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March 23, 2010

Headnote

Multilateral Instrument 11-102 *Passport System* and National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions* – National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*, sections 3.2(a) and 9.1 – requirement that auditor's report must not contain a reservation - An issuer wants relief from the requirement that financial statements required by securities legislation to be audited must be accompanied by an auditor's report that does not contain a reservation - The auditors were not in attendance at the physical inventory taking and not able to satisfy themselves by other auditing procedures as to the opening inventory quantities; the issuer's most recent financial statements will include balance sheet and statements of operations and retained earnings and cash flows as comparatives and the audit report will not contain a reservation

Applicable British Columbia Provisions

National Instrument 52-107, sections 3.2(a) and 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
CCS Capital Inc.
(the Filer)

Decision

Background

- ¶ 1 The principal regulator 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) for exemptive relief from the requirement that an auditor's report must not contain a reservation does not apply to the Target

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Company's (defined below) audited financial statements for the financial years ended December 31, 2008 and 2007 (the Exemption Sought).

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 and Manitoba.

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 The decision is based on the following facts represented by the Filer:
- 1. the head office of the Filer is in Vancouver, British Columbia;
 - 2. the Filer is a reporting issuer in the Provinces of British Columbia, Alberta and Manitoba;
 - 3. the common shares of the Filer are listed for trading on the TSXV under the symbol "CSW.P";
 - 4. the Filer was incorporated under the *Business Corporations Act* (British Columbia) on July 7, 2009;
 - 5. the Filer entered into a letter of intent on February 23, 2010 with the Biochem Group, a China-based business owned or to be owned by Whole Vision Limited (the Target Company), to acquire all of the issued and outstanding shares of the Target Company; the acquisition would constitute the Filer's Qualifying Transaction;
 - 6. the Target Company is a private British Virgin Islands corporation and its principal business is to, through its subsidiaries, develop, manufacture and distribute medical diagnostic equipment and medical reagents throughout China, as well as to provide training, education, consultation and support services related to its suite of medical diagnostic products;
 - 7. BDO Canada LLP (the Auditor) was appointed the auditor of the Target Company in 2009;

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8. because the Auditor was appointed in 2009, it was not able to verify the Target Company's inventory balances as at January 1, 2008 and January 1, 2007 nor satisfy themselves concerning those inventory balances by alternative means;
9. since opening and closing inventories enter into the determination of the results of operations and cash flows, the Auditor was not able to determine whether adjustments to cost of sales, income taxes, net income, and cash provided from operations for the years ended December 31, 2008 and 2007 might have been necessary (the Audit Reservation);
10. the Filer intends to file a Filing Statement with the TSXV, which, among other things, will include financial statements of the Target Company accompanied by an auditor's report containing the Audit Reservation;
11. the auditor's report accompanying the financial statements of the Target Company will not include a qualification of opinion for the year ended December 31, 2009;
12. under the policies of the TSXV, the Filing Statement must be filed on SEDAR once the TSXV approves the Filing Statement in final form;
13. due to the Audit Reservation, the Filer will not be able to complete its Qualifying Transaction as proposed unless the Exemption Sought is granted; and
14. the Filer and the Target Company are not in default of securities legislation in any jurisdiction.

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 the auditor's report accompanying the financial statements of the Target Company contained in the Filing Statement does not contain a reservation with respect to the financial statements of the Target Company as at December 31, 2009 and for the financial year then ended.

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