Fireswirl Technologies Inc.

Consolidated FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(Expressed in Canadian Dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Fireswirl Technologies Inc.,

Opinion
We have audited the consolidated financial statements of Fireswirl Technologies Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2018, and the consolidated statements of loss and comprehensive loss, changes in shareholders' deficiency and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion
We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern
We draw attention to Note 2 to the financial statements, which indicates that the Company incurred a cumulative deficit of $12,865,857 during the year ended December 31, 2018 and, as of that date, the Company had a working capital deficiency of $932,313. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other matters

The financial statements of the Company for the year ended December 31, 2017 were audited by another auditor who expressed an unmodified opinion on these statements on April 30, 2018.

Other Information
Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Cherry Ho.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC
April 30, 2019

Fireswirl Technologies Inc.

Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

		December 31, 2018		December 31, 2017
Assets				
Current				
Cash	$	4,553	$	349,943
Trade and other receivables (note 9)		9,881		60,979
Deposits		-		27,337
Assets held for sale (note 8)		43,836		-
		58,270		438,259
Non-current				
Investments (note 10)		-		20,023
Equipment (note 11)		3,035		18,697
		3,035		38,720
Total Assets	$	61,305	$	476,979
Liabilities and shareholder's deficiency				
Liabilities				
Current				
Accounts payable and accrued liabilities (note 15)	$	376,915	$	662,119
Due to related parties (note 15)		-		176,536
Deferred revenue		-		21,672
Liabilities associated with assets held for sale (note 8)		613,668		-
		990,583		860,327
Shareholders' deficiency				
Common shares (note 12)		8,233,881		7,933,881
Contributed surplus (note 12)		3,671,365		3,722,331
Accumulated other comprehensive income		(150,000)		161,285
Accumulated other comprehensive income relating to assets held for sale (note 8)		272,033		-
Deficit		(12,865,857)		(12,156,700)
Total equity attributable to shareholders of the Company		(838,578)		(339,203)
Non-controlling interest associated with assets held for sale (notes 8 and 13)		(90,700)		(44,145)
		(929,278)		(383,348)
Total liabilities and shareholders' deficiency	$	61,305	$	476,979

Going concern assumption (note 1)
Subsequent events (notes 1 and 20)

Approved by the Board of Directors:

Director: Gurdeep Bains

Director: Ji Yoon

The notes to the consolidated financial statements are an integral part of these statements.

Fireswirl Technologies Inc.

Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

		Year Ended December 31, 2018		Year Ended December 31, 2017
Operating expenses				
General administration (notes 15 and 19)	$	373,840	$	611,569
Sales and marketing (note 19)		42,991		101,144
		416,831		712,713
Operating loss before below items		(416,831)		(712,713)
Foreign exchange loss		(3,865)		(63,606)
Gain on disposition of investment in XCXD (note 6)		-		56,281
Impairment of goodwill (note 7)		-		(1,105,248)
Interest and other income		5		2,966
Finance costs		(3,123)		(29,924)
Net loss for the year from continuing operations		(423,814)		(1,852,244)
Net loss for the year from discontinued operations (note 8)		(382,660)		(775,492)
Net loss for the year	$	(806,474)	$	(2,627,736)
Other comprehensive loss (income) will be reclassified to profit or loss in subsequent periods (net of tax):				
Exchange differences on translation of foreign operations		(26,937)		54,047
Other comprehensive loss (income) will not be reclassified to profit or loss in subsequent periods (net of tax):				
Change in fair value of available-for-sale investment (note 10)		(20,023)		(129,977)
Comprehensive loss for the year	$	(853,434)	$	(2,703,666)
Net loss for the year attributable to:				
Common shareholders of the Company		(767,627)		(2,494,495)
Non-controlling interest (note 13)		(38,847)		(133,241)
	$	(806,474)	$	(2,627,736)
Comprehensive loss for the year attributable to:				
Common shareholders of the Company		(806,879)		(2,568,494)
Non-controlling interest (note 13)		(46,555)		(135,172)
	$	(853,434)	$	(2,703,666)
Basic and diluted loss per share of:				
Net loss attributable to common shareholders of the Company	$	(0.74)	$	(2.49)
Weighted average number of shares outstanding				
Basic and diluted		1,041,321		1,000,382

The notes to the consolidated financial statements are an integral part of these statements.

Fireswirl Technologies Inc.

Consolidated Statements of Changes in Shareholders' Deficiency
(Expressed in Canadian Dollars)

	Number of Shares Issued and outstanding	Share capital	Contributio n surplus	Accumulated other comprehensive loss	Accumulated other comprehensive relating to assets held for sale	Deficit	Total	Non-controlling interest	Total shareholders ' equity
Balance, December 31, 2016	53,571,285	$ 8,206,521	$ 3,641,548	$ -	$ 257,236	$(9,662,205)	$ 2,443,100	$ 1,222,696	$ 3,665,796
Net loss for the year	-	-	-	-	-	(2,494,495)	(2,494,495)	(133,241)	(2,627,736)
Acquisition of AZMON	-	-	-	-	-	-	-	91,027	91,027
Share-based compensation	-	-	80,783	-	-	-	80,783	-	80,783
Loss of control on investment tin XCXD	-	-	-	-	(21,952)	-	(21,952)	(1,222,696)	(1,244,648)
Change in fair value of available-for-sale investment	-	-	-	(129,977)	-		(129,977)	-	(129,977)
Exchange differences on translation of foreign operation	-	-	-		55,978	-	55,978	(1,931)	54,047
Shares returned to treasury for disposition of XCXD	(6,058,673)	(272,640)	-	-	-	-	(272,640)	-	(272,640)
Balance, December 31, 2017	47,512,612	7,933,881	3,722,331	(129,977	291,262	(12,156,700)	(339,203)	(44,145)	(383,348)
Net loss for the year	-	-	-	-	-	(767,627)	(767,627)	(38,847)	(806,474)
Shares issued pursuant to private placement	6,000,000	300,000					300,000	-	300,000
Share-based compensation	-	-	7,504	-	-	-	7,504	-	7,504-
Expiration of stock options	-	-	(58,470)	-	-	58,470	-	-	-
Exchange differences on translation of foreign operations	-	-	-	-	(19,229)	-	(19,229)	(7,708)	(26,937)
Change in fair value of available-for-sale investment	-	-	-	(20,023)	-	-	-	-	(20,023)
Balance, December 31, 2018	53,512,612	$ 8,233,881	$ 3,671,365	$ (150,000)	$ 272,033	$(12,865,857)	$ 838,578	$ (90,700)	$ (929,278)

On January 15, 2019, the Company consolidated its common shares on a 50 to 1 basis. The basic and diluted loss per share and weighted average number of common shares have been adjusted to reflect this share consolidation.

The notes to the consolidated financial statements are an integral part of these statements.

Fireswirl Technologies Inc.

Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

		For the year ending December 31 2018		2017
Operating Activities				
Net loss for the year	$	(423,814)	$	(1,852,244)
Add (deduct) items not affecting cash:				
Depreciation and amortization		1,901		1,895
Share-based compensation		7,504		80,783
Gain on disposition of XCXD		-		(56,281)
Bad debt recovery		-		4,806
Impairment of goodwill		-		1,105,248
Interest and other income		(5)		26,943
Finance Cost		-		29,924
Changes in non-cash working capital items				
Trade and other receivable		(3,162)		6,334
Taxes recoverable		-		(10,419)
Due to related parties		8,501		45,028
Deposits		13,909		58,259
Accounts payable and accrued liabilities		100,134		92,489
Deferred revenue		5,863		(3,798)
Interest received		-		2,981
Net cash flows used in operating activities of continuing operation		**(289,169)**		(468,052)
Investing Activity				
Acquisition of property and equipment		(3,246)		(2,856)
Acquisition of AZMON		-		(986,488)
Advances payment received relating to disposition of XCXD		-		424,620
Advances to discontinued operations		(12,472)		(25,700)
Cash used in investing activities of continuing operations		**(15,718)**		(590,424)
Financing Activities				
Proceeds from issuance of shares		300,000		-
Loan from a director (net of repayment)		-		17,272
Cash provided by financing activities of continuing operations		**300,000**		17,272
Effect of exchange rate changes on cash of continuing operations		-		(92,980)
Change in cash during the year of continuing operations		(4,887)		(1,134,184)
Cash, beginning of the year of continuing operations		9,440		1,143,624
Cash, end of the year	$	**4,553**	$	9,440
Net cash flows used in operating activities of discontinued operations		(282,202)		(340,754)
Net cash flows provided by financing activities		12,472		-
Effect of exchange rate changes on cash of discontinued operations		(26,937)		39,014
Change in cash during the year discontinued operations		(296,667)		(301,740)
Cash, beginning of the year discontinued operations		340,503		642,243
Cash, end of the year, discontinued operations	$	**43,836**	$	340,503

The notes to the consolidated financial statements are an integral part of these statements.

1 Reporting Entity

Fireswirl Technologies Inc. (the "Company") was incorporated in 1999. The Company through 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 online store content development and deployment. Starting in February 2017, the Company also commenced the business of providing multimedia and interactive marketing solutions, specializing in three dimensional visualizations, computer graphics and digital design. Please also see Note 8 for disposition of Fireswirl Asia Ltd. and AMZON (HK) Limited.

The address of the Company's registered office is 1000 - 925 West Georgia Street, Vancouver, British Columbia. The Company's shares are listed on the TSX Venture Exchange under the symbol FSW.

On January 15, 2019, the Company consolidated its common shares on a basis of 50 old shares to 1 new share.

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 30, 2019.

b) Going 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 statement to financial position classifications.

For the year ended December 31, 2018, the Company incurred an operating loss of $767,627. As at December 31, 2018, the Company had an accumulated deficit of $12,865,857 since inception.

The continuation of the Company as a going concern is dependent upon its ability to raise additional financing and ultimately attain and maintain profitable operations. 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 needs, 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, revenue 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.

2 Basis of Preparation (continued)

d) Basis of Presentation

The financial statements have been prepared on a historical cost basis except for certain financial assets that are measured at fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified.

3 Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements. Effective January 1, 2018, the Company adopted IFRS 9 - Financial Instrument ("IFRS 9") and IFRS 15 - Revenue from Contracts with Customers ("IFRS 15").

The consolidated 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:

		Ownership	
Name	**Place of incorporation**	**2018**	**2017**
Fireswirl Systems Inc.	British Columbia, Canada	100%	100%
Fireswirl Asia Ltd.	Hong Kong, China	100%	100%
Fireswirl Mobile Solutions Ltd. (inactive)	Hong Kong, China	100%	100%
AMZON (HK) Limited *	Hong Kong, China	60%	60%
M-Lingo Limited (inactive)	British Virgin Island	51%	51%
SMS Translator Limited (inactive)	British Virgin Island	51%	51%
Fireswirl Technologies (Shenzhen) Co. Ltd.	Shenzhen, China	100%	100%
Fireswirl Technologies (Beijing) Co. Ltd. (inactive)	Beijing, China	100%	100%

* During the year ended December 31, 2017, the Company acquired 60% ownership in AMZON (HK) Limited. Refer to Note 7.

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, and
- 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 consolidated statements of income (loss) and comprehensive income (loss) 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.

3 Significant Accounting Policies (continued)

b) Functional Currency

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

(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 financial position date. The resulting exchange gains and losses are recognized in profit or loss. 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. Non-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 (loss) and accumulated in equity.

When the Company disposes 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 consolidated statements 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. As at December 31, 2018 and 2017, the Company did not have cash equivalents.

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 instrument

The Company adopted all of the requirements of IFRS 9 Financial Instruments on January 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 utilizes a revised model for recognition and measurement of financial instruments in a single, forward-looking “expected loss” impairment model.

The following is the Company’s new accounting policy for financial instruments under IFRS 9:

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

3 Significant Accounting Policies (continued)

e) Financial instrument (continued)

(i) Classification (continued)

The Company completed a detailed assessment of its financial assets and liabilities as at January 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets/liabilities	Original Classification IAS 39	New Classification IFRS 9
Cash	FVTPL	FVTPL
Trade and other receivables	Amortized costs	Amortized costs
Investment	FVTOCI	FVTOCI
Accounts payable	Amortized costs	Amortized costs
Due to related parties	Amortized costs	Amortized costs

The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of accumulated comprehensive income on January 1, 2018.

(ii) Measurement

<u>Financial assets and liabilities at amortized cost</u>
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

<u>Financial assets and liabilities at FVTPL</u>
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss and comprehensive loss in the period in which they arise.

<u>Debt investments at FVTOCI</u>
These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive loss (“OCI”). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

<u>Equity investments at FVTOCI</u>
These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

3 Significant Accounting Policies (continued)

e) Financial instrument (continued)

(iv) Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities
The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

f) Equipment

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

Computer and office equipment	3 year straight-line

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

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.

g) Impairment

The carrying amounts of the Company's non-financial assets 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 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 measurement 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.

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 profit or 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.

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.

3 Significant Accounting Policies (continued)

h) Provisions

Provisions 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.

i) 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 accumulated deficit.

j) Revenue recognition

The Company generates its revenue from online merchandize resale, system setup fees and customization fees and multimedia/marketing solutions service 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, customization fees and multimedia/marketing solutions service fees are recognized at the time when service is delivered, fees are measured reliably and collection is reasonably assured.

Effective January 1, 2018, the Company adopted IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 18 – Revenue ("IAS 18"). IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The Company adopted the standard on January 1, 2018 using the full retrospective approach without applying any practical expedients.

IFRS 15 requires entities to recognize revenue when ‘control’ of goods or services is transferred to the customer whereas the previous standard, IAS 18, required entities to recognize revenue when the ‘risks and rewards’ of the goods or services are transferred to the customer. The Company concluded there is no change in the timing of revenue recognition relating to its service revenue under IFRS 15 compared to the previous standard. As such, no adjustment was required to the Company's financial statements.

k) 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.

(ii) Termination benefits

Termination benefits are recognized as an expense 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 redundancy 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.

3 Significant Accounting Policies (continued)

l) Share-based compensation

The Company offers share-based compensation to key employees and non-executive directors as described below. The Company accounts for 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.

m) 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 investments classified as FVTOCI 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.

n) 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.

o) Loss per share

Basic 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 outstanding share-based compensation arrangements would be anti-dilutive, diluted loss per share is not calculated. During the year ended December 31, 2018, 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.

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 management's assessment of the Company's ability to continue as a going concern. Refer to Notes 2(b) for more information.

b) 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's long term assets such as investments or Equipment.

c) 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 12(b) for more information.

d) 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 14 for more information.

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, 2018, 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.

IFRS 16, Leases ("IFRS 16")

On January 13, 2016, the IASB 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 does not have significant operating lease obligations as at December 31, 2018. The adoption of this standard does not have material impact on the Company's consolidated financial statements.

6 Disposition of XCXD

On September 9, 2009, the Company, through a wholly owned subsidiary incorporated under the laws of the People's Republic of China, entered into a definitive agreement for the acquisition of 50% of the rights and interests in XCXD and the right to vote 51% of the voting shares of XCXD at all meetings of the shareholders of XCXD. As consideration for the acquisition of its interests in XCXD, the Company issued 6,058,673 common shares in the capital of the Company (the "Consideration Shares"). XCXD is a limited liability company incorporated in and operating in Beijing, China.

Effective January 1, 2017, the Company did not have control over the operations or the cash flows of XCXD, the Company derecognized the assets and liabilities of XCXD from its consolidated statement of financial position. The Company then accounted for its remaining investment in XCXD at fair value and ceased reporting the operating results of XCXD from January 1, 2017 to the eventual date of its sale on May 31, 2017 for which the Company received consideration from disposition of $697,260 consisted of cash of $424,620 and 6,058,673 of the Company's own shares value at $272,640. The Company recorded a gain on disposition of investment in XCXD in the amount of $56,281.

7 Acquisition of AMZON

On February 3, 2017, the Company entered into a share purchase agreement, pursuant to which the Company agreed to purchase an aggregate of 60% equity interest in AMZON for a total of HK$7.2 million ($1.2 million) in three payment dates. The closing date is each of the first, second and third payment date. On March 16, 2017, the Company completed the first payment (the "First Payment Date") in the amount of HK$4.8 million ($823,560) and acquired 40% of the equity interest in AMZON. On April 21, 2017, the Company completed the second payment (the "Second Payment Date") in the amount of HK$1.2 million (equivalent to $208,438) and acquired additional 10% of the equity interest in AMZON. On May 15, 2017, the Company completed the third payment (the "Third Payment Date") in the amount of HK$1.2 million ($210,175) and acquired the final 10% of the equity interest in AMZON. AMZON is a private company incorporated pursuant to the laws of Hong Kong Special Administrative Region of China and is in the business of providing multimedia and interactive marketing solutions, specializing in three dimensional visualizations, computer graphics and digital design.

The acquisition of AMZON has been accounted for as a business acquisition. The First Payment Date (the "Acquisition Date") is the date of the initial acquisition of 40% of the equity interest in AMZON. The Company has appointed two of three directors of AMZON since the Acquisition Date and has de facto control over AMZON. There were no material operations from the First Payment Date to the Third Payment Date. These consolidated financial statements include the results of AMZON for the period from the First Payment Date to December 31, 2017. The Company has elected to measure the non-controlling interest in the acquiree at proportionate share of its interest in the acquiree's identifiable net assets.

The 100% incremental value between the purchase price and the net tangible assets acquired was allocated to goodwill.

(Expressed in Canadian Dollars)

7 Acquisition of AMZON (continued)

The purchase price allocation of the fair value of assets acquired and liabilities assumed of AMZON as at the Acquisition Date were:

		Fair value recognized on acquisition
Cash	$	255,685
Trade receivable		20,846
Equipment		30,027
Due from a director		1,832
Customer deposit		(39,376)
Accounts payable and accrued liabilities		(41,062)
Total identifiable net assets at fair value		227,952
Non-controlling interest (40% of net assets)		(91,027)
Goodwill		1,105,248
Purchase consideration transferred	$	1,242,173
Consideration paid (HK$7,200,000)	$	1,242,173
Net cash acquired with the subsidiary	$	255,685
Cash paid		(1,242,173)
Net cash flow on acquisition	$	(986,488)

During the year ended December 31, 2017, the goodwill arising on the acquisition of AMZON has been impaired in full.

8 Discontinued operations

The major classes of assets and liabilities of Fireswirl Asia Ltd. and AMZON (HK) Limited classified as held for sale as at December 31, 2018 are as follows:

	Asia	HK	Shenzhen	Beijing	Total
Assets					
Cash	$ 414	$ -	$ 43,253	$ 169	$ 43,836
Total assets held for sale	414	-	43,253	169	43,836
Liabilities					
Accounts payable and accrued liabilities	(169,196)	(46,203)	(213,230)	-	(428,629)
Due to related parties		(185,039)			(185,039)
Total liabilities relating to assets held for sale	(169,196)	(231,242)	(213,230)	-	(613,668)
Accumulated other comprehensive income relating to assets held for sale	(199,870)	(74,570)	32,729	(30,322)	(272,033)
Non-controlling interest associated with assets held for sale	-	(90,700)	-	-	(90,700)
Net assets held for sale	$ (368,652)	$ (396,512)	$ (137,248)	$ (30,153)	$ (932,565)

(Expressed in Canadian Dollars)

8 Discontinued operations (continued)

The operating results of Asia and HK for the year ended December 31, 2018 have been presented as discontinued operations as below:

	Asia	HK	Shenzhen	Total
Operating revenue	$ -	$ 142,030	$ 23,267	$ 165,297
Cost of sales	-	29,191	23,274	52,465
	-	112,839	(7)	112,832
Operating expenses				
General Administration	195,706	210,094	55,367	461,167
Sales and marketing	15,823	2,793	1,560	20,176
	211,529	212,887	56,927	481,343
	(211,529)	(100,048)	(56,934)	(368,511)
Foreign exchange loss	4,570	9,006	-	13,576
Interest Income	-	-	297	297
Loss on sale of assets	(1,072)	(15,780)	(11,170)	(28,022)
Net loss from discontinued operations	$ (208,031)	$ (106,822)	$ (67,807)	$ (382,660)

The operating results of Asia and HK for the year ended December 31, 2017 have been presented as discontinued operations as below:

	Asia	HK	Shenzhen	Beijing	Total
Operating revenue					
Sales	$ -	$ 150,990	$ -	$ -	$ 150,990
Service Revenue	-	76,869	62,925	-	139,794
	-	227,859	62,925	-	290,784
Cost of sales	-	118,717	48,821	-	167,538
	-	109,142	14,104	-	123,246
Operating expenses					
General Administration	331,260	430,820	59,657	12,192	833,929
Sales and marketing	45,060	11,438	2,555	-	59,053
	367,320	442,258	62,212	12,192	892,982
	(367,320)	(333,116)	(48,108)	(12,192)	(769,736)
Foreign exchange loss	(18,030)	-	-	-	(18,030)
Interest Income	-	15	1,461	-	1,476
Bad debt recovery	10,798	-	-	-	10,798
Net loss from discontinued operations	$ (383,552)	$ (333,101)	$ (46,647)	(12,192)	$ (775,492)

(Expressed in Canadian Dollars)

8 Discontinued operations (continued)

The net cash flows from discontinued operations for the year ended December 31, 2018 and 2017 are as follows:

	2018	2017
Net cash used in operating activities	$ (282,202)	$ (340,754)
Net cash provided by financing activities	12,472	-
Effect of exchange rate changes on cash	(26,937)	39,014
Change in cash for discontinued operations	(296,667)	(301,740)
Cash, beginning for discontinued operations	340,503	642,243
Cash, end discontinued operations	$ 43,836	$ 340,503

9. Trade and Other Receivables

	December 31, 2018	December 31, 2017
Trade receivables	$ -	$ 33,039
VAT/GST receivable	9,881	27,940
	$ 9,881	$ 60,979

During the year ended December 31, 2018, the Company recorded bad debt expense of $nil.

10 Investment in Empower Environmental Solutions Ltd.

On August 4, 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 classified as FVTOCI and is presented as a non-current asset. The maximum risk exposure is the amount the Company invested in EMP. As at December 31, 2018, the fair value of investment in EMP is $nil (2017 - $20,023) and $20,023 (2017 – $129,977) impairment was recorded in the other comprehensive income. The fair value of the investment in EMP is measured by assessing the financial position of EMP (level 2 in the fair value hierarchy) as at December 31, 2018.

(Expressed in Canadian Dollars)

11 Equipment

Equipment is represented by the following:

Cost		**Computers & Office Equipment**
Balance at December 31, 2016	$	11,807
Additions		1,585
Balance at December 31, 2017		13,392
Additions		3,246
Balance at December 31, 2018		16,638
Accumulated depreciation		
Balance at December 31, 2016		9,807
Amortization for the year		1,895
Balance at December 31, 2017		11,702
Amortization for the year		1,901
Balance at December 31, 2018		13,603
Carrying amounts		
At December 31, 2017	$	1,690
At December 31, 2018	$	3,035

12 Share Capital

a) Share capital

(i) Authorized:

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

(ii) Issued and outstanding:

The Company had 53,512,612 and 47,512,612 common shares issued and outstanding as at December 31, 2018 and 2017, respectively. As discussed in Note 6, the Company completed the disposition of XCXD and received 6,058,673 common shares which were returned to treasury on May 31, 2017.

During the year ended December 31, 2018, the Company issued 6,000,000 common shares for cash proceeds of $300,000.

(Expressed in Canadian Dollars)

12 Share Capital (continued)

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.

A summary of the share option activity during the periods is presented below:

	Number of stock options outstanding	Weighted average exercise price
Balance, December 31, 2016	2,800,000	$ 0.06
Granted	1,300,000	91,027
Forfeited/expired	(250,000)	0.05
Balance, December 31, 2017	3,850,000	$ 0.05
Forfeited/xpired	(1,550,000)	0.04
Balance, December 31, 2018	2,300,000	$ 0.05

In June 2017, the Company granted 1,300,000 stock options to its directors, officers and employees to purchase common shares of the Company at an exercise price of $0.05 per share. These options are excisable over 5 years. 50% of these options vested immediately and the remaining options will vest in one year from the date of grant.

The grant date fair value of these options was calculated based on the Black-Scholes Pricing Model with the following assumptions:

Expected life of options in years	5 years
Weighted average volatility	133%
Risk free interest rate	1.28%
Expected dividend yield	0%
Estimated forfeiture rate	0%
Share price at the date of grant	$0.05

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, 2018, share-based compensation in the amount of $7,504 (2017 – $80,783) was recognized as general administration expenses in the Company's consolidated statements of loss and comprehensive loss.

The following table summarizes information about stock options outstanding at December 31, 2018:

Exercise Price ($)	Number of options	Remaining contractual life (years)
0.05	800,000	3.44
0.05	1,300,000	2.41
0.09	100,000	1.44
0.12	100,000	1.26
	2,300,000	2.67

(Expressed in Canadian Dollars)

13 Non-Controlling Interest

As at December 31, 2018, non-controlling interest ("NCI") represents the 40% interest in AMZON. The continuity of NCI is summarized below:

Balance, December 31, 2016	$	1,222,696
Non-controlling interest in connection with the acquisition of AMZON		91,027
Net loss attributable to non-controlling interest		(133,241)
Other comprehensive loss attributable to non-controlling interest		(1,931)
Derecognize XCXD as a result of loss of control		(1,222,696)
Balance, December 31, 2017	$	(44,145)
Net loss attributable to non-controlling interest		(38,847)
Other comprehensive loss attributable to non-controlling interest		(7,708)
Balance, December 31, 2018	$	(90,700)

14 Income taxes

a) Rate reconciliation

The following table reconciles the expected income tax recovery at the Canadian statutory income tax rates to the amounts recognized in the consolidated statements of operations and comprehensive loss for the years ended December 31, 2018 and 2017:

		2018		**2017**
Loss before income taxes from continuing operations	$	424,814	$	1,852,244
Combined statutory income tax rate		27%		26%
Expected income tax recovery		(114,430)		(481,583)
Non-deductible items		2,026		1,136,247
Effect from change in tax rates		(60,254)		-
Change in deferred tax asset not recognized		172,658		(654,664)
Total income tax recovery	$	-	$	-

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their corresponding values for tax purposes. The unrecognized deductible temporary differences as at December 31, 2018 and 2017 are as follows:

		2018		**2017**
Tax losses carryforwards (Canada)	$	6,260,098	$	5,829,708
Intangible assets (Canada)		73,394		73,394
Fixed assets		3,035		3,035
Financing costs		-		14,081
Other		105,165		105,165
Net deferred income tax assets	$	6,441,692	$	6,025,383

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.

(Expressed in Canadian Dollars)

14. Income taxes (continued)

As at December 31, 2018, the Company has not recognized a deferred tax asset in respect of non-capital loss carry forwards for Canadian income tax purposes of approximately $5,881,000 from the Company's Canadian entity available to reduce taxable income in Canada. These losses expire in various years from 2027 to 2037:

Canada Expiry date		Amount
2026	$	141,527
2027		373,828
2028		524,628
2029		631,148
2030		410,644
2031		418,825
2032		413,586
2033		336,805
2034		755,422
2035		309,117
2036		798,037
2037		716,141
2038		430,390
	$	6,260,098

15 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 consolidated financial statements are listed below:

a) Due to related parties

Years ended December 31,		2018		2017
Due to a director	$	-	$	77,120
Due to a director of AMZON		185,039		99,416
		185,039		176,536
Amounts due to directors and officers included in accounts payable		252,845		160,314
Total	$	437,884	$	336,850

During the year ended December 31, 2017, the Company borrowed a loan totaling $218,196 (RMB 1,140,000) from a director of the Company and recorded interest expense of $3,123 (2017 - $29,924) related to this loan. As at December 31, 2018, the outstanding amount of this loan is $nil (2017 - 77,120). The loan is unsecured with total loan interest of RMB 160,000 per annum with no stated repayment date.

Amount due to a director of AMZON is unsecured, non-interest bearing and has no specific repayment date. The balance was included in liabilities associated with assets held for sale.

(Expressed in Canadian Dollars)

15 Related Party Transactions (continued)

b) Key management compensation

Key management includes directors (executive and non-executive), chief executive officer and chief financial officer of the Company. The compensation paid or payable to key management personnel during the years ended December 31, 2018 and 2017 is as follows:

Years ended December 31,	2018	2017
Salaries and fees:		
Salaries and consulting fees	$ 300,000	$ 561,921
Director fees	16,000	19,333
	316,000	581,254
Share-based compensation	6,693	52,007
Total	$ 322,693	$ 633,261

Key management personnel were not paid post employment benefits or other long-term benefits during the years ended December 31, 2018 and 2017.

16 Segmented Information

Substantially all of the Company's revenues were generated in Hong Kong and China. Sales from one customer accounted for 50% (2017: 52%) of the Company's total sales for the year ended December 31, 2018.

The Company's long-term assets located in Canada, Hong Kong and China at December 31, 2018 are as follows:

December 31, 2018	Hong Kong and China	Canada	Total
Equipment	$ -	$ 3,035	$ 3,035

December 31, 2017	Hong Kong and China	Canada	Total
Equipment	$ 17,007	$ 1,690	$ 18,697
Investment	-	20,023	20,023
Total	$ 17,007	$ 21,713	$ 38,720

17 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).

Fireswirl Technologies Inc.

Notes to the Consolidated Financial Statements
For the years ended December 31, 2018 and 2017
(Expressed in Canadian Dollars)

17 Financial Instruments (continued)

a) Fair value (continued)

The Company's financial assets include (i) cash and cash equivalents, restricted cash and trade receivables 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 and due to related parties which are all classified as financial liabilities at amortized cost.

The fair values of cash and cash equivalents, trade receivables, accounts payable and accrued liabilities, and due to related parties approximate their carrying values due to the short-term nature of these instruments. EMP is a private entity. The fair value of the investment in EMP is measured by assessing the financial position of EMP (level 2 in the fair value hierarchy) as at December 31, 2018. As at December 31, 2018 and 2017, the Company did not have financial liabilities 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 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 these consolidated financial statements take into account an allowance for bad debts. Maximum credit risk related to trade receivables amounted to $9,881 at December 31, 2018 (December 31, 2017 - $33,039).

There were no overdue trade receivables outstanding as at December 31, 2018 and collection is reasonably assured. As at December 31, 2018, there are two customers' receivable balance exceeding 10% of the total trade receivable balance representing 70% 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 is exposed to foreign exchange rage when the Company undertakes transactions and hold assets and liabilities in currencies other than its functional currencies. The Company currently does not use derivative instruments to hedge its exposure to those risks. As at December 31, 2018, the Company is subject to immaterial currency risk as it did not have material assets or liabilities held in currencies other than its functional currencies.

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 not exposed to significant interest risk as at December 31, 2018.

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.

As at December 31, 2018, the Company had total debt in the amount of $1,045,891 due within 12 months (December 31, 2017 - $860,327) and $938,864 of working capital deficiency (December 31, 2017 - working capital deficiency of $422,068).

(Expressed in Canadian Dollars)

18 Capital Management

The Company has defined its capital as common shares, contributed surplus, accumulated other comprehensive income and accumulated deficit.

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.

19 Expenses by Nature

Years ended December 31,	2018	2017
General administrative expense		
Salaries and benefits	$ 221,546	$ 268,083
Professional fees, insurance and public company cost	126,272	233,330
Occupancy costs	6,139	19,756
Share-based compensation	7,504	80,783
Other office expenses	10,478	2,916
Depreciation and amortization	1,901	1,895
Bad debt expense	-	4806
	373,840	611,569
Sales and marketing expense		
Travel	30,973	55,615
Meal and entertainment	11,214	45,383
Advertising and promotion	804	147
	44,551	101,144
Total operating expense	$ 416,831	$ 712,713

20 Subsequent events

On January 15, 2019, the Company consolidated its common shares on a basis of 50 old shares to 1 new share (note 1).