

**CANASIA FINANCIAL INC.**  
Financial Statements  
Interim Condensed Financial Statements  
For the Period Ended September 30, 2018  
(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

November 29, 2018

**CANASIA FINANCIAL INC.**

(Unaudited)

## Interim Condensed Statement of Financial Position

September 30, 2018

*(Expressed in Canadian Dollars)*

	<b>September 30, 2018</b>	December 31, 2017
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	<u>\$ 9,874</u>	<u>\$ 3,578</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payables and accrued liabilities (Note 3 and 5)	<u>\$ 120,750</u>	\$ 93,137
Loans payable (Note 4)	<u>160,000</u>	<u>60,000</u>
	<u>280,750</u>	<u>153,137</u>
<b>EQUITY</b>		
Share capital (Note 6)	1,839,802	2,084,126
Share premium	997,920	997,920
Contributed surplus	636,181	391,857
Deficit	<u>(3,744,779)</u>	<u>(3,623,462)</u>
	<u>(270,876)</u>	<u>(149,559)</u>
	<u>\$ 9,874</u>	<u>\$ 3,578</u>

**Going concern** (Note 1)**Subsequent event** (Note 10)

Approved and authorized for issue on behalf of the Board of Directors on November 29, 2018:

"James Louie"

Signed

Director

"Dale Burstall"

Signed

Director

*See accompanying notes to the interim condensed financial statements*

**CANASIA FINANCIAL INC.**

(Unaudited)

## Interim Condensed Statement of Loss and Comprehensive Loss

For the period ended September 30, 2018

*(Expressed in Canadian Dollars)*

	<b>Three Months Ending September 30, 2018</b>	Three Months Ending September 30, 2017	<b>Nine Months Ending September 30, 2018</b>	Nine Months Ending September 30, 2017
<b>Expenses</b>				
General and administrative	<u>\$ 3,320</u>	\$ 21,329	<u>\$ 121,317</u>	\$ 45,882
<b>Net loss and comprehensive loss</b>	<u>\$ (3,320)</u>	\$ (21,329)	<u>\$ (121,317)</u>	\$ (45,882)
Net loss per share				
- basic (Note 6)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
- diluted (Note 6)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

*See accompanying notes to the interim condensed financial statements*

**CANASIA FINANCIAL INC.**

(Unaudited)

## Interim Condensed Statement of Changes in Equity

For the period ended September 30, 2018

*(Expressed in Canadian Dollars)*

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	<u>Common Shares</u>	<u>Warrants</u>	<u>Preferred Shares</u>	<u>Total</u>	<u>Share Premium</u>	<u>Contributed Surplus</u>	<u>Deficit</u>	<u>Equity</u>
<b>Balance, January 1, 2018</b>	<b>\$ 1,351,029</b>	<b>\$ 244,324</b>	<b>\$ 488,773</b>	<b>\$ 2,084,126</b>	<b>\$ 997,920</b>	<b>\$ 391,857</b>	<b>\$ (3,623,462)</b>	<b>\$ (149,559)</b>
<b>Conversion of preferred shares</b>	<b>488,773</b>	<b>---</b>	<b>(488,773)</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>
<b>Warrants expired</b>	<b>---</b>	<b>(244,324)</b>	<b>---</b>	<b>(244,324)</b>	<b>---</b>	<b>244,324</b>	<b>---</b>	<b>---</b>
<b>Net loss for the period</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>(121,317)</b>	<b>(121,317)</b>
<b>Balance, September 30, 2018</b>	<b><u>\$ 1,839,802</u></b>	<b><u>\$ ---</u></b>	<b><u>\$ ---</u></b>	<b><u>\$ 1,839,802</u></b>	<b><u>\$ 997,920</u></b>	<b><u>\$ 636,181</u></b>	<b><u>\$ (3,744,779)</u></b>	<b><u>\$ (270,876)</u></b>
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>

See accompanying notes to the interim condensed financial statements

**CANASIA FINANCIAL INC.**

(Unaudited)

## Interim Condensed Statement of Cash Flows

For the period ended September 30, 2018

*(Expressed in Canadian Dollars)*

	<b>September 30, 2018</b>	September 30, 2017
<b>Cash Provided by (Used in):</b>		
<b>Operating Activities</b>		
Net loss	\$ (121,317)	\$ (45,882)
Changes in non-cash working capital:		
Accounts payables and accrued liabilities	<u>27,613</u>	<u>(2,963)</u>
	<u>(93,704)</u>	<u>(48,845)</u>
<b>Financing Activity</b>		
Advances from loan payable	<u>100,000</u>	<u>50,000</u>
<b>Increase in cash and cash equivalents</b>	<b>6,296</b>	<b>1,155</b>
<b>Cash and cash equivalents, beginning of period</b>	<u><b>3,578</b></u>	<u><b>4,150</b></u>
<b>Cash and cash equivalents, end of period</b>	<u><b>\$ 9,874</b></u>	<u><b>\$ 5,305</b></u>

*See accompanying notes to the interim condensed financial statements*

# **CANASIA FINANCIAL INC.**

(Unaudited)

Notes to the Interim Condensed Financial Statements

September 30, 2018

(Expressed in Canadian Dollars)

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## **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 and is currently seeking to complete the acquisition of Techni Modul Engineering Ltd. as a non-binding letter of intent was signed September 25, 2018. 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, 2018. For the period ended September 30, 2018, the Company incurred a net loss of \$121,317, and at September 30, 2018 had a working capital deficiency of \$270,876 and an accumulated deficit of \$3,744,779. The Company's ability to continue as a going concern is dependent on accessing additional funding.

These 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, 2017.

The policies in these interim condensed financial statements are based on International Financial Reporting Standards ("IFRS") issued and outstanding as of November 29, 2018; 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, 2017, except for the adoption of the following accounting standards effective January 1, 2018:

## CANASIA FINANCIAL INC.

(Unaudited)

### Notes to the Interim Condensed Financial Statements

September 30, 2018

(Expressed in Canadian Dollars)

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#### 2. Basis of Presentation (Continued)

##### b) Significant Accounting Policies (continued)

IFRS 9 "Financial Instruments" ("IFRS 9") was issued by the IASB in October 2010 and will replace IAS 39 "Financial Instruments: Recognition and Measurement" ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The adoption of this standard did not have a change in measurement or disclosure on the Company's financial statements.

#### 3. Accounts Payables and Accrued Liabilities

	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Trade payables	\$ 102,000	\$ 58,887
Accrued liabilities	<u>18,750</u>	<u>34,250</u>
	<u>\$ 120,750</u>	<u>\$ 93,137</u>

#### 4. Loans Payable

	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Due to a director	\$ 110,000	\$ 10,000
Due to a company controlled by a director of the Company	<u>50,000</u>	<u>50,000</u>
	<u>\$ 160,000</u>	<u>\$ 60,000</u>

The loans payable are unsecured, bear no interest and have no terms of repayment.

#### 5. Related Party Transactions

Accounts payable and accrued liabilities include an amount of \$53,266 payable to directors of the Company to reimburse for travel expenses for a board of directors meeting.

During the period, the Company has paid professional fees of \$17,067 (2017 – \$nil) to a Company controlled by a director of the Company.

The compensation paid to key management personnel, which is comprised of the Chief Executive Officer and the Chief Financial Officer, during the period is \$ nil (2017 – \$nil).

# CANASIA FINANCIAL INC.

(Unaudited)

## Notes to the Interim Condensed Financial Statements

September 30, 2018

(Expressed in Canadian Dollars)

### 6. Share Capital

Authorized:

Unlimited number of common shares

Unlimited number of preferred shares

Issued:

	Common Shares		Warrants		Preferred Shares		Total
	Number	Amount	Number	Amount	Number	Amount	
Balance, December 31, 2017	98,168,052	\$ 1,351,029	7,500,000	\$ 244,324	15,000,000	\$ 488,773	\$ 2,084,126
Conversion of preferred shares	15,000,000	488,773	--	---	(15,000,000)	(488,773)	---
Warrants expired	---	---	(7,500,000)	(244,324)	---	---	(244,324)
<b>Balance, June 30, 2018</b>	<b><u>113,168,052</u></b>	<b><u>\$ 1,839,802</u></b>	<b><u>---</u></b>	<b><u>\$ ---</u></b>	<b><u>(15,000,000)</u></b>	<b><u>\$ ---</u></b>	<b><u>\$ 1,839,802</u></b>

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.

As of September 6, 2018, 15,000,000 Series C preferred shares were converted into one common shares of the Company on the basis of one common share per each preferred share.

As of September 9, 2018, 7,500,000 warrants were not exercised and have expired.

### Earnings per share amounts

Earnings per share has been calculated using the weighted average number of common shares of 102,124,096 and 99,491,581 outstanding for the three and nine months ended, respectively (September 30, 2017 – 98,168,052 for three and nine months ended). Diluted earnings per share has been calculated using the weighted average number of common shares of 102,124,096 and 99,491,581 outstanding for the three and nine months ended, respectively (September 30, 2017 – 98,168,052 for three and nine months ended).

### 7. 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.

There were no stock options granted or outstanding during the year ended December 31, 2017 or the nine months ended September 30, 2018.

# CANASIA FINANCIAL INC.

(Unaudited)

## Notes to the Interim Condensed Financial Statements

September 30, 2018

(Expressed in Canadian Dollars)

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### 8. 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:

	<b>September 30, 2018</b>	December 31, 2017
Shareholders' deficiency	\$ (270,876)	\$ (149,559)
Loan payable	<u>160,000</u>	<u>60,000</u>
	<u><b>\$ (110,876)</b></u>	<u><b>\$ (89,559)</b></u>

### 9. 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 \$9,874 (December 31, 2017 - \$3,578) and working capital deficiency of \$270,876 as at September 30, 2018 (December 31, 2017 - \$149,559).

The Company's contractual obligations consist of accounts payables and accrued liabilities and loans payable. The accounts payable and accrued liabilities is expected to be paid within one year and the loans payable have no terms of repayment.

## **CANASIA FINANCIAL INC.**

(Unaudited)

Notes to the Interim Condensed Financial Statements

September 30, 2018

*(Expressed in Canadian Dollars)*

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### **9. Financial Instruments and Risk Management (Continued)**

#### **c) Fair values**

The fair values of the Company's cash and cash equivalents, accounts payable and accrued liabilities and loans 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, 2018, the Company had only cash and cash equivalents, 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.

### **10. Subsequent event**

On November 15, 2018, the Company completed a non-brokered private placement of convertible unsecured debentures in the principal amount of \$660,000. The debentures accrue interest at 5% per year and matures two years from the date of issuance, are payable at any time by the Company with no penalty and convertible at the option of the holder at any time into common shares of the Company at a conversion price of \$0.125 per share, assuming a 5 to 1 consolidation.