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February 3, 2011

Headnote

Multilateral Instrument 11-102 *Passport System* and National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions* - National Instrument 52-107, s. 9.1 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency* - A reporting issuer wants to early adopt IFRS for purposes of preparing its financial statements - The issuer has assessed the readiness of its staff, board, audit committee, auditors and investors; the target has historically prepared its financial statements in accordance with IFRS and the target is now or will be the resulting issuer; the issuer's MD&A for the most recent interim period ending prior to the Qualifying Transaction will provide detailed disclosure about its changeover plan as well as the transaction

Applicable British Columbia Provisions

National Instrument 52-107, s. 9.1

In the Matter of
the Securities Legislation of
British Columbia
(the Jurisdiction)

and

In the Matter of
the Process for Exemptive Relief Applications in Multiple Jurisdictions

and

In the Matter of
HT Capital Inc.
(the Filer)

Decision

Background

- ¶ 1 The securities regulatory authority in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the Legislation) exempting the Filer from the requirement in section 4.2 of National Instrument 52-107 *Acceptable Accounting Principles*

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and Auditing Standards (NI 52-107) that financial statements be prepared in accordance with generally accepted accounting principles determined with reference to Part V of the Handbook applicable to public enterprises (the Exemption Sought), in order that the Filer may prepare its financial statements for the financial period ended March 31, 2011, in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IFRS-IASB).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a passport application):

- (a) the British Columbia Securities Commission is the principal regulator for this application; and
- (b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (MI 11-102) is intended to be relied upon in Alberta (Passport Jurisdiction).

Interpretation

- ¶ 2 Terms defined in National Instrument 14-101 *Definitions* and MI 11-102 have the same meaning if used in this decision, unless otherwise defined.

Representations

- ¶ 3 This decision is based on the following facts represented by the Filer:
- 1. the Filer is a corporation incorporated under the laws of British Columbia;
 - 2. the head office of the Filer is located at Suite 918 – 1030 West Georgia Street, Vancouver, BC, V6E 2Y3; the registered office of the Filer is located at Suite 2550 – 555 West Hastings Street, Vancouver, BC, V6B 4N5;
 - 3. the Filer is a reporting issuer in the Jurisdiction and the Passport Jurisdiction;
 - 4. the Filer is not in default of securities legislation of any jurisdiction;
 - 5. the Filer's authorized share capital is comprised of an unlimited number of common shares, of which 6,300,000 common shares are issued and outstanding;
 - 6. the Filer's common shares are listed on the TSX Venture Exchange (TSX-V), under the symbol HKT.P;
 - 7. the Filer is a capital pool company for the purposes of the TSX-V;

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8. the Filer is planning to complete its qualifying transaction under TSX-V's Policy 2.4 *Capital Pool Companies* (the Qualifying Transaction) by acquiring (the Acquisition) all of the issued and outstanding securities of Mei Tak (HK) Group Limited (Mei Tak), a private company incorporated under the laws of Hong Kong; Mei Tak has a wholly-owned subsidiary, Qingfeng (Jiangxi) Packing Material Technology Co. Ltd. (Qingfeng), a private company incorporated under the laws of the People's Republic of China;
9. the financial year end for both Mei Tak and the Filer is March 31;
10. upon the completion of the Acquisition, Mei Tak will become a subsidiary of the Filer and the Filer will carry on its business through Mei Tak (the Resulting Issuer); the Resulting Issuer will be located in British Columbia;
11. the Acquisition will be a reverse acquisition; although for legal purposes the Filer will be the acquirer, for accounting purposes Mei Tak is the acquirer; accordingly, the consolidated financial statements of the Resulting Issuer will be those of the accounting acquirer, namely Mei Tak; the fiscal year end of the Resulting Issuer will be March 31;
12. the Filer has not previously prepared financial statements that contain an explicit and unreserved statement of compliance with IFRS;
13. the Filer is required to file a filing statement (the Filing Statement) describing the Qualifying Transaction, and must include the following financial statements in the Filing Statement:
 - (a) audited financial statements for Qingfeng for the year ended March 31, 2010, and an auditor reviewed unaudited financial report for Qingfeng for the period ended November 30, 2010;
 - (b) audited financial statements for Mei Tak for the period from incorporation to November 30, 2010; and
 - (c) audited financial statements for the Filer for the period from incorporation to December 31, 2010;
14. the Filer analyzed the financial statements of QingFeng and Mei Tak included in the Filing Statement and will disclose in the Filing Statement, all material differences, in recognition and measurement, had those financial statements been prepared in accordance with generally accepted accounting principles

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determined with reference to Part V of the Handbook applicable to public enterprises;

15. Qingfeng has been preparing its financial statements in accordance with IFRS since April 1, 2007; the financial statements of Qingfeng for its financial year ended March 31, 2010, were prepared in accordance with IFRS and were audited in such form; all interim financial reports prepared by Qingfeng have been prepared in accordance with the international accounting standard on interim financial reports as issued under IFRS-IASB; the financial statements of Mei Tak for the period from incorporation to November 30, 2010, have been prepared in accordance with IFRS and were audited in such form;
16. the Canadian Accounting Standards Board adopted IFRS-IASB as Canadian GAAP for publicly accountable enterprises for fiscal years beginning on or after January 1, 2011;
17. NI 52-107 sets out acceptable accounting principles for financial reporting under the Legislation by domestic issuers, foreign issuers, registrants and other market participants; under NI 52-107, for financial years beginning before January 1, 2011, a domestic issuer must use Canadian GAAP as determined with reference to Part V of the Handbook applicable to public enterprises, with the exception that an SEC registrant may use US GAAP; under Part 4 of NI 52-107, for financial years beginning before January 1, 2011, only foreign issuers may use IFRS;
18. in CSA Staff Notice 52-321 *Early Adoption of International Financial Reporting Standards, use of US GAAP and Reference to IFRS-IASB*, staff of the Canadian Securities Administrators recognized that some issuers may wish to prepare their financial statements in accordance with IFRS-IASB for periods beginning prior to January 1, 2011, and indicated that staff were prepared to recommend exemptive relief on a case by case basis to permit a domestic issuer to do so, despite section 4.2 of NI 52-107;
19. subject to obtaining the Exemption Sought, the Filer will adopt IFRS-IASB concurrent with the completion of the Qualifying Transaction;
20. the Filer believes that the use of IFRS-IASB as the single accounting standard would eliminate complexity and cost from the financial statement preparation process; since both Mei Tak and Qingfeng prepare their financial statements in accordance with IFRS, the use of IFRS-IASB as the Filer's accounting standard would permit the Filer to streamline the reporting process and reduce costs;

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21. the Filer has carefully assessed the readiness of its staff, board of directors, audit committee, auditors, investors and other market participants for the adoption by the Filer of IFRS-IASB concurrent with the completion of the Qualifying Transaction and has concluded that they will be adequately prepared for the Filer's adoption of IFRS-IASB concurrent with the completion of the Qualifying Transaction;
22. the Filer has considered the implications of using IFRS-IASB concurrent with the completion of the Qualifying Transaction and on its obligations under securities legislation including, but not limited to, those relating to CEO and CFO certifications, business acquisition reports, offering documents, and previously released material forward looking information; and
23. the Filer's Management Discussion and Analysis for the interim period ended December 31, 2010 will include relevant information about its transition to IFRS-IASB, including:
 - (a) the key elements and timing of the Filer's changeover plan;
 - (b) an explanation that the Qualifying Transaction is a reverse acquisition;
 - (c) that the Filer's accounting will be a continuation of Mei Tak's accounting which has been IFRS since inception; and
 - (d) Mei Tak will account for the Filer as a reverse asset acquisition and present consolidated financial statements.

Decision

- ¶ 4 The principal regulator is satisfied that the decision meets the test set out in the Legislation for the principal regulator to make the decision.

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted, provided that:

- (a) the Filer prepares its annual financial statements for the financial year ended March 31, 2011 in accordance with IFRS-IASB; and
- (b) the Filer provides the communication set out in paragraph 23; and

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(c) the Qualifying Transaction completes.

Martin Eady, CA
Director, Corporate Finance
British Columbia Securities Commission