

CANASIA FINANCIAL INC.
Financial Statements
Interim Condensed Financial Statements
For the Period Ended September 30, 2017
(Expressed in Canadian Dollars)

**NOTICE OF NO AUDITOR REVIEW OF
INTERIM CONDENSED FINANCIAL STATEMENTS**

Under National Instrument 51-102, "Continuous Disclosure Obligations", Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim condensed financial statements, they must be accompanied by a notice indicating that the interim condensed financial statements have not been reviewed by an auditor.

The Company's external auditors, Collins Barrow Edmonton LLP, have not performed a review of these interim condensed financial statements.

"James Louie"
Signed
Chief Executive Officer and Chief Financial Officer

November 29, 2017

CANASIA FINANCIAL INC.

(Unaudited)

Interim Condensed Statement of Financial Position

June 30, 2017

(Expressed in Canadian Dollars)

	September 30, 2017	December 31, 2016
ASSETS		
Current Assets		
Cash and cash equivalents	<u>\$ 5,305</u>	<u>\$ 4,150</u>
	<u>\$ 5,305</u>	<u>\$ 4,150</u>
LIABILITIES		
Current Liabilities		
Accounts payables and accrued liabilities (Note 3)	<u>\$ 33,650</u>	<u>\$ 36,613</u>
Loan payable (Note 4)	<u>60,000</u>	<u>10,000</u>
	<u>93,650</u>	<u>46,613</u>
EQUITY		
Share capital (Note 5)	2,084,126	2,084,126
Share premium	997,920	997,920
Contributed surplus	391,857	391,857
Deficit	<u>(3,562,248)</u>	<u>(3,516,366)</u>
	<u>(88,345)</u>	<u>(42,463)</u>
	<u>\$ 5,305</u>	<u>\$ 4,150</u>

Going concern (Note 1)

Approved and authorized for issue on behalf of the Board of Directors on November 29, 2017:

"James Louie"
Signed _____
Director

"Dale Burstall"
Signed _____
Director

See accompanying notes to the financial statements

CANASIA FINANCIAL INC.

(Unaudited)

Interim Condensed Statement of Income (Loss) and Comprehensive Income (Loss)

For the Period Ended September 30, 2017

(Expressed in Canadian Dollars)

	Three Months Ending September 30, 2017	Three Months Ending September 30, 2016	Nine Months Ending September 30, 2017	Nine Months Ending September 30, 2016
Expenses				
General and administrative	<u>\$ 21,329</u>	\$ 2,556	<u>\$ 45,882</u>	\$ 106,340
Net loss before other income	(21,329)	(2,556)	(45,882)	(106,340)
Other income				
Gain on settlement of liabilities	<u>---</u>	---	<u>---</u>	258,191
Net income (loss) and comprehensive income (loss)	<u>\$ (21,329)</u>	<u>\$ (2,556)</u>	<u>\$ (45,882)</u>	<u>\$ 151,851</u>
Net loss per share				
- basic (Note 5)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
- diluted (Note 5)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

See accompanying notes to the financial statements

CANASIA FINANCIAL INC.

(Unaudited)

Interim Condensed Statement of Changes in Equity

For the Period Ended September 30, 2017

(Expressed in Canadian Dollars)

	Common Shares Amount	Warrants Amount	Preferred Shares Amount	Total	Share Premium	Contributed Surplus	Deficit	Equity
Balance, January 1, 2017	\$ 1,351,029	\$ 244,324	\$ 488,773	\$ 2,084,126	\$ 997,920	\$ 391,857	\$ (3,516,366)	\$ (42,463)
Net loss for the period	---	---	---	---	---	---	(45,882)	(45,882)
Balance, September 30, 2017	<u>\$ 1,351,029</u>	<u>\$ 244,324</u>	<u>\$ 488,773</u>	<u>\$ 2,084,126</u>	<u>\$ 997,920</u>	<u>\$ 391,857</u>	<u>\$ (3,562,248)</u>	<u>\$ (88,345)</u>
Balance, January 1, 2016	\$ 1,351,029	\$ 244,324	\$ 488,773	\$ 2,084,126	\$ 997,920	\$ 391,857	\$ (3,661,901)	\$ (187,998)
Net income for the period	---	---	---	---	---	---	151,851	151,851
Balance, September 30, 2016	<u>\$ 1,351,029</u>	<u>\$ 244,324</u>	<u>\$ 488,773</u>	<u>\$ 2,084,126</u>	<u>\$ 997,920</u>	<u>\$ 391,857</u>	<u>\$ (3,510,050)</u>	<u>\$ (36,147)</u>

See accompanying notes to the financial statements

CANASIA FINANCIAL INC.

(Unaudited)

Interim Condensed Statement of Cash Flows

For the Period Ended September 30, 2017

(Expressed in Canadian Dollars)

	September 30, 2017	September 30, 2016
Cash Provided by (Used in):		
Operating Activities		
Net income (loss)	\$ (45,882)	\$ 151,851
Items not affecting cash:		
Gain on settlement of liabilities	<u>---</u>	<u>(258,191)</u>
Operating cash flow before changes in non-cash working capital	(45,882)	(106,340)
Changes in non-cash working capital:		
Accounts payables and accrued liabilities	<u>(2,963)</u>	<u>(213,099)</u>
	<u>(48,845)</u>	<u>(319,439)</u>
Investing Activity		
Deposit refunded	<u>---</u>	<u>600,000</u>
Financing Activity		
Advances from loan payable	50,000	---
Repayments to related parties	<u>---</u>	<u>(285,076)</u>
	<u>50,000</u>	<u>(285,076)</u>
Increase (decrease) in cash and cash equivalents	1,155	(4,515)
Cash and cash equivalents, beginning of period	<u>4,150</u>	<u>8,722</u>
Cash and cash equivalents, end of period	<u><u>\$ 5,305</u></u>	<u><u>\$ 4,207</u></u>

See accompanying notes to the financial statements

CANASIA FINANCIAL INC.

(Unaudited)

Notes to the Interim Condensed Financial Statements

September 30, 2017

(Expressed in Canadian Dollars)

1. **Nature of Operations**

CanAsia Financial Inc. (the "Company") was incorporated on June 26, 2008 under the *Business Corporations Act* (Alberta). The Company has no significant assets. The Company's registered office is located at Suite 1600, 333-7 Avenue S.W., Calgary, Alberta, Canada.

Going Concern

These financial statements have been prepared in accordance with International Financial Reporting Standards that are applicable to a going concern which contemplates the realization of assets and settlement of liabilities in the normal course of operations. There are material uncertainties that may cast significant doubt on the validity of this assumption. The Company has been unable to generate a profit from operations up to September 30, 2017. For the period ended September 30, 2017, the Company incurred a net loss of \$45,882, and at September 30, 2017 had a working capital deficiency of \$88,345 and an accumulated deficit of \$3,562,248. The Company's ability to continue as a going concern is dependent on accessing additional funding.

These interim condensed financial statements do not reflect adjustments in the carrying value of the assets and liabilities, the reported revenues and expenses and the balance sheet classifications that would be necessary if the going concern assumption were not appropriate.

2. **Basis of Presentation**

a) **Statement of Compliance**

These interim condensed financial statements have been prepared in accordance and compliance with International Accounting Standard 34, ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain financial information and disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed. The disclosure herein is incremental to the disclosure included in the annual financial statements. The interim condensed financial statements should be read in conjunction with the annual audited financial statements for the year ended December 31, 2016.

The policies in these interim condensed financial statements are based on International Financial Reporting Standards ("IFRS") issued and outstanding as of November 29, 2017; the date the Company's board of directors approved the interim condensed financial statements.

b) **Significant Accounting Policies**

The accounting policies applied by the Company in these interim condensed financial statements are the same as those applied by the Company in its audited financial statements for the year ended December 31, 2016.

CANASIA FINANCIAL INC.

(Unaudited)

Notes to the Interim Condensed Financial Statements

September 30, 2017

(Expressed in Canadian Dollars)

3. Accounts Payables and Accrued Liabilities

	<u>September 30, 2017</u>	<u>December 31, 2016</u>
Trade payables	\$ 13,150	\$ 19,113
Other payables and accrued liabilities	<u>20,500</u>	<u>17,500</u>
	<u>\$ 33,650</u>	<u>\$ 36,613</u>

4. Loan Payable

Loan payable is unsecured, bears no interest and has no terms of repayment.

5. Share Capital

Authorized:

Unlimited number of common shares

Unlimited number of preferred shares

Issued:

	<u>Common Shares</u>		<u>Warrants</u>		<u>Preferred Shares</u>		
	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>	<u>Total</u>
Balance, September 30, 2017 and December 31, 2016	<u>98,168,052</u>	<u>\$ 1,351,029</u>	<u>7,500,000</u>	<u>\$ 244,324</u>	<u>15,000,000</u>	<u>\$ 488,773</u>	<u>\$ 2,084,126</u>

The holders of common shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All common shares issued rank equally with regard to the Company's residual assets subject to the rights of the preferred shares.

The preferred shares are non-voting. Each preferred share is convertible into one common share of the Company. The holders of Series C Preferred Shares have the right for a period of five years from September 9, 2013 to convert any or all Series C Preferred Shares into common shares of the Company on the basis of one Series C Preferred Share for one common share of the Company. If not converted within the five-year period, the Series C Preferred Shares will be cancelled.

The 7,500,000 warrants are exercisable at \$0.20 per share to acquire one common share of the company until September 9, 2018 at which time the warrants expire.

Earnings per share amounts

Earnings per share has been calculated using the weighted average number of common shares of 98,168,052 (September 30, 2016 – 98,168,052) outstanding during the period. No common shares have been added to the denominator in calculating diluted net loss per share for the dilutive effect of convertible preferred shares and warrants outstanding as they are anti-dilutive.

CANASIA FINANCIAL INC.

(Unaudited)

Notes to the Interim Condensed Financial Statements

September 30, 2017

(Expressed in Canadian Dollars)

6. Stock Options

The Company has a stock option plan (the "Plan"), which provides employees, directors, officers and consultants of the Company with the opportunity to acquire common shares of the Company through the exercise of stock options. The maximum number of unissued common shares that may be subject to options granted and outstanding under the Plan at any time shall be 10% of the number of the issued and outstanding common shares at the time the options are granted. Stock options granted under the Plan are limited to a maximum term of five years and vest immediately.

A summary of the status of the Company's Plan is as follows:

	<u>September 30, 2017</u>		<u>December 31, 2016</u>	
	<u>Number of Options</u>	<u>Weighted Average Exercise Price</u>	<u>Number of Options</u>	<u>Weighted Average Exercise Price</u>
Outstanding, beginning of period	---	\$ ---	250,000	\$ 0.13
Expired	---	---	(250,000)	(0.13)
Granted	---	---	---	---
Outstanding, end of period	<u>---</u>	<u>\$ ---</u>	<u>---</u>	<u>\$ ---</u>
Exercisable, end of period	<u>---</u>	<u>\$ ---</u>	<u>---</u>	<u>\$ ---</u>

7. Capital Management

The Company's primary objectives when managing capital are to safeguard the Company's ability to continue as a going concern and seek for potential acquisition.

The Company's capital structure is regularly reviewed and managed. Adjustments are made to the capital structure based on financing requirements as well as in response to economic conditions affecting the Company.

The Company's capital includes the following:

	<u>September 30, 2017</u>	<u>December 31, 2016</u>
Shareholders' equity	\$ (88,345)	\$ (42,463)
Loan payable	<u>60,000</u>	<u>10,000</u>
	<u>\$ (28,345)</u>	<u>\$ (32,463)</u>

CANASIA FINANCIAL INC.

(Unaudited)

Notes to the Interim Condensed Financial Statements

September 30, 2017

(Expressed in Canadian Dollars)

8. Financial Instruments and Risk Management

The Company is exposed to credit and liquidity risks in the normal course of the Company's operations. These risks are mitigated by the Company's financial management policies and practices described below.

a) Credit risk

The Company is exposed to credit risk associated with cash and cash equivalents. The risk is mitigated as the cash and cash equivalents are maintained with major financial institutions in Canada.

b) Liquidity risk

The Company's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liabilities when due. The Company has cash of \$5,305 (December 31, 2016 - \$4,150) and working capital deficiency of \$88,345 as at September 30, 2017 (December 31, 2016 – \$42,463).

The Company's contractual obligations consist of accounts payables and accrued liabilities and loan payable. The accounts payable and accrued liabilities are due based on terms with the vendor and would not exceed one year. The loan payable has no repayment terms.

c) Fair values

The fair values of the Company's cash and cash equivalents, accounts payable and accrued liabilities and loan payable approximate their carrying values due to their short-term nature.

The following provides an analysis of financial instruments that are measured at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are not observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

As at September 30, 2017, the Company had only cash and cash equivalent, classified as "fair value through profit or loss", measured at fair value - Level 1. All other financial instruments are measured at amortized cost using the effective interest rate method.

9. Approval of Financial Statements

The financial statements were approved by the Board of Directors on November 29, 2017.