Consolidated Financial Statements of

FIRESWIRL TECHNOLOGIES INC.

For the Years ended December 31, 2015 and 2014

To the Shareholders of Fireswirl Technologies Inc.:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Board of Directors and the Audit Committee are composed primarily of Directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Audit Committee has the responsibility of meeting with management, and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Board is also responsible for recommending the appointment of Fireswirl Technologies Inc.'s external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the shareholders to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, the Board of Directors, Audit Committee and management to discuss their audit findings.

April 25, 2016

(signed)	(signed)
"Lawrence Ng"	"Ji Yoon"
Interim Chief Executive Officer	Chief Financial Officer

INDEPENDENT AUDITORS' REPORT

To the Shareholders of **Fireswirl Technologies Inc.:**

We have audited the accompanying consolidated financial statements of Fireswirl Technologies Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2015 and December 31, 2014, and the consolidated statement of income (loss) and comprehensive income (loss), consolidated statements of change in equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, and for such internal control as Management determines necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statement.

We believe that the audit evidence obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2015 and December 31, 2014, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2(b) of these consolidated financial statements, which states that the Company incurred significant operating losses from operations, negative cash flows from operating activities and has an accumulated deficit. This, along with other matters described in Note 2(b), indicates the existence of a material uncertainty which may cast significant doubt about the ability of the Company to continue as a going concern.

MNP LLP

Vancouver, Canada
April 25, 2016

Chartered Professional Accountants

FIRESWIRL TECHNOLOGIES INC.

Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes	December 31, 2015	December 31, 2014
ASSETS			
Current assets			
Cash and cash equivalents		$ 3,136,307	$ 549,112
Restricted cash	6	739,995	586,622
Trade and other receivables	7	3,761,221	897,238
Inventory	8	4,718,146	4,850,404
Due from a related party	18	-	1,448,182
Deposits and prepayments	3 (r)	3,855,239	1,606,144
Total Current Assets		16,210,908	9,937,702
Investment	9	150,000	-
Property and equipment	10	122,410	158,392
Trademark		19,176	19,176
Goodwill	11	306,926	306,926
TOTAL ASSETS		$ 16,809,420	$ 10,422,196
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		$ 2,479,869	$ 1,518,928
Due to related parties	18	140,811	567,029
Short term loans	12	9,475,896	7,961,543
Total Current Liabilities		12,096,576	10,047,500
TOTAL LIABILITIES		12,096,576	10,047,500
SHAREHOLDERS' EQUITY			
Common shares		8,206,521	8,206,521
Contributed surplus	13	3,593,579	3,573,733
Accumulated other comprehensive Income		492,309	345,850
Accumulated deficit		(7,678,208)	(11,946,157)
Total equity attributable to equity holders of the Company		4,614,201	179,947
Non-controlling interest	14	98,643	194,749
TOTAL EQUITY		4,712,844	374,696
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 16,809,420	$ 10,422,196

The accompanying notes are an integral part of these consolidated financial statements

Going concern assumption (Note 2(b))
Commitments (Note 21)
Subsequent events (Note 24)

On behalf of the Board of Directors

"Lawrence Ng"	***"Ji Yoon"***
Lawrence Ng	Ji Yoon
Director	Director

FIRESWIRL TECHNOLOGIES INC.

Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

(Expressed in Canadian Dollars)

	Notes	Year ended December 31, 2015	December 31, 2014
Operating revenue			
Sales revenue	15	$ 43,137,557	$ 46,029,329
Service revenue	15	5,730,633	5,918,429
Total operating revenue		48,868,190	51,947,758
Operating expenses			
Purchases		37,915,843	44,573,343
Delivery charges		1,044,897	701,045
Technical service charges		6,013,721	2,727,905
General administration		1,481,626	1,330,912
Salaries and benefits		3,393,695	3,555,719
Other related expense		70,787	150,496
Foreign exchange (gain) loss		219,994	25,726
Depreciation and amortization		67,373	76,127
Sales and marketing		152,959	157,314
Bad debt expense	7	132,322	-
Share-based compensation	13	19,846	-
Loss on disposal of assets		-	18,583
		50,513,063	53,317,170
Operating loss for the year		(1,644,873)	(1,369,412)
Gain on sale of e-Commerce platform	16	6,199,967	-
Interest and other income		27,100	13,331
Finance costs	12	(390,224)	(476,544)
Income (loss) before income tax		4,191,970	(1,832,625)
Income tax expenses	17	(7,355)	(13,424)
Net income (loss) for the period		4,184,615	(1,846,049)
Other comprehensive income			
Currency translation adjustment, net of tax of $nil		133,687	107,587
Net comprehensive income (loss)		$ 4,318,302	$ (1,738,462)
Net income (loss) attributable to:			
Shareholders of the Company		$ 4,267,949	$ (1,452,936)
Non-controlling interest		(83,334)	(393,113)
		$ 4,184,615	$ (1,846,049)
Comprehensive income (loss) attributable to:			
Shareholders of the Company		$ 4,414,409	$ (1,369,269)
Non-controlling interest	14	(96,107)	(369,193)
		$ 4,318,302	$ (1,738,462)
Income (loss) per share			
Basic and diluted		$ 0.08	$ (0.03)
Weighted average number of common shares			
Basic and diluted		53,571,285	53,488,545

The accompanying notes are an integral part of these consolidated financial statements

Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Number of shares	Share capital	Contributed surplus	Accumulated other comprehensive income	Accumulated deficit	Total	Non-controlling interest	Total shareholders' equity
Balance at December 31, 2013	50,071,285	$ 7,684,277	$ 3,476,382	$ 262,183	$ (10,493,221)	$ 929,621	$ 563,942	$ 1,493,563
Net income (loss) for the year	-	-	-	-	(1,452,936)	(1,452,936)	(393,113)	(1,846,049)
Options exercised	100,000	18,377	(8,377)	-	-	10,000	-	10,000
Options expired	-	4,000	(4,000)	-	-	-	-	-
Issuance of shares	3,400,000	570,272	109,728	-	-	680,000	-	680,000
Share issuance costs	-	(70,405)	-	-	-	(70,405)	-	(70,405)
Foreign currency translation difference	-	-	-	83,667	-	83,667	23,920	107,587
Balance at December 31, 2014	53,571,285	8,206,521	3,573,733	345,850	(11,946,157)	179,947	194,749	374,696
Net income (loss) for the year	-	-	-	-	4,267,949	4,267,949	(83,334)	4,184,615
Share based compensation	-	-	19,846	-	-	19,846	-	19,846
Foreign currency translation difference	-	-	-	146,459	-	146,459	(12,772)	133,687
Balance at December 31, 2015	53,571,285	$ 8,206,521	$ 3,593,579	$ 492,309	$ (7,678,208)	$ 4,614,201	$ 98,643	$ 4,712,844

The accompanying notes are an integral part of these consolidated financial statements

FIRESWIRL TECHNOLOGIES INC.

Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Notes	Year ended December 31, 2015	December 31, 2014
OPERATING ACTIVITIES			
Income (loss) for the year		$ 4,184,615	$ (1,846,049)
Income tax expenses		7,355	13,424
Income (loss) before income tax		4,191,970	(1,832,625)
Add (deduct) items not affecting cash:			
Depreciation and amortization		67,373	76,127
Share-based compensation	13	19,846	-
Gain on sale of e-Commerce platform	16	(6,199,967)	-
Loss on fixed asset disposal		-	18,583
Bad debt expenses	7	132,322	-
Inventory write-down	8	61,841	-
Interest and other income		(27,100)	(13,331)
Finance costs		390,224	476,544
Changes in non-cash working capital items:			
Trade and other receivables		(2,756,620)	350,113
Due from a related party		1,687,064	(1,389,294)
Deposits and prepayments		(1,932,035)	1,236,861
Inventory		713,515	(961,418)
Accounts payable and accrued liabilities		767,439	181,404
		(2,884,128)	(1,857,036)
Interest received		27,100	13,331
Government grant received for loan interest expenses	12	213,101	71,775
Interest paid		(613,245)	(548,319)
Income taxes paid	17	(7,355)	(24,948)
Net cash used in operating actives		(3,264,527)	(2,345,197)
INVESTING ACTIVITIES			
Acquisition of property and equipment	10	(41,375)	(87,678)
Investment	9	(150,000)	-
Proceeds from sales of e-Commerce platform	16	6,225,000	-
Net cash from (used in) investing activities		6,033,625	(87,678)
FINANCING ACTIVITIES			
Proceeds from short term loans		9,045,647	2,476,159
Repayment of short term loans		(8,610,292)	(538,079)
Change in restricted cash		(67,905)	265,437
Loan repayment to shareholders		(588,550)	(188,452)
Shares issued for cash		-	609,595
Shares issued for warrants and options exercised		-	10,000
Net cash provided by (used in) investing activities		(221,100)	2,634,660
Effect of exchange rate changes on cash and cash equivalents		39,197	(17,661)
Increase in cash and cash equivalents		2,587,195	201,785
Cash and cash equivalents, beginning of the year		549,112	364,988
Cash and cash equivalents, end of the year		$ 3,136,307	$ 549,112

The accompanying notes are an integral part of these consolidated financial statements

Note 1 – Reporting Entity

Fireswirl Technologies Inc. (the "Company") was founded in 1999 and became publicly listed in 2006. The Company and its subsidiaries focus on conducting e-commerce, including operating official online stores for international brands in China and reselling branded products on these online stores and technology development and deployment. Please also see notes 16 and 24 for significant sales of assets during the year and disposition of a subsidiary subsequent to December 31, 2015.

The address of the Company's registered office is Suite 2823, Three Bentall Centre, 595 Burrard Street, Vancouver, British Columbia. The Company's shares are listed on the TSX Venture Exchange under the symbol FSW.

Note 2 – Basis of Preparation

a) Statement of compliance

These consolidated financial statements of the Company and its subsidiaries are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements were authorized for issue by the Board of Directors on April 25, 2016.

b) Gong concern assumption

These consolidated financial statements have been prepared on a going concern basis which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. If the going concern assumptions were not appropriate for these financial statements then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenue and expenses and the balance sheet classifications.

For the year ended December 31, 2015, the Company incurred an operating loss of $1,644,873 and used net cash in operating activities of $3,264,527. As at December 31, 2015, the Company had an accumulated deficit of $7,678,208 since inception. The Company completed the disposition of e-Commerce platform during the year (note 16) resulting in a gain of $6,199,967. If excluding the e-Commerce platform disposition gain, the Company had a net loss of $2,015,352. Also see note 24 relating to the disposition of a subsidiary subsequent to the year.

The continuation of the Company as a going concern is dependent upon its ability to renew its existing short term loans, raise additional financing and ultimately attain and maintain profitable operations. To the extent the Company is unable to cover its ongoing cash requirements through operations, the Company expects to raise additional debt/equity financing to cover any shortfall. There can be no assurance that such financing and profitability will occur in the amounts and with terms expected. In the event that cash flow from operations, if any, together with the proceeds of any future financings, are insufficient to meet the Company's current operating expenses, the Company will be required to re-evaluate its planned expenditures and allocate its total resources in such a manner as the Board of Directors and management deems to be in the Company's best interest.

There is material uncertainty that the Company will be able to achieve profitable operations or continue raising funds in the future. These factors raise significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not give effect to adjustments to the carrying value and classification of assets and liabilities and related expense that would be necessary should the Company be unable to continue as a going concern.

c) Use of estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

d) Basis of measurement

The consolidated financial statements have been prepared mainly under the historical cost basis except for those as explained in the accounting policies below.

Note 3 – Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements. The Company did not adopt any new accounting standard changes or amendments effective January 1, 2015 that had a material impact on these consolidated financial statements.

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

a) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries as follows:

Name	Place of incorporation	Ownership
Fireswirl Systems Inc.	Province of British Columbia, Canada	100%
Fireswirl Asia Ltd.	Hong Kong, China	100%
Fireswirl Mobile Solutions Ltd.	Hong Kong, China	100%
M- Lingo Limited	British Virgin Island	51%
SMS Translators Limited	British Virgin Island	51%
Fireswirl Technologies (Shenzhen) Co.Ltd.	Shenzhen, China	100%
Fireswirl Technologies (Beijing) Co. Ltd.	Beijing, China	100%
Beijing Xingchang Xinda Technology Development Co., Ltd*	Beijing, China	50%

* The Company has control over Beijing Xingchang Xinda Technology Development Co., Ltd. ("XCXD") because it has 51% voting right in XCXD.

Subsidiaries are entities controlled by the Company. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Company's voting rights and potential voting rights

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Company gains control until the date the Company ceases to control the subsidiary.

All significant inter-company transactions and balances have been eliminated upon consolidation.

b) Foreign currency

The functional currency of the Company is Canadian dollar. The functional currency of the respective subsidiary is US dollar for Fireswirl Systems Inc., Hong Kong dollar for Fireswirl Asia Ltd. and Fireswirl Mobile Solutions Ltd., and RMB for Fireswirl Technologies (Shenzhen) Co. Ltd, Fireswirl Technologies (Beijing) Co. Ltd. and XCXD.

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Company and its subsidiaries at the exchange rate in effect at the transaction date. Monetary assets and liabilities denominated in other than the functional currency are translated at the exchange rates in effect at the balance sheet date. The resulting exchange gains and losses are recognized in earnings. Non-monetary assets and liabilities denominated in other than the functional currency that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value is determined. None-monetary items that are measured in terms of historical cost in other than the functional currency are translated using the exchange rate at the date of transaction.

(ii) Foreign operations

For consolidation purposes, the assets and liabilities of foreign operations are translated to the presentation currency using the exchange rate prevailing at the financial position date. The income and expenses of foreign operations are translated to the presentation currency using the average rates of exchange during the year. All resulting exchange differences are recognized directly in other comprehensive income.

When the Company dispose of its interests in its subsidiaries resulting in a loss of control, the cumulative exchange differences recognized in accumulated other comprehensive income (loss) would be recognized in the statement of income (loss) as part of the profit or loss on disposition.

c) Cash and cash equivalents

Cash and cash equivalents consist of cash, funds in bank accounts, and marketable securities such as guaranteed investment certificates with an original maturity date of less than 90 days and are initially measured at fair value, and subsequently measured at amortized cost, which approximates fair value due to the short-term and liquid nature of these assets. Interest income earned on these marketable securities is recorded using the effective interest rate method.

Cash is held in Canadian dollars, US dollars, Hong Kong dollars, and Chinese Renminbi (“RMB”). RMB is not freely convertible into other currencies. Under China’s Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Company is permitted to exchange RMB for other currencies through a bank authorized to conduct foreign exchange transactions if the purpose of such exchange fulfills the relevant requirements.

d) Trade and other receivables

Trade and other receivables are stated at their amortized cost less impairment losses. An allowance for doubtful account is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

e) Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the company classifies its financial instruments in the following categories depending on the purposes for which the instruments were acquired:

(i) Financial assets and liabilities at fair value through profit and loss:

A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term. Derivatives are also included in this category unless they are designated as hedges.

Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the statement of income (loss). Gains and losses arising from changes in fair value are presented in the statement of income (loss) within other gains and losses in the period in which they arise.

Financial assets and liabilities at fair value through profit or loss are classified as current except for the portion expected to be realized or paid beyond twelve months of the balance sheet date, which is classified as non-current.

(ii) Available-for-sale:

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary or a significant or prolonged decline in the fair value of that investment below its cost in which case the loss is recognized in the statement of income (loss)). Investment in Empower Environmental Solutions Ltd. (note 5) is classified as an available-for-sale financial asset.

(iii) Loans and receivables:

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognized at the amount expected to be received less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment. The Company's loans and receivables are comprised of cash and cash equivalents, restricted cash, accounts receivable, taxes recoverable, and due from a related parties.

(iv) Financial liabilities at amortized cost:

Financial liabilities at amortized cost include accounts payables and accrued liabilities, due to a related party, loans from shareholders and short term loans. Financial liabilities are initially recognized at the amount required to be paid less, when material, a discount to reduce the payables to fair value. Subsequently, financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

Transaction costs associated with financial assets or financial liabilities carried at fair value through profit or loss are expensed as incurred while transaction costs associated with all other financial assets or financial liabilities are included in the initial carrying amount of the asset or liabilities.

f) Inventory

Inventory consists of resale goods Inventories are valued at the lower of cost or net realizable value. Cost is determined on a first-in, first-out basis. Net realizable value is the estimated selling price in the ordinary course of business, less selling expenses. In establishing any impairment of inventory, management estimates the likelihood that inventory carrying values will be affected by changes in market demand which would impair the value of inventory on hand.

g) Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on straight-line basis over the property and equipment's estimated useful lives as listed below:

Computer hardware	3 year straight-line
Furniture and fixtures	5 year straight-line
Leasehold improvements	Straight-line over the term of the lease

Depreciation methods and useful lives are reviewed at each reporting data and adjusted if appropriate.

Property and equipment are written down to the net recoverable value when management determines there has been a change in circumstances which indicates its carrying amount may not be recoverable.

Any gain or loss on disposal of an item of property and equipment is recognized in profit or loss.

h) Goodwill

Under the acquisition method of accounting the costs of business combinations are allocated to the assets acquired and liabilities assumed based on the estimated fair value at the date of acquisition. The excess of the fair value of consideration paid over the fair value of the identifiable net assets acquired is recorded as goodwill. Goodwill is not amortized; instead it is tested annually for impairment and is measured at cost less accumulated impairment losses.

At the date of acquisition, goodwill is allocated to each cash-generating unit ("CGU"), or a group of CGUs, that are expected to benefit from the synergies of the business combination. A group of CGUs represents the lowest level within the entity at which the goodwill is monitored for internal management purposes, which is not higher than an operating segment.

i) Impairment

(i) Financial assets

Financial assets not carried at fair value through profit or loss are assessed for impairment at each reporting date by determining whether there is objective evidence that indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Impairment losses on available-for-sale investment securities are recognized by transferring the cumulative loss that has been recognized in other comprehensive income and presented in accumulated other comprehensive income in equity, to net income (loss). The cumulative loss that is removed from other comprehensive income and recognized in net income (loss) is the difference between the acquisition costs, net of any principal repayment and amortization, and the current fair value less any impairment loss previously recognized in net loss. If subsequently the fair value of any impaired available-for sale security increases, then the impairment loss is reversed with the amount of the reversal recognized in net income (loss).

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Fair value less costs to sell is defined as the estimated price that would be received on the sale of the asset in an orderly transaction between market participants at the measure date. For the purposes of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other groups of assets. Cash-generating units to which goodwill have been allocated reflects the lowest level at which goodwill is monitored for internal reporting purposes.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in net loss. Impairment losses recognized in respect of the cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortization, if no impairment loss had been recognized.

j) Provisions

Provisions for legal or constructive obligations are recognized when the Company has a present legal or constructive obligation that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

k) Share capital

Share capital is classified as equity. Incremental costs directly attributable to the issue of shares and share options are recognized as a deduction from equity. When share capital is repurchased, the amount of the consideration paid, included directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from equity. When treasury shares are subsequently reissued, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to or from retained earnings.

l) Revenue recognition

The Company generates its revenue from online merchandize resale, system setup fees and customization fees. Revenue from the sale of online merchandise is recognized, net of sales discounts and estimated sales returns, when goods are delivered, title and risk passes to the buyer, the price is reasonably determinable and collection is reasonably assured. System setup fees and customization fees are recognized at the time when service is delivered, fees are measured reliably and collection is reasonably assured.

m) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

The Company recognizes a liability and an expense for bonuses based on a formula that takes into consideration the key performance indicators of the Company. The Company recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(ii) Termination benefits

Termination benefits are recognized as an expanse when the Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer of voluntary redundancy, it is probably that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

n) Share-based compensation

The Company offers stock-based compensation to key employees and non-executive directors as described below. The Company accounts for the performance of the stock option plan, which calls for settlement by the issuance of equity instruments, using the fair value method. Under the fair value method, compensation cost attributed to the options awarded is measured at fair value using the Black-Scholes valuation method at the grant date and amortized over the vesting period. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting period.

Compensation cost is recognized so that each tranche in an award with graded vesting is considered a separate grant with a different vesting date and fair value. No compensation cost is recognized for options that employees forfeit if they fail to satisfy the service requirement for vesting.

o) Government assistance

Government grants are recognized at fair value when there is reasonable assurance that the grant will be received and all the conditions attached to it will be complied with.

When the grant relates to an asset, it is recognized in deferred income and credited to other income on a systematic basis over the useful life of the asset.

When the grant relates to income it is deducted in reporting the related expense on a systematic basis over the periods in which the related costs for which the grant is intended to compensate are incurred.

p) Other comprehensive income

Other comprehensive income is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that would not normally be included in net income such as unrealized gains or losses on available-for-sale investments and translation gains or losses on translation of foreign operations to the presentation currency of the Canadian Dollar. Other comprehensive income is comprised of foreign currency translation gains and losses, which are not included in net income (loss) until realized.

q) Income taxes

The Company follows the asset and liability method of accounting for income tax. Income tax expense comprises current and deferred tax. Income tax expense is recognized in the consolidated statement of comprehensive income (loss) except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

r) Deposit and prepayments

Deposit and prepayments mainly consist of prepayments to vendors for purchases of inventory.

s) Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for treasury shares. Diluted earnings per share is calculated using the treasury stock method.

Under the treasury stock method the dilution is calculated based upon the number of common shares issued should "in the money" options or warrants, if any, be exercised. When the effects of outstandingly stock-based compensation arrangements would be anti-dilutive, diluted loss per share is not calculated. During the year ended December 31, 2015, stock options are not included in the computation of earnings per share as these stock options are out of the money and such inclusion would be anti-dilutive.

Note 4 – Critical Judgments and Key Sources of Estimation Uncertainty

a) Critical judgements in applying accounting policies

Critical judgements that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statement are limited to management's assessment of the Company's ability to continue as a going concern. Refer to note 2(b) for more information.

b) Key sources of estimation uncertainty

(i) Impairment of long lived assets

Determining the amount of impairment of long lived assets requires an estimation of the recoverable amount, which is defined as the higher of fair value less the cost of disposal or value in use. Many of factors used in assessing recoverable amounts are outside of the control of management and it is reasonably likely that assumptions and estimates will change from period to period. These changes may result in future impairments in the Company' long term assets such as investments or property and equipment. Refer to note 11 for more information relating to impairment of goodwill as at December 31, 2015.

(ii) Sales returns

The Company allows sales returns of merchandises purchased on line within 7-14 days of purchases. Sales returns are recorded as a reduction of revenue when the related revenue is recognized. At each reporting period the Company estimates the allowance required for expected returns using a combination of historical experience and current market conditions. These estimates are reviewed periodically against actual results and any adjustments are recorded at that time as an increase or decrease to net sales. During the year ended December

31, 2015, there have been no material adjustments to the Company's estimates made in prior years.

(iii) Allowance for doubtful accounts

The Company's allowance for doubtful accounts is based on management's assessment of the business environment, customers' financial condition, historical collection experience, accounts receivable aging, customer disputes and the collectability of specific customer accounts. Major customers' accounts are monitored on an ongoing basis; more in depth reviews are performed based on changes in customer's financial condition and/or the level of credit being extended. When a significant event occurs, such as a bankruptcy filing by a specific customer, and on a quarterly basis, the allowance is reviewed for adequacy and the balance or provision rate is adjusted to reflect current risk prospects.

Estimates used to determine amount of allowance required involve uncertainties. If there were a deterioration of a major customer's creditworthiness, or actual defaults were higher than the Company's historical experience, estimates of the recoverability of amounts due could be overstated, which could have an adverse impact on operating results. Refer to note 7 for more information.

(iv) Reserve for inventory obsolescence

In determining the lower of cost or net realizable value of inventory, the provision for inventory obsolescence is estimated based upon a consideration of quantities on hand, actual and projected sales volume, anticipated product selling prices and product lines planned to be discontinued. Management estimates are monitored on a quarterly basis and an adjustment to reduce inventory to its net realizable value is recorded as an increase to cost of sales. If there is a subsequent increase in the value of inventory on hand, reversals of previous write-downs to net realizable value are made.

Failure to accurately predict and respond to consumer demand could result in the Company under stocking popular items or over stocking less popular items and impact management's estimates in establishing its inventory provision. Unforeseen changes in there factors could result in additional inventory provisions, or reversals of previous provisions, be required. Refer to note 8 for more information.

(v) Share-based compensation

The Company uses the fair value method of valuing compensation expense associated with the Company's share-based compensation plan. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant.

Option-pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide reliable measurement of the fair value of the Company's stock options. Refer to note 13(b) for more information.

(vi) Income taxes

The Company is subject to income taxes in Canada and in China. Management has estimated the income tax provision and deferred tax balances in accordance with its interpretation of the various income tax laws and regulations, and has estimated the recoverability of deferred tax balances. It is possible, due to complexity inherent in estimating income taxes that the tax provision and deferred tax balances could change. Refer to note 17 for more information.

Note 5 – IFRS Standards Issued But not yet Effective

A number of new standards, amendments to standards and interpretations, are not yet effective for the year ended December 31, 2015, and have not been applied in preparing these consolidated financial statements. The following pronouncements are those that the Company considers most significant and are not intended to be a complete list of new pronouncements that effect the financial statements.

a) IFRS 9 Financial Instruments ("IFRS 9")

In November 2009, the IASB issued IFRS 9 as the first step in its project to replace IAS 39, *Financial Instruments: Recognition and Measurement*. On July 24, 2014 the IASB issued the complete IFRS 9. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity's business model and the contractual cash flows of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument.

IFRS 9 amends some of the requirements of IFRS 7, *Financial Instruments: Disclosures*, including added disclosures about investments in equity instruments measured at fair value in other comprehensive income, and guidance on the measurement of financial liabilities and de-recognition of financial instruments. The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 with early adoption permitted, and must be applied retrospectively with some exemptions permitted. The Company does not expect the adoption of IFRS 9 to have a material effect on its consolidated financial statements.

b) IFRS 15 Revenue from contracts with customers

The standards on revenue from contracts with customers was issued on May 28, 2014 and is effectively for annual reporting periods beginning on or after January 1, 2018 for public entities with early adoption permitted. Entities have the option of using either full retrospective or modified retrospective approach to adopt the guidance. The Company is currently assessing the impact of this standard on its consolidated financial statements.

c) Amendments to IAS 1, Presentation of Financial Statements ("IAS 1")

On December 18, 2014, the IASB issued amendments to IAS 1 to address perceived impediments to preparers exercising their judgment in presenting their financial reports. The changes clarify that materiality considerations apply to all parts of the financial statements and the aggregation and disaggregation of line items within the financial statements. The amendments are effective for annual periods beginning on or after January 1, 2016 with early adoption permitted. The Company intends to adopt these amendments in its financial statements for the annual period beginning on

January 1, 2016. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

d) IFRS 16, Leases ("IFRS 16")

On January 13, 2016, the International Accounting Standards Board published a new standard, IFRS 16, *Leases*, eliminating the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Under the new standard, a lease becomes an on-balance sheet liability that attracts interest, together with a new right-of-use asset. In addition, lessees will recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted. The Company is evaluating the impact of adopting this standard on its consolidated financial statements.

Note 6– Restricted Cash

The Company's subsidiary, XCXD is required to maintain a deposit of RMB3,472,502 (equivalent to $739,995) as at December 31, 2015 (December 31, 2014 - RMB3,138,696 equivalent to $586,622) with its financial institution for its short term loan accounts (note 12). The restricted cash will be released when the short term loans are paid off.

Note 7 – Trade and Other Receivables

		December. 31, 2015		December 31, 2014
Trade receivables	$	3,170,068	$	550,277
VAT/GST receivable		591,153		346,961
	$	3,761,221	$	897,238

During the year ended December 31, 2015, the Company recorded bad debt expenses in the amount of $132,322 (2014 – nil).

Note 8 – Inventory

For the year ended December 31, 2015, inventory recognized as an expense in purchases amounted to $37,915,843 (2014 - $44,573,343), of which there is an amount of $ 61,841 (2014 – nil) representing inventory write-down. As of December 31, 2015, the Company anticipates the net inventory will be realized within one year.

Note 9 – Investment in Empower Environmental Solutions Ltd.

In August 2015, the Company subscribed 1,000,000 common shares of Empower Environmental Solutions Ltd. ("EMP"), an unrelated entity, at a price of $0.15 per share for total of $150,000, representing approximately 4% equity interest in EMP. EMP is a private entity based in Canada and is in a recycling business focusing on reusing and recycling of asphalt shingles in North America. The investment in EMP is considered for long-term investment purpose. The maximum risk exposure is the amount the Company invested in EMP.

Note 10 – Property and equipment

	Furniture & Fixtures	Computers & Office Equipment	Leasehold Improvement	Total
Asset Costs				
Balance December 31, 2013	4,513	487,043	222,555	714,111
Foreign Exchange	288	32,650	13,118	46,056
Additions	-	68,201	19,477	87,678
Write off	-	-	(32,201)	(32,201)
Balance December 31, 2014	$ 4,801	$ 587,894	$ 222,949	$ 815,644
Foreign Exchange	673	80,126	27,897	108,696
Additions	-	41,375	-	41,375
Write off	-	(46,038)	-	(46,038)
Balance December 31, 2015	$ 5,474	$ 663,357	$ 250,846	$ 919,677
Accumulated Depreciation				
Balance December 31, 2013	3,696	357,722	196,489	557,907
Foreign Exchange	265	24,890	11,480	36,635
Amortization	600	60,425	15,102	76,127
Disposals	-	-	(13,417)	(13,417)
Balance December 31, 2014	$ 4,561	$ 443,037	$ 209,654	$ 657,252
Foreign Exchange	652	65,616	26,721	92,989
Amortization	261	52,641	14,471	67,373
Disposals	-	(20,347)	-	(20,347)
Balance December 31, 2015	$ 5,474	$ 540,947	$ 250,846	$ 797,267
Carrying Amounts				
At December 31, 2013	$ 817	$ 129,321	$ 26,066	$ 156,204
At December 31, 2014	$ 240	$ 144,857	$ 13,295	$ 158,392
At December 31, 2015	$ -	$ 122,410	$ -	$ 122,410

The total depreciation for the year ended December 31, 2015 is $67,373 (2014 - $76,127).

Note 11 – Goodwill

Goodwill was recognized as a result of the acquisition of 50% interest (51% voting right) of XCXD through Company's wholly owned subsidiary Fireswirl Technologies (Shenzhen) Co., Ltd. in October 2009.

The Company tests goodwill annually for impairment or more frequently if there are indicators of impairment. The impairment testing requires a comparison of the carrying value of the asset to the higher of (i) value in use; and (ii) fair value less costs to sell. Value in use is defined as the present value of future cash flows expected to be derived from the asset in its current state.

At December 31, 2015 the Company performed a goodwill impairment testing. On February 29, 2016, the Company entered into a purchase and sale agreement to sell its controlling interest in XCXD to its non-controlling shareholders in consideration for an aggregate of 6,057,673 common shares of the Company held by the purchasers and cash in the amount of RMB5,000,000 (equivalent to $1,065,507) in exchange of full settlement of XCXD's outstanding indebtedness to the Company and its subsidiaries (refer to note 24 for more information). Accordingly, the fair value of the Company's interest in XCXD was estimated using the per share price of $0.04 of the Company at December 31, 2015. Based on the fair value test, the recoverable amount of XCXD was determined to be greater than its carrying amount; accordingly, no impairment loss was recorded for the year ended December 31, 2015.

Note 12 – Short Term Loans

		December 31, 2015		December 31, 2014
a) Standard Chartered Bank	$	3,196,435	$	2,773,710
b) Beijing Branch of Citibank (China)		3,175,516		2,721,152
c) ALIPAY		2,251,539		1,094,681
d) Bank of Communications		852,406		747,600
e) Fung Holdings (1937)		-		400,000
f) Galactic Power Limited		-		224,400
	$	9,475,896	$	7,961,543

a) The revolving credit facility from Standard Chartered Bank has a credit limit of RMB 15,000,000 (equivalent to $3,196,250), bears a variable interest at prime plus 2% per annum, and is renewable every 90 days. During the year ended December 31, 2015, the average interest is approximately 6.82% per annum. The outstanding loan balance is RMB14,999,591 (equivalent to $3,196,435) as at December 31, 2015 (December 31, 2014 – RMB14,840,610, equivalent to $2,773,710). The loan is secured by apartments owned by XCXD's management and XCXD's restricted cash of RMB2,000,000 (equivalent to $426,203).

b) The revolving credit facility from Beijing Branch of Citibank (China) Company Limited has a credit limit of RMB15,000,000, bears an interest rate of 7.5% per annum, and is renewable every 4 months. The outstanding loan balance is RMB14,901,428 (equivalent to $3,175,516) as at December 31, 2015 (December 31, 2014 – RMB14,559,400 equivalent to $2,721,152). The loan is secured by apartments owned by XCXD management and XCXD's restricted cash of RMB1,472,502 (equivalent to $313,792).

c) The facility amount payable to ALIPAY, the largest online payment processing platform in China, is comprised of a number of different facilities bearing interests ranging from 0.029% ~ 0.046% per day with renewable terms ranging from 2 to 12 months. These facilities require either monthly interest only payments with principal repayable on maturity or blended monthly interest with principal payments throughout the term of the facility.

d) On August 8, 2014, RMB4,000,000 (equivalent to $747,600 as of December 31, 2014) was received from Bank of Communications through an intermediary. An assessment and guarantee fee of RMB140,000 (equivalent to $24,864) was paid to the intermediary. The loan has a term of 12 months. In August 2015, this loan was paid in full. In September 2015, the Company received another loan in the amount of RMB4,000,000 with an interest rate at 5.52% per annum. The loan has a term of one year. The outstanding loan principal balance is RMB4,000,000 (equivalent to $852,406) as at December 31, 2015.

e) On October 30, 2014, $400,000 bridging loan was received from Fung Holdings (1937) Limited ("Fung") in Hong Kong. This loan was interest free and has been fully repaid by offsetting with the proceeds received from Fung in connection with the e-Commerce platform disposition on March 25, 2015 (see note 16).

f) On December 16, 2014, HKD1,500,000 (equivalent to $224,400 as of December 31, 2014) was received from Galactic Power Limited in Hong Kong. The loan had a term of 3 months with an interest rate of 1% per month and interest to be paid in arrears quarterly. There was a handling fee of HKD15,000. This loan has been fully repaid with interest on March 31, 2015.

During the year ended December 31, 2015, the Company received interest subsidy in the amount of RMB1,000,000 (equivalent to $213,101) (2014 – $71,775). For the year ended December 31, 2015, the total interest expense on short term loans net of the interest subsidy received is $390,224 (2014 - $476,544). The loans above are not subject to any financial covenants.

Note 13 – Share Capital

a) Share capital

(i) Authorized and issued:

Unlimited number of common shares, voting, without par value.
Unlimited number of preferred shares, issuable in series.

(ii) Private placement:

On January 6, 2014, the Company completed a private placement for 3,400,000 units (the "Unit") at a price of $0.20 per unit for total gross proceeds of $680,000. Each Unit consisted of one common share (a "Share") and one-half of a share purchase warrant (a "Warrant"). Each whole Warrant entitles the holder to purchase one Share at a price of $0.25 for a period of one year from the date of issue. All shares issued with respect to the private placement are subject to a holding period that expires four months and a day from the closing. The relative fair value method was used and the proceeds of $680,000 were allocated to share capital ($570,272) and share purchase warrants ($109,728). The fair value of the warrants was calculated using the Black-Scholes model using the following key assumption: volatility – 85.53%, risk free interest rate – 0.98%, and expected life – 1 year. The warrants expired on January 6, 2015.

In connection with the private placement, the Company paid a 7% cash commission to certain finders, including Mackie Research Capital Corporation, Raymond James Ltd., and Canaccord Genuity Corp., based on the gross proceeds derived from the sale of Units to investors introduced by each finder. The total share issuance costs including cash commission, legal and filing fees was $70,405.

b) Stock option plan

The Company has established the stock option plan under which stock options to purchase common shares may be granted to directors, officers and employees of the Company and to any other person or Company permitted by the applicable regulatory authorities to purchase unissued common shares. The aggregate number of Shares issuable upon the exercise of all options granted under the plan shall not exceed 10% of the common shares of the corporation.

As at December 31, options outstanding from the Company's share option plan were as follows:

	Number of options	Weighted average exercise price ($)
Balance, January 1, 2014	1,550,000	0.14
Exercised	(100,000)	0.10
Expired	(100,000)	0.05
Balance, December 31, 2014	1,350,000	0.15
Granted	550,000	0.10
Forfeited	(380,000)	0.14
Balance, December 31, 2015	1,520,000	0.14

On April 3, 2015, the Company granted 250,000 options at an exercise price of $0.12 to its employees, officers and directors. 50% of these options vested immediately and the remaining options will be vested in one year from the date of grant. These options are exercisable over 5 years. The grant date fair value of these options was $0.06.

On June 10, 2015, the Company granted 300,000 options at an exercise price of $0.09 to its employees, officers and directors. 50% of these options vested immediately and the remaining options will be vested in one year from the date of grate. These options are exercisable over 5 years. The grant date fair value of these options was $0.04.

The fair value of the stock options granted in 2015 has been calculated as of the date of grant using the Black-Scholes option pricing model with the following assumptions:

	April 3, 2015 Grant	June 10, 2015 Grant
Expected life of options in years	5 years	5 years
Weighted average volatility	139%	120%
Risk free interest rate	0.89%	0.88%
Expected dividend yield	0%	0%
Estimated forfeiture rate	0%	0%
Share price at date grant	$0.12	$0.09

Volatility was determined based on the historical volatility of the Company's shares over the estimated life of stock options. For the year ended December 31, 2015, share-based compensation in the amount of $19,846 (2014 - nil) was recognized as general administration expenses in the Company's consolidated statements of income.

The following table summarizes information about stock options outstanding at December 31, 2015:

	Options Outstanding		Options Exercisable	
Exercise Price ($)	Number of options	Weighted average remaining life (Years)	Number of options	Weighted average remaining life (Years)
0.09	300,000	3.05	150,000	3.05
0.12	100,000	4.26	50,000	4.26
0.15	1,120,000	0.91	1,120,000	0.91
	1,520,000	1.55	1,320,000	1.11

c) Warrants

The following is a summary of warrant transactions:

	Number of warrants	Weighted average exercise price ($)
Balance, January 1, 2014	-	-
Issued	1,700,000	0.25
Balance, December 31, 2014	1,700,000	0.25
Expired	(1,700,000)	0.25
Balance, December 31, 2015	-	-

Pursuant to the term of the private placement that took place on January 6, 2014, the Company issued 1,700,000 share purchase warrants with an exercise price of $0.25 exercisable for a period of one year from the date of issue. 1,700,000 warrants expired on January 6, 2015.

Note 14 – Non-controlling Interest

Non-controlling interest (“NCI”) represents the 50% interest in XCXD. The continuity of NCI is summarized below:

Balance – December 31, 2013	$	563,942
Net loss attributable to non-controlling interest		(393,113)
Other comprehensive income attributable to non-controlling interest		23,920
Balance – December 31, 2014	$	194,749
Net loss attributable to non-controlling interest		(83,334)
Other comprehensive loss attributable to non-controlling interest		(12,772)
Balance – December 31, 2015	$	98,643

Financial information of XCXD is provided below. This information is based on amounts before inter-company eliminations.

	December 31, 2015	December 31, 2014
Current assets	$ 12,348,098	$ 9,820,562
Non-current assets	118,928	134,076
Current liabilities	11,403,409	9,942,390
Revenue	48,462,859	51,312,753
Loss for the year	(166,669)	(786,227)
Total comprehensive loss for the year	$ (192,213)	$ (738,386)

Note 15 – Revenue

The Company generated revenue from merchandise resale and service and maintenance fees during the years ended December 31, 2015 and 2014.

During the year ended December 31, 2015, the Company recognized $43,137,557 of revenue from the merchandise sales in China (2014 - $46,029,329). Substantial of all merchandise sales was generated by XCXD.

During the year ended December 31, 2015, the Company recorded $5,730,633 (2014 - $5,918,429) of revenue from service and maintenance fees. Within this amount, $5,438,299 (2014 - $5,283,424) was generated by XCXD. This revenue is mainly generated from e-commerce platform development and maintenance services.

Note 16 – Sale of Assets

On March 25, 2015 the Company completed the sale of its Shenzhen e-commerce platform to Fung, which includes: (i) equipment with carrying value of $24,615; and (ii) goodwill, intellectual property and customer lists and contracts with carrying amount of $nil.

The total proceeds after working capital adjustment is $6,225,000, of which $2,975,000 was received in March 2015. According to the purchase and sale agreement, the balance of $3,250,000 will be received upon satisfaction of certain conditions, including the resignation of Mr. Tony Lau (“Mr. Lau”) as the Company’s chief executive officer and Mr. Lau joining Fung as an employee within nine months of completion of the sale (the “Payment Conditions”). The Company fulfilled the Payment Conditions in September 2015 and received the remaining balance of the proceeds in October 2015.

In connection with the completion of the sale, the Company repaid the principal amount of the $400,000 interest-free loan from Fung (Note 12(e)) to the Company, which had been granted on October 24, 2014, by way of set-off against the proceeds received.

Note 17 – Income Taxes

The following table reconciles the expected income tax expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the consolidated statements of income (loss) and comprehensive income (loss) for the years ended December 31, 2015 and 2014:

		2015		2014
Income (loss) before taxes	$	4,191,970	$	(1,832,625)
Statutory tax rate		26%		26%
Expected income tax (recovery)		1,089,912		(476,483)
Non-deductible items		14,074		13,450
Non-taxable gain		(735,013)		-
Others		11,904		37,059
Foreign tax rate difference		16,560		3,364
Financing costs		-		(18,305)
Change in deferred tax asset not recognized		(390,082)		454,339
Income tax expense	$	7,355	$	13,424
Current tax expense		7,355		13,424
Deferred tax expense		-		-
Income tax expense	$	7,355	$	13,424

Deferred taxes reflect the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values. Unrecognized deductible temporary differences as at December 31, 2015 and 2014 are comprised of the following:

		December 31, 2015		December 31, 2014
Non capital loss carryforwards (Canada)	$	4,181,060	$	5,801,390
Non capital loss carryforwards (China)		2,986,436		2,753,666
Intangible assets (Canada)		54,218		54,218
Intangible assets (China)		671,265		588,726
Fixed Assets		143,432		142,688
Other		486,071		231,308
Financing Costs		48,308		69,996
Unrecognized deductible temporary differences	$	8,570,790	$	9,641,992

The deferred tax assets have not been recognized because at this stage of the Company's development, it is not determinable that future taxable profit will be available against which the Company can utilize such deferred tax assets.

As at December 31, 2015, the Company had non-capital loss carry forwards for Canadian income tax purposes of approximately $4,181,060 from the Company's Canadian entity available to reduce taxable income in Canada expiring in various amounts from 2026 to 2035:

Expiry		Total
2035	$	426,811
2034		964,890
2033		336,805
2032		413,582
2031		418,825
2030		410,644
2029		631,148
2028		307,350
2027		129,478
2026		141,527
TOTAL	$	4,181,060

As at December 31, 2015, the Company had non-capital loss carry forwards for Chinese income tax purposes of approximately $1,921,378 from the Company's China subsidiaries available to reduce taxable income in China expiring in various amounts from 2016 to 2020.

Expiry		Total
2020	$	565,953
2019		878,769
2018		233,399
2017		222,111
2016		21,116
TOTAL	$	1,921,348

As at December 31, 2015, the Company had non-capital loss carry forwards for Hong Kong income tax purposes of approximately $1,065,088 from the Company's Hong Kong subsidiary available to reduce taxable income in Hong Kong. These losses can be carried forward indefinitely

Note 18 – Related Party Transactions

The related party transactions are in the normal course of operations and are measured and recorded at the exchange amount of consideration agreed between the related parties. Related party transactions not disclosed elsewhere in these financial statements are listed below:

a) Due from related parties

	December. 31, 2015		December 31, 2014
Due from Yatan	$ -	$	1,448,182

XCXD and a related company, Yatan Technology Development Ltd. ("Yatan"), signed an e-commerce collaboration agreement on January 6, 2014. Yatan's senior management is one of the shareholders of XCXD. XCXD provided funding to Yatan to purchase inventory and in return, XCXD will be entitled to a commission based on the revenue after Yatan sells its inventory. XCXD's president and the non-controlling shareholder are the guarantors for this arrangement. The guarantors are responsible for the balance due from Yatan if it is not able to pay back the balance. During the year ended December 31, 2015, Yatan repaid all outstanding balance to XCXD. As at December 31, 2015, XCXD had a payable of $110,834 owing to (December 31, 2014 - $1,448,182 receivable from) Yantan. XCXD had not generated any revenue in connection with this arrangement.

b) Due to related parties

		December 31, 2015		December 31, 2014
Due to the Company's shareholders	$	29,977	$	532,247
Due to a shareholder of XCXD		-		34,782
Due to Yatan (see (a) above)		110,834		-
		140,811		567,029
Amounts due to related parties included in accounts Payable		35,244		52,231
Total	$	176,055	$	619,260

Due to related parties are unsecured, non-interest bearing and have no specific repayment date.

c) Key management compensation

Key management includes directors (executive and non-executive) and senior officers of the Company. The compensation paid or payable to key management personnel during the years ended December 31, 2015 and 2014 is as follows:

		For the year ended		
		2015		2014
Salaries and fees				
- Salaries & Consulting Fees	$	413,657	$	253,154
- Director fees		76,000		16,000
		489,657		269,154
Share-based compensation		15,031		-
Total	$	504,688	$	269,154

Note 19 – Segmented Information

The Company operates in one segment, being the operation of official online stores for international brands in China and reselling branded products on these online stores.

Substantially all of the Company's revenue are generated in China. No customer accounted for greater than 10% of the Company's sales during the years ended December 31, 2015 and 2014. Casio (Shanghai) Trading Company Limited is the Company's major supplier for the years ended December 31, 2015 and 2014.

The Company's long-term assets located in Canada and China at December 31, 2015 are as follows:

		China		Canada		Total
Property and equipment	$	118,977	$	3,433	$	122,410
Investment		-		150,000		150,000
Goodwill		306,926		-		306,926
Trademark		19,176		-		19,176
Total	$	445,079	$	153,433	$	598,512

The Company's long-term assets located in Canada and China at December 31, 2014 are as follows:

		China		Canada		Total
Property and equipment	$	156,871	$	1,521	$	158,392
Goodwill		306,926		-		306,926
Trademark		19,176		-		19,176
Total	$	482,973	$	1,521	$	484,494

Note 20 – Financial Instruments

a) Fair value

Fair value is the amount at which a financial instrument could be exchanged between willing parties based on current markets for instruments with the same risk, principal and remaining maturity. Fair value estimates are based on present value and other valuation techniques using rates that reflect those that the Company could currently obtain, on the market, for financial instruments with similar terms, conditions and maturities.

The Company classifies the fair value of the financial instruments according to the following hierarchy based on the observable inputs used to value the instrument:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Inputs other than quoted prices included in Level 1 that are observable, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

The Company's financial assets include (i) cash and cash equivalents, restricted cash, trade and other receivables, and due from a related party which are classified as loans and receivable and (ii) investment which is classified as available for sale. The Company's financial liabilities include accounts payable and accrued liabilities, due to related parties, and short term loans which are all classified as financial liabilities at amortized cost.

The fair values of cash and cash equivalents, restricted cash, trade and other receivables, accounts payable and accrued liabilities, short term loans and due to related parties approximate their carrying values due to the short-term nature of these instruments. The interest rates applied to short term loans are not considered to be materially different from market rates, thus the carrying value of the short term loans approximates fair value. The investment in EMP is measured at the cost which approximates its fair value. As at December 31, 2015 and 2014, the Company did not have financial instruments measured at fair value on a recurring basis.

b) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash and cash equivalent, restricted cash, trade and other receivable and due from a related party.

The Company limits its exposure to credit risk on cash and cash equivalents and restricted cash by depositing only with reputable financial institutions. Credit risk is primarily associated with trade receivables as the Company grants credit to its customers in the normal course of business. Credit risk on trade receivables is minimized by performing credit reviews, ongoing credit evaluation and account monitoring procedures. All trade receivables have been reviewed for indicators of impairment and the financial statements take into account an allowance for bad debts. Maximum credit risk related to trade receivables amounted to $3,170,068 at December 31, 2015 (December 31, 2014 - $550,277).

There were no overdue trade receivables outstanding as at December 31, 2015 and collection is reasonably assured. As at December 31, 2015, there are three customers' receivable balance exceeding 10% of the total trade receivable balance representing 55% of the total trade receivable balance. December 31, 2014, there is one customer's receivable balance presenting more than 10% of the total trade receivable balance.

c) Currency risk

Foreign currency exchange rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company uses the Canadian dollar as its reporting currency for these consolidated financial statements. The Company operates internationally, giving rise to exposure to market risks from changes in foreign exchange rates. The Company currently does not use derivative instruments to hedge its exposure to those risks. As at December 31, 2015, the exposure of the Company's financial assets and financial liabilities to foreign exchange risk is summarized as follows:

	Chinese RMB in CAD	US dollar in CAD	HK dollar in CAD
Cash	$ 187,426	$ 4,936	$ 802
Restricted cash	739,995	-	-
Trade and other receivables	3,720,961	13,469	9,098
Accounts payable and accrued liabilities	(2,173,782)	-	-
Short term loans	(9,475,896)	-	-
Due to related parties	(29,834)	-	-
Net financial assets (liabilities)	$ (7,031,130)	$ 18,405	$ 9,900

The following table details the Company's sensitivity as at December 31, 2015, with other variables unchanged, a 1% strengthening of the Chinese RMB, US dollar and HK dollar, against the Canadian dollar. For a 1% weakening against the Canadian dollar, there would be an equal and opposite impact on net comprehensive income (loss).

	Chinese RMB in CAD	US dollar in CAD	HK dollar in CAD
Net comprehensive income (loss)	$ (70,311)	$ 184	$ 99

d) Interest risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on the utilized portion of its credit facilities and does not currently hold any financial instruments that mitigate this risk. All of the Company's short term loans bear a fixed interest rate except for the loan from Standard Chartered Bank in the amount of $3,196,435 as at December 31, 2015 which bears a variable rate plus 2% per annum. For the year ended December 31, 2015, an increase (decrease) of the interest rate of 5% would have increased (decreased) net income before income taxes by approximately $30,700.

e) Liquidity risk

The purpose of liquidity risk management is to maintain a sufficient amount of cash and cash equivalents. Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due or can do so only at excessive cost. The Company's operation is financed through a combination of the cash flows from operations and short term debt financing.

As at December 31, 2015, the Company had total debt in the amount of $12,096,576 due within 12 months (December 31, 2014 - $10,047,500). As at December 31, 2015, the Company held cash and cash equivalents of $3,136,307 (December 31, 2014 - $549,112), restricted cash of $739,995 (December 31, 2014 - $586,622), and trade and other receivable of $3,761,221 (December 31, 2014 - $897,238).

Note 21 – Commitments

The Company has entered various operating leases for its office premises. The lease terms are between one year and five years. The future aggregate minimum lease payments under non-cancellable operation leases are as follows:

2016	$ 412,112
2017	$ 419,659
2018	$ 350,855
2019	$ 60,378

Pursuant to the applicable laws in PRC, PRC entities are required to make appropriations to statutory reserve funds based on after-tax net earnings as determined in accordance with PRC GAAP. Appropriation to the statutory reserve funds should be at least 10% of the after-tax net earnings until the reserve is equal to 50% of the entity's registered capital. During the year ended December 31, 2015, the Company allocated nil from after-tax net earnings to XCXD's statutory reserve funds. As at December 31, 2015 and 2014, the Company's subsidiary XCXD had statutory reserve funds of $128,384.

Note 22 – Capital Management

The Company has defined its capital as common shares, reserves, contributed surplus and retained earnings.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, to maintain appropriate cash reserves on hand to support continued operations and shareholder returns, maintain capital structure while keeping capital costs at a minimum, and to invest cash on hand in highly liquid, highly rated financial instruments.

The company is not exposed to externally imposed capital restrictions, and the Company's objectives and strategies described above have not changed since last year. These objectives and strategies are reviewed on a continuous basis.

Note 23 – Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

Note 24 – Subsequent Event

On February 29, 2016 the Company entered into a purchase and sale agreement, pursuant to which the Company has agreed to sell its controlling interest in XCXD to its non-controlling shareholders in consideration for an aggregate of 6,057,673 common shares of the Company held by the purchasers and cash in the amount of RMB5,000,000 (equivalent to $1,065,507) in exchange of full settlement of XCXD's outstanding indebtedness to the Company and its subsidiaries. The financial effect of the disposal of XCXD on the Company's consolidated financial statements cannot be made as it depends on a number of variables including effective closing date of the transaction, share price of the Company and RMB exchange rate on the closing date, and financial result of XCXD and intercompany transactions, if any, during the period from January 1, 2016 to the closing date.

The Completion of the transaction is subject to a number of customary closing conditions, as well as acceptance by the TSX Venture Exchange and the Company's shareholders' approval. This agreement will terminate if the transaction is not closed prior to May 31, 2016.