AFTER APPLICATION

(APPROVAL AND VESTING ORDER)

BEFORE THE HONOURABLE)
)
)
)
_____) AUGUST, 2023
)

ON THE APPLICATION of the Applicant, La Bicicletta Bicycles Inc. (the "**Debtor**") coming on for hearing at Vancouver, British Columbia, on the • day of •, 2023; AND ON HEARING Ashley Bowron, counsel for the Debtor and those other counsel listed on **Schedule "A"** hereto; AND UPON READING the material filed, including Affidavit #1 of Graham Fox made July 19, 2023 (the "**First Fox Affidavit**"), Affidavit #2 of Graham Fox made August 29, 2023 (the "**Second Fox Affidavit**"), the First Report of FTI Consulting Canada Inc. (the "**Proposal Trustee**"), dated July 19, 2023 (the "**First Proposal Trustee's Report**"), and the Second Report of the Proposal Trustee, dated •, 2023 (the "**Second Proposal Trustee's Report**"); AND PURSUANT TO the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") and the inherent jurisdiction of this Honourable Court;

THIS COURT ORDERS AND DECLARES THAT:

Service

1. The time for service of the notice of application for this order (the “**Order**”), the Second Fox Affidavit, and the Second Proposal Trustee’s Report is hereby abridged and deemed good and sufficient and this application is properly returnable today.

Sale Approval

2. The sale transaction (the “**Transaction**”) contemplated by the Asset Purchase Agreement dated August 29, 2023 (the “**Sale Agreement**”) between the Debtor, as vendor, and CSL Sports Ltd., as purchaser (the “**Purchaser**”), a copy of which is attached as Exhibit “●” to the Second Fox Affidavit, is hereby approved, and the Sale Agreement is commercially reasonable. The execution of the Sale Agreement by the Debtor is hereby authorized and approved, and the Debtor and the Proposal Trustee are 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 to the Purchaser of the assets described in the Sale Agreement (the “**Purchased Assets**”).
3. Upon delivery by the Proposal Trustee to the Purchaser of a certificate substantially in the form attached as **Schedule “B”** hereto (the “**Proposal Trustee’s Certificate**”), confirming, among other things, that the Proposal Trustee has received written confirmation from the Debtor and the Purchaser, or their respective counsel, that all conditions precedent to the Sale Agreement have been satisfied or waived, all of the Debtor’s right, title, and interest in and to the Purchased Assets described in the Sale Agreement shall vest absolutely in the Purchaser in fee simple, 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 all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* of British Columbia or any other personal property registry system (all of which are collectively referred to as the “**Encumbrances**”) and, for

greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

4. 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 from and after the delivery of the Proposal Trustee's Certificate all Claims 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 had possession or control immediately prior to the sale.
5. The Proposal Trustee shall, from the sale proceeds:
 - (a) retain such amounts as is required to pay parties of obligations having priority to the security of BDC Capital Inc. ("**BDC**") and Royal Bank of Canada ("**RBC**"); and
 - (b) pay the balance to BDC and RBC as directed by, and in such proportion as advised by, RBC and BDC.
6. The Proposal Trustee is to file with the Court a copy of the Proposal Trustee's Certificate forthwith after delivery thereof.
7. Pursuant to Section 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act* or Section 18(10)(o) of the *Personal Information Protection Act* of British Columbia, the Debtor is hereby 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.
8. The Debtor's former employees are eligible for payment pursuant to Section 5(5) of the *Wage Earner Protection Program Act*, SC 2005, c 47 as the Debtor meets the criteria prescribed by the *Wage Earner Protection Program Regulations*, SOR/2008-222.

9. Subject to the terms of the Sale Agreement, possession of the Purchased Assets shall be delivered by the Debtor to the Purchaser on the Closing Date (as defined in the Sale Agreement).
10. The Debtor, with the consent of the Purchaser, shall be at liberty to extend the Closing Date to such later date as those parties may agree without the necessity of a further Order of this Court.
11. Notwithstanding:
 - (a) these proceedings;
 - (b) any applications for a bankruptcy order in respect of the Debtor now or hereafter made pursuant to the BIA and any bankruptcy order issued pursuant to any such applications; and
 - (c) any assignment in bankruptcy made by or 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 or be deemed to be a transfer at undervalue, fraudulent preference, assignment, fraudulent conveyance or other reviewable transaction under the BIA 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.

12. The Debtor, the Proposal Trustee, or any other party have liberty to apply for such further or other directions or relief as may be necessary or desirable to give effect to this Order.
13. Endorsement of this Order by counsel appearing on this application other than counsel for the Debtor is hereby dispensed with.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

Signature of Lawyer for the Applicant
McCarthy Tétrault LLP
(H. Lance Williams and Ashley Bowron)

BY THE COURT

REGISTRAR

SCHEDULE "A"

Schedule A –List of Counsel

Schedule B –Proposal Trustee’s Certificate

No. B-230306
Estate No. 11-2959889
Division No. 03 – Vancouver
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE PROPOSAL OF
LA BICICLETTA BICYCLES INC.

PROPOSAL TRUSTEE’S CERTIFICATE

- A. Pursuant to the Order of the Supreme Court of British Columbia, dated August ●, 2023 (the “**Approval and Vesting Order**”), this Court approved the transaction contemplated by the Asset Purchase Agreement, dated August 29, 2023 (the “**Sale Agreement**”) between La Bicicletta Bicycles Inc. (the “**Debtor**”), as vendor, and CSL Sports Ltd. as purchaser (the “**Purchaser**”).
- B. The Approval and Vesting Order provides for vesting of all of the Debtor’s right, title and interest in and to the Purchased Assets in the Purchaser upon delivery of a certificate (the “**Proposal Trustee’s Certificate**”) issued by the Proposal Trustee.
- C. Unless otherwise indicated herein, capitalized terms have the meanings set out in the Sale Agreement.

THE PROPOSAL TRUSTEE HEREBY CERTIFIES the following:

- 1. The Purchaser (or its nominee) has paid and the Proposal Trustee has receive the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement.

2. The Proposal Trustee has received written confirmation on behalf of the Debtor and the Purchaser, or their respective counsel, that all conditions precedent to the completion of the Sale Agreement have been satisfied or waived.
3. The Transaction has been completed to the satisfaction of the Proposal Trustee.
4. This certificate was delivered by the Proposal Trustee at _____ on _____, 2023.

**FTI Consulting Canada Inc.
in its capacity as Proposal
Trustee of La Bicicletta
Bicycles Inc., and not in its
personal or corporate
capacity**

Per:

Name: