Fireswirl Technologies Inc.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

(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, 2019 and 2018, and the consolidated statements of income (loss) and comprehensive income (loss), changes in shareholders' deficiency and cash flows for the years 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, 2019 and 2018, and its financial performance and its cash flows for the years 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 describes matters and conditions that indicate the existence of a material uncertainty 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 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 29, 2020

Fireswirl Technologies Inc.

Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	December 31, 2019	December 31, 2018
Assets		
Current assets		
Cash and cash equivalents	$ 8,586	$ 4,553
Trade and other receivables (note 6)	17,534	9,881
Assets held for sale (note 5)	-	43,836
Total current assets	26,120	58,270
Non-current assets		
Equipment (note 8)	-	3,035
Total non-current assets	-	3,035
Total Assets	$ 26,120	$ 61,305
Liabilities and shareholders' deficiency		
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 12)	$ 242,741	$ 376,915
Liabilities associated with assets held for sale (note 5)	-	613,668
Total liabilities	242,741	990,583
Shareholders' deficiency		
Common shares (note 9)	8,588,528	8,233,881
Contributed surplus (note 9)	3,671,365	3,671,365
Accumulated other comprehensive loss (note 7)	(25,000)	(150,000)
Accumulated other comprehensive income relating to assets held for sale (note 11)	-	272,033
Deficit	(12,451,514)	(12,865,857)
Total equity attributable to shareholders of the Company	(216,621)	(838,578)
Non-controlling interest associated with assets held for sale (note 10)	-	(90,700)
Total shareholders' deficiency	(216,621)	(929,278)
Total liabilities and shareholders' deficiency	$ 26,120	$ 61,305

Going concern assumption (note 2 (b))

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 Income (Loss) and Comprehensive Income (Loss)
(Expressed in Canadian Dollars)

	Year Ended December 31, 2019	Year Ended December 31, 2018
Operating expenses		
General administration	$ 210,791	$ 373,840
Sales and marketing	-	42,991
	210,791	416,831
Operating loss before below items	(210,791)	(416,831)
Foreign exchange loss	(361)	(3,865)
Loss on settlement of debt (note 9)	(37,589)	-
Interest and other income	-	5
Finance costs	-	(3,123)
Net loss for the year from continuing operations	(248,741)	(423,814)
Net gain (loss) for the year from discontinued operations (note 5)	635,159	(382,660)
Net income (loss) for the year	$ 386,418	$ (806,474)
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods (net of tax):		
Exchange differences on translation of foreign operations	-	(26,937)
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods (net of tax):		
Change in fair value of available-for-sale investment	-	(20,023)
Net comprehensive Income (loss) for the year	$ 386,418	$ (853,434)
Net income (loss) for the period attributable to:		
Common shareholders of the Company	$ 414,343	$ (767,627)
Non-controlling interest (note 10)	(27,925)	(38,847)
	386,418	(806,474)
Net comprehensive income (loss) for the period attributable to:		
Common shareholders of the Company	$ 414,343	$ (806,879)
Non-controlling interest (note 10)	(27,925)	(46,555)
	386,418	(853,434)
Basic and diluted Income (loss) per share of:		
Income (Loss) from continuing operations attributable to common shareholders of the Company	$ 0.20	$ (0.74)
Weighted average number of shares outstanding, basis and diluted	2,050,722	1,041,321

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	Contribution surplus	Accumulated other comprehensive loss	Accumulated other comprehensive loss relating to assets held for sale	Accumulated deficit	Total	Non-controlling interest	Total shareholders' equity
Balance, December 31, 2017	950,252	$ 7,933,881	$ 3,722,331	$ (129,977)	$ 291,262	(12,156,700)	(339,203)	(44,145)	(383,348)
Net loss for the period	-	-	-	-	-	(767,627)	(767,627)	(38,847)	(806,474)
Shares issued pursuant to private Placement (note 9)	120,000	300,000	-	-	-	-	300,000	-	300,000
Share-based compensation (note 9)	-	-	7,504	-	-	-	7,504	-	7,504
Expiration of stock options (note 9)	-	-	(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 (note 7)	-	-	-	(20,023)	-	-	-	-	(20,023)
Balance, December 31, 2018	1,070,252	$ 8,233,881	$ 3,671,365	$ (150,000)	$ 272,033	(12,865,857)	(838,578)	(90,700)	(929,278)
Net loss for the period	-	-	-	-	-	414,343	414,343	(27,925)	386,418
Shares issued for settlement of debt (note 9)	1,612,034	354,647	-	-	-	-	354,647	-	354,647
Elimination of accumulated other comprehensive loss at disposal of subsidiaries (note 5,11)	-	-	-	-	(272,033)	-	(272,033)	-	(272,033)
Elimination of non-controlling interest at disposal of subsidiaries (notes 5,10 and11)	-	-	-	-	-	-	-	118,625	118,625
Sale of marketable investment classified as FVTOI (note 7)	-	-	-	125,000	-	-	125,000	-	125,000
Balance, December 31, 2019	2,682,286	$ 8,588,528	$ 3,671,365	$ (25,000)	$ -	(12,451,514)	(216,621)	-	(216,621)

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)

	Year Ended December 31, 2019	2018
Operating Activities		
Net loss for the year	$ (248,741)	$ (423,814)
Add (deduct) items not affecting cash:		
Depreciation and amortization	-	1,901
Loss from debt settlement	37,589	-
Share-based compensation	-	7,504
Interest and other income	-	(5)
Changes in non-cash working capital items:		
Trade and other receivable	(9,584)	(3,162)
Due from/to related parties	-	8,501
Deposits and prepayments	-	13,909
Accounts payable and accrued liabilities	55,933	100,134
Deferred revenue	-	5,863
Net cash flows used in operating activities of continuing operations	(164,803)	(289,169)
Investing Activities		
Acquisition of property and equipment	-	(3,246)
Proceeds from disposition of investment	125,000	-
Advances from discontinued operations	-	(12,472)
Cash provided by (used in) investing activities of continuing operations	125,000	(15,718)
Financing Activities		
Shares issued for cash	-	300,000
Cash provided by financing activities of continuing operations	-	300,000
Change in cash during the period of continuing operations	4,033	(4,887)
Cash, beginning of the year of continuing operations	4,553	9,440
Cash, end of the year	$ 8,586	$ 4,553
Net cash flows used in operating activities of discontinued operations	$ (43,836)	$ (282,202)
Cash provided by financing activities of discontinued operations	-	12,472
Effect of exchange rate changes on cash and cash equivalents discontinued operations	-	(26,937)
Change in cash during the year discontinued operations	(43,836)	(296,667)
Cash, beginning of the year discontinued operations	43,836	340,503
Cash, end of the year, discontinued operations	$ -	$ 43,836

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

1. Reporting Entity

Fireswirl Technologies Inc. (the “Company”) was founded in 1999 and became publicly listed in 2006. The Company through its subsidiaries focusd 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.

The address of the Company’s registered office is 1200 - 750 West Pender Street, Vancouver, British Columbia. The Company’s shares are listed on the NEX under the symbol FSW.H.

On January 15, 2019, the Company consolidated its common shares on a basis of 50 old shares to 1 new share. As part of the share consolidation, the stock options were also consolidated and the exercise price adjusted to reflect the consolidation. The consolidation has been reflected in these financial statements and all applicable references to the number of shares and stock options and their strike price and per share information has been adjusted.

In accordance with TSX Venture Exchange Policy 2.5, the Company has not maintained the requirements for a TSX Venture Exchange Tier 2 company. Therefore, effective July 22, 2019, the Company's listing transferred to the NEX. As of July 22, 2019, the Company is subject to restrictions on share issuances and certain types of payments as set out in the NEX policies. The trading symbol for the Company will change from FSW to FSW.H.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The impact on the Company is not currently determinable but management continues to monitor the situation.

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 29, 2020.

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, 2019, the Company incurred an operating income of $414,343 (2018 – loss of $767,627). As at December 31, 2019, the Company had an accumulated deficit of $12,451,514 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.

(Expressed in Canadian Dollars)

2. Basis of Preparation (continued)

b) Going concern assumption (continued)

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.

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.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements. 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**	**2019**	**2018**
Fireswirl Systems Inc.	British Columbia, Canada	N/A	100%
Fireswirl Asia Ltd.	Hong Kong, China	N/A	100%
Fireswirl Mobile Solutions Ltd. (inactive)	Hong Kong, China	N/A	100%
AMZON (HK) Limited *	Hong Kong, China	N/A	60%
M-Lingo Limited (inactive)	British Virgin Island	N/A	51%
SMS Translator Limited (inactive)	British Virgin Island	N/A	51%
Fireswirl Technologies (Shenzhen) Co. Ltd.	Shenzhen, China	N/A	100%
Fireswirl Technologies (Beijing) Co. Ltd. (inactive)	Beijing, China	N/A	100%

3. Significant Accounting Policies (continued)

a) Basis of consolidation (continued)

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.

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 currencies 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 currencies 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.

3. Significant Accounting Policies (continued)

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, 2019 and 2018, 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

(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. The Company classified cash as FVTPL, trade and other receivables as amortized costs and accounts payable and accrued liabilities as amortized costs.

(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.

3. Significant Accounting Policies (continued)

(e) Financial instrument (continued)

(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.

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.

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.

3. Significant Accounting Policies (continued)

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.

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.

3. Significant Accounting Policies (continued)

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.

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.

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.

3. Significant Accounting Policies (continued)

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 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.

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) 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 outstanding share-based compensation arrangements would be anti-dilutive, diluted loss per share is not calculated. During the year ended December 31, 2019 and 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.

p) Leases

The Company adopted IFRS 16 which sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model. The adoption did not result in any impact on the financial statements as the Company did not have any lease during the periods presented.

3. Significant Accounting Policies (continued)

p) Leases (continued)

As at the commencement date of a lease, the Company recognizes a lease liability and an asset representing the right to use the underlying asset during the lease term (i.e. the "right-of-use" asset) unless the underlying asset has a low value or the lease term is twelve months or less, which are expensed in the period incurred. At this date, the right-of-use asset is measured at cost, which includes the initial amount of the lease liability, adjusted for any lease payments made at or before the commencement date, any initial direct costs incurred and also includes an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset. The right-of-use asset is then depreciated using the straight-line method from the lease commencement date to the earlier of the end of the lease term or the end of the useful life of the asset. The right-of-use asset may also be reduced for any impairment losses, if any.

At the lease commencement date, the lease liability is measured at the present value of the future lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate, which is the rate the Company would pay for similar assets at similar locations over a similar term. The lease liability is measured at amortized cost using the effective interest method.

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 property and 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 11(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 13 for more information.

(Expressed in Canadian Dollars)

5. Discontinued operations

As at December 31, 2019, the discontinued operations have been disposed of for no considerations and the assets held for sale and liabilities relating to assets held for sale were $nil.

The major classes of assets and liabilities of Fireswirl Systems Inc., Fireswirl Asia Ltd. and AMZON (HK) Limited classified as held for sale as at December 31, 2019 and December 31, 2018 are as follows:

As at December 31, 2018	**Asia**	**HK**	**Shenzhen**	**Beijing**	**Total**
Assets					
Cash and cash equivalents	$ 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 liabilities held for sale	$(368,652)	$(396,512)	$(137,248)	$ (30,153)	$(932,565)

(Expressed in Canadian Dollars)

5. Discontinued operations (continued)

The operating results of Asia and HK for the year ended December 31, 2019 have been presented as discontinued operations as below:

	Asia	HK	Shenzhen	Beijing	FSI	Total
Operating revenue	$ -	$ 6,561	$ -	$ -	$ -	$ 6,561
Cost of sales		4,710				4,710
	-	1,851	-	-	-	1,851
Operating expenses						
General administration	10,093	61,690	24,275	-	38,371	134,429
Sales and marketing	1,691	15,302	236	-	-	17,229
	11,784	76,992	24,511	-	38,371	151,658
	(11,784)	(75,141)	(24,511)	-	(38,371)	(149,807)
Gain (loss) on settlement of debt (note 9)	105,092	-	-	-	(16,469)	88,623
Foreign exchange gain	4,028	-	-	-	1,262	5,290
Interest income	-	-	5	-	-	5
	97,336	(75,141)	(24,506)	-	(53,578)	(55,889)
Gain (loss) on the disposal of subsidiaries (note 11)	26	177,936	200,393	(163)	40,823	419,015
Gain (loss) from the elimination of accumulated other comprehensive loss (note 11)	199,870	74,570	(32,729)	30,322	-	272,033
Net gain from discontinued operations	$ 297,232	$ 177,365	$ 143,158	$ 30,159	$ (12,755)	$ 635,159

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)

(Expressed in Canadian Dollars)

5. Discontinued operations (continued)

The net cash flows from discontinued operations for the years ended December 31, 2019 and 2018 are as follows:

	2019	2018
Net cash used in operating activities	$ (43,836)	$ (282,202)
Net cash provided by financing activities	-	12,472
Effect of exchange rate changes on cash and cash equivalents	-	(26,937)
Change in cash during the year for discontinued operations	(43,836)	(296,667)
Cash, beginning of the year for discontinued operations	43,836	340,503
Cash, end of the year, discontinued operations	$ -	$ 43,836

6. Trade and Other Receivables

	December 31, 2019	December 31, 2018
VAT/GST receivable	$ 17,534	$ 9,881

7. 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 available for sale 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 was $nil. During the year ended December 31, 2019, the Company sold the EMP shares for proceeds of $125,000.

(Expressed in Canadian Dollars)

8. Property, plant and equipment

Property, plant and equipment is represented by the following:

Cost	**Computer & Office Equipment**
Balance at December 31, 2017	$ 13,392
Additions	3,246
Balance at December 31, 2016	$ 16,638
Assets sold from the disposal of subsidiaries	(16,638)
Balance at December 31, 2018 and December 31, 2019	$ -

Accumulated depreciation	**Computer & Office Equipment**
Balance at December 31, 2017	$ 11,702
Amortization for the year	1,901
Balance at December 31, 2018	$ 13,603
Amortization for the year	1,208
Amortization recovered from the disposal of subsidiaries	(14,811)
Balance at December 31, 2019	$ -

Carrying amount	**Computer & Office Equipment**
At December 31, 2018	$ 3,035
At December 31, 2019	$ -

During the year ended December 31, 2019, the carrying balance of the equipment of $1,827 (note 11) was written off upon the dissolvement of the Company's wholly owned subsidiary, Fireswirl System Inc.

9. 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 2,682,286 common shares issued and outstanding as at December 31, 2019.

On January 15, 2019, the Company consolidated its issued and outstanding common shares on a 50-old-for-1-new share basis. All references to share and per share amounts in these financial statements have been retroactively restated to reflect the Consolidation.

(Expressed in Canadian Dollars)

9. Share Capital (continued)

a) Share capital (continued)

On May 23, 2019, the Company issued an aggregate of 1,612,034 common shares at a fair market price of $0.22 per share to settle outstanding debt totaling $405,681. A gain from debt settlement of $88,623 was recognized in the operating results of discontinued operations (note 5). A loss from debt settlement of $37,589 was recognized in the operating results of discontinued operations,

During the year ended December 31, 2018, the Company issued 120,000 common shares for cash proceeds of $300,000.

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, 2017	77,000	$ 2.50
Forfeited/expired	(31,000)	2.00
Balance, December 31, 2018 and December 31, 2019	46,000	$ 2.74

The following table summarizes information about stock options outstanding at December 31, 2019:

Exercise Price ($)	Number of stock options outstanding	Remaining contractual life (years)
2.50	16,000	2.44
2.50	26,000	1.41
4.50	2,000	0.44
6.00	2,000 (a)	0.26
	46,000	1.67

(a) 2,000 options were expired with no exercise subsequent to the year-end.

(Expressed in Canadian Dollars)

10. Non-Controlling Interest

As at December 31, 2019, the Company had disposed of its 60% interest in AMZON and as a result, the non-controlling interest ("NCI") representing the 40% interest in AMZON was removed. The continuity of NCI is summarized below:

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)
Net loss attributable to non-controlling interest		(27,925)
Other comprehensive loss attributable to non-controlling interest		-
Elimination of non-controlling interest from disposal of subsidiaries		(118,625)
Balance, December 31, 2019	$	-

11. Disposal of Subsidiaries

During the year ended December 31, 2019, the Company sold its wholly owned subsidiary, Fireswirl Asia Ltd, and its 60% interest in Amzon (HK) to an its former CEO and director of the Company for a nominal price. The Company dissolved its wholly owned subsidiary, Fireswirl System Inc., during the year ended December 31, 2019.

a summary of consideration received upon disposition and assets and liabilities transferred is outlined below:

		December 31, 2018
Consideration:		
Cash paid at nominal price	$	1
Consideration received upon disposition		1
Net liabilities transferred upon disposition		
Cash		(759)
Other receivables		(2,486)
Prepaid expenses		(2,825)
Equipment, net		(1,827)
Liabilities		545,536
Net liabilities disposed		537,639
Gain before elimination items below		(537,640)
Elimination of accumulated other comprehensive loss		(272,033)
Elimination of non-controlling interest (Note 10)		118,625
Gain on disposition	$	(691,048)

(Expressed in Canadian Dollars)

12. Income Taxes

(a) Rate reconciliation

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 operations and comprehensive loss for the years ended December 31, 2019 and 2018:

	2019	2018
Loss before income taxes	$ 248,741	$ 424,814
Combined statutory income tax rate	27%	27%
Expected income tax recovery	(67,160)	(114,430)
Non-deductible items and others	341,964	2,026
Foreign tax rate difference	-	(60,254)
Change in deferred tax asset not recognized	(274,804)	172,658
Total income tax expense	$ -	$ -

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, 2019 and 2018 are as follows:

	2019	2018
Tax losses carryforwards (Canada)	$ 5,423,899	$ 6,260,098
Intangible assets (Canada)	-	73,394
Fixed assets	-	3,035
Other	-	105,165
Net deferred income tax assets	$ 5,423,899	$ 6,441,692

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)

12. Income Taxes (continued)

As at December 31, 2019, the Company has not recognized a deferred tax asset in respect of non-capital loss carry forwards for Canadian income tax purposes of approximately $5,078,375 from the Company's Canadian entity available to reduce taxable income in Canada. These losses expire in various years from 2025 to 2039:

Canada Expiry date		Amount
2025	$	10,131
2026		141,527
2027		373,828
2028		109,032
2029		158,329
2030		106,084
2031		63,963
2032		141,382
2033		129,760
2034		337,997
2035		309,117
2036		326,069
2037		316,820
2038		2,651,119
2039		248,741
	$	5,423,899

13. 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

		December 31, 2019		December 31, 2018
Due to a director of AMZON (i)		-		185,039
Amounts due to related parties included in accounts payable	$	-	$	252,845

(i) Amount due to a director of AMZON is unsecured, non-interest bearing and has no specific repayment date.

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, 2019 and 2018 is as follows:

		2019		2018
Salaries and fees:				
-Salaries and consulting fees	$	82,500	$	300,000
- Director fees		-		16,000
		82,500		316,000
Share-based compensation		-		6,693
Total	$	82,500	$	322,693

13. Related Party Transactions (continued)

Key management personnel were not paid post employment benefits or other long-term benefits during the year ended December 31, 2019. As at December 31, 2019, the Company owed $85,500 (December 31, 2018 - $nil) to two directors which was included in the accounts payable and accrued liabilities. These amounts are unsecured, non-interest bearing with no fixed term of repayment.

14. 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 cash and cash equivalents which are classified as FVTPL. The Company’s financial liabilities include accounts payable and accrued liabilities which are all classified at amortized cost.

The fair values of cash and cash equivalents and accounts payable and accrued liabilities, and due to related parties approximate their carrying values due to the short-term nature of these instruments. As at December 31, 2019, 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 by depositing only with reputable financial institutions. Maximum credit risk related to cash and cash equivalents amounted to $8,586 at December 31, 2019 (December 31, 2018 - $4,553).

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 rate 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, 2019, 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.

(Expressed in Canadian Dollars)

14. Financial Instruments (continued)

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 September 30, 2019.

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, 2019, the Company had total debt in the amount of $242,741 due within 12 months (December 31, 2018 - $990,583) and $216,621 of working capital deficiency (December 31, 2018 - working capital deficiency of $932,313).

15. Segmented Information

The Company's long-term assets located in Canada, Hong Kong and China at December 31, 2019 and December 31, 2018 are as follows:

The Company does not have any long-term assets as at December 31, 2019.

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

16. 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.

17. Expenses by Nature

Years ended December 31,	2019	2018
General administrative expense		
Salaries and benefits	$ 96,891	$ 221,546
Professional fees, insurance and public company cost	110,926	126,272
Occupancy costs	-	6,139
Share-based compensation	-	7,504
Other office expenses	2,974	10,478
Depreciation and amortization	-	1,901
	$ 210,791	$ 373,840

17. Expenses by Nature (continued)

Sales and marketing expense		
Travel	-	30,973
Meal and entertainment	-	11,214
Advertising and promotion	-	804
	$ -	$ 42,991