China Education Resources Inc.

Consolidated Financial Statements
(Expressed in U.S. Dollars)

Years Ended December 31, 2016 and 2015

Management's Responsibility for Financial Reporting

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

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

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

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

April 29, 2017

(signed)	(signed)
"Chengfeng Zhou"	"Danny Hon"
Chief Executive Officer	Chief Financial Officer

Independent Auditors' Report

To the Shareholders of China Education Resources Inc.:

We have audited the accompanying consolidated financial statements of China Education Resources Inc., which comprise the consolidated statement of financial position as at December 31, 2016 and December 31, 2015, and the consolidated statements of income and comprehensive income and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated 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.

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

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

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of China Education Resources Inc. as at December 31, 2016 and December 31, 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 2 of these consolidated financial statements which discloses matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Without qualifying our opinion, we also draw attention to Note 25 of these consolidated financial statements, which indicates that the consolidated financial statements for the year ended December 31, 2015 have been restated to correct prior years' errors resulting from overstatement of liabilities relating to income taxes payable.

Vancouver, British Columbia

April 29, 2017

MNP LLP
Chartered Professional Accountants

CHINA EDUCATION RESOURCES INC.

Consolidated Statements of Financial Position

December 31, 2016 and 2015

(Expressed in U.S. Dollars)

AS AT	Note		**December 31, 2016**		**December 31, 2015 (Restated - Note 25)**
Assets					
Current assets					
Cash and cash equivalents		$	3,844,356	$	1,594,835
Restricted cash	7		-		380,643
Marketable securities	8		-		83,241
Accounts and other receivables	9		3,861,590		5,438,113
Loan receivable	10		-		153,970
Due from related parties	23		-		44,295
Prepaid expenses and deposits			103,837		90,089
Total current assets			7,809,783		7,785,186
Non-current assets					
Plant and equipment	11		97,902		77,727
Total non-current assets			97,902		77,727
Total assets		$	7,907,685	$	7,862,913
Liabilities					
Current liabilities					
Trade and other payables	15	$	4,557,755	$	5,187,956
Deferred revenue			285,355		585,251
Taxes payable			1,544,785		1,640,140
Advance from a third party	16		217,047		209,398
Loans payable	17		355,235		802,336
Bank loan	18		287,480		-
Loans payable - related parties	23		287,689		365,201
Due to related parties	23		1,437,626		1,208,443
Total current liabilities			8,972,972		9,998,725
Shareholders' Deficiency					
Share capital	12		29,455,512		29,455,512
Contributed surplus			2,624,782		2,619,455
Accumulated other comprehensive income			875,723		922,553
Deficit			(34,749,941)		(35,666,145)
Total shareholders' deficiency attributable to shareholders' of the Company			(1,793,924)		(2,668,625)
Non-controlling interest			728,637		532,813
Total deficiency			(1,065,287)		(2,135,812)
Total liabilities and shareholders' deficiency		$	7,907,685	$	7,862,913

Approved by the Board:

"Chengfeng Zhou"
Director

"Danny Hon"
Director

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

CHINA EDUCATION RESOURCES INC.

Consolidated Statements of Income and Comprehensive Income

For the years ended December 31, 2016 and 2015

(Expressed in U.S. Dollars)

	Note		2016		2015
Revenue					
Book sales and distribution services		$	7,411,968	$	7,223,021
Online products			6,008,379		5,492,813
			13,420,347		12,715,834
Cost of sales					
Book sales and distribution services			(4,171,580)		(4,358,755)
Online products			(2,203,027)		(2,411,719)
Gross profit			7,045,740		5,945,360
Amortization			(28,918)		(17,508)
General and administrative	19,23		(1,495,967)		(1,666,108)
Selling commission, marketing and copyrights			(3,890,126)		(4,568,673)
Other expense			(48,742)		(46,716)
Other income			11,057		155,370
Operating profit(loss)			1,593,044		(198,275)
Finance income			46,292		22,320
Finance costs	10,23		(190,518)		(202,232)
Net finance costs			(144,226)		(179,912)
Net income(loss) before income taxes			1,448,818		(378,187)
Income taxes	24		(291,770)		(203,574)
Net income(loss) for the year		$	1,157,048	$	(581,761)
Other comprehensive income for the year, net of income taxes					
Change in fair value of marketable securities			38,165		22,223
Unrealized exchange gain (loss) on translation of foreign operations			(130,015)		337,410
Other comprehensive income for the year, net of income tax			(91,850)		359,633
Compreshensive income(loss) for the year		$	1,065,198	$	(222,128)
Net income attributable to:					
Shareholders of the Company		$	916,204	$	(395,519)
Non-controlling interest			240,844		(186,242)
Net income(loss) for the year		$	1,157,048	$	(581,761)
Comprehensive income attributable to:					
Shareholders of the Company		$	869,374	$	(9,042)
Non-controlling interest			195,824		(213,086)
Comprehensive income(loss) for the year		$	1,065,198	$	(222,128)
Earnings per share					
Basic and diluted earnings per share	13	$	0.02	$	(0.01)
Weighted average number of common shares used to calculate basic and diluted earnings per share			47,364,983		47,364,983

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

CHINA EDUCATION RESOURCES INC.
Consolidated Statements of Changes in Equity
For the years ended December 31, 2016 and 2015

(Expressed in U.S. Dollars)	Attributable to equity holders of the Company: Number of Shares	Share Capital	Contributed Surplus	Accumulative Other Comprehensive Income Account	Deficit	Total	Non-Controlling Interest	Total Deficiency
Balance January 1, 2015 (Before restatement)	47,364,983	$ 29,455,512	$ 2,559,649	$ 323,484	$ (36,388,652)	$ (4,050,007)	$ 745,899	$ (3,304,108)
Restatement of prior year`s comparative financial statement - Note 25	-	-	-	212,592	1,118,026	1,330,618	-	1,330,618
Balance January 1, 2015 (After restatement)	47,364,983	**29,455,512**	**2,559,649**	536,076	(35,270,626)	(2,719,389)	745,899	(1,973,490)
Net loss for the year ended December 31, 2015	-	-	-	-	(395,519)	(395,519)	(186,242)	(581,761)
Changes in fair market value of marketable securities	-	-	-	13,333	-	13,333	8,890	22,223
Foreign currency translation differences	-	-	-	373,144	-	373,144	(35,734)	337,410
Stock-based compensation	-	-	59,806	-	-	59,806	-	59,806
Balance December 31, 2015	47,364,983	29,455,512	2,619,455	922,553	(35,666,145)	(2,668,625)	532,813	(2,135,812)
Net income for the year ended December 31, 2016	-	-	-	-	916,204	916,204	240,844	1,157,048
Changes in fair market value of marketable securities	-	-	-	22,899	-	22,899	15,266	38,165
Foreign currency translation differences	-	-	-	(69,729)	-	(69,729)	(60,286)	(130,015)
Stock-based compensation	-	-	5,327	-	-	5,327	-	5,327
Balance December 31, 2016	47,364,983	$ 29,455,512	$ 2,624,782	$ 875,723	$ (34,749,941)	$ (1,793,924)	$ 728,637	$ (1,065,287)

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

CHINA EDUCATION RESOURCES INC.
Consolidated Statements of Cash Flows
For the years ended December 31, 2016 and 2015

(Expressed in U.S. Dollars)

	2016	2015
Cash flows from operating activities		
Income(loss) for the year	$ 1,157,048	$ (581,761)
Adjustments for:		
Depreciation	28,918	17,508
Unrealized gain on marketable securities	-	(22,223)
Provision of accounts receivable	31,323	7,436
Share-based payment	5,327	62,209
Changes in accounts and other receivable	1,240,985	(7,862)
Changes in prepaid expenses and deposits	(18,990)	(51,183)
Changes in trade and other payables	(354,750)	509,072
Changes in taxes payable	134,819	235,508
Changes in deferred revenue	(273,486)	61,320
	1,951,194	230,024
Interest paid	(64,797)	(108,929)
Taxes paid	(139,369)	(133,092)
Net cash provided by (used in) operating activities	1,747,028	(11,997)
Cash flows used in investing activities		
Acquisition to Equipment	(12,140)	(21,971)
Proceeds from disposal of marketable securities	119,586	-
Net cash provided by (used in) investing activities	107,446	(21,971)
Cash flows from financing activities		
Change in restricted cash	372,337	687,479
Bank loan (net of proceeds and repayments)	301,220	(6,840)
Loan (paid to) received from third parties	(328,999)	107,268
Loan (paid to) received from related parties	(79,001)	25,889
Advance to third parties	150,610	-
Advance from related parties	194,605	729,025
Net cash provided by financing activities	610,772	1,542,820
Net increase in cash	2,465,246	1,508,852
Cash, beginning of the year	1,594,835	586,156
Effect of exchange rate fluctuations on cash held	(215,725)	(500,173)
Cash, end of the year	$ 3,844,356	$ 1,594,835

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

1. Reporting Entity

China Education Resources Inc. ("the Company") is a company domiciled in Canada. The address of the Company's registered office is Suite 300, 515 West Pender Street, Vancouver, B.C., V6B 6H5. The consolidated financial statements of the Company as at and for the year ended December 31, 2016 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group provides an education internet portal with educational content, resources and training programs to users in People's Republic of China ("China") and distributes educational textbooks and materials developed by the Group to bookstores and schools in China.

2. Going Concern

As at December 31, 2016, the Group has working capital deficiency of $1,163,189 (December 31, 2015: $2,213,539). In addition, the Group has trade and other payables, advance from a third party, bank loan, loan payables, loan payables - related parties, and due to related parties to be matured within the next twelve months in the amount of $7,142,832 (December 31, 2015: $7,773,334). As at December 31, 2016, the Group has cash and cash equivalents balance of $3,844,356 (December 31, 2015: $1,594,835). The appropriateness of using the going concern basis is dependent upon, among other things, the acceptance of the education internet portal by the users to achieve a profitable level of operations by the Group. The outcome of these matters cannot be predicted at this time. Specifically, it is dependent upon the ability of the Group to obtain necessary financing.

The application of the going concern basis of presentation assumes that the Group will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. There is, primarily as a result of the conditions described above, significant doubt as to the appropriateness of the use of the going concern assumption. The accompanying consolidated financial statements have been prepared on a going concern basis notwithstanding these conditions.

These consolidated financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Group be unable to continue as a going concern. Management of the Group is of the opinion that it will be in position to raise ongoing financing; however, there is no certainty that these and other strategies will be sufficient to permit the Group to continue as a going concern.

3. Basis of Preparation

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"), effective December 31, 2016.

The policies applied in these consolidated financial statements are based on IFRS issued as of December 31, 2016. These financial statements were authorized to issue by the audit committee and Board of Directors of the Group on April 29, 2017.

3. Basis of Preparation – Continued

(b) Basis of preparation

These consolidated financial statements are presented in U.S. dollars, which is the Group's reporting currency. The Company's functional currency is Canadian dollars in Canada and the functional currency of the Company's subsidiaries in China is Chinese Renminbi ("RMB").

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as at fair value through profit or loss and available-for-sale that have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Theses consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries (collectively, the "Group").

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control and continue to be consolidated until the date when such control ceases. Changes in ownership interest in a subsidiary without loss of control are accounted for as transactions with equity holders in their capacity as equity holders; therefore no goodwill is recognized as a result of such transactions. A summary of the Company's subsidiaries are as follows:

		Ownership interest	
Name of subsidiary	Country of incorporation	December 31, 2016	December 31, 2015
CEN China Education Network Ltd. ("CEN Network")	Canada	100%	100%
China Education International Inc. (inactive)	BVI	100%	100%
CEN China Education Overseas Corporation (inactive)	BVI	100%	100%
CEN Smart Networks Ltd. ("CEN Smart")	China	100%	100%
Today's Teachers Technology & Culture Ltd. ("TTTC")	China	100%	100%
The Winning Edge Ltd. ("TWE") (inactive)	China	100%	100%
Zhong Yu Cheng Yuan Education Technology Ltd. ("ZYCY")	China	60%	60%

Inter-company balances and transactions and any unrealized gains or losses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

3. Basis of Preparation - Continued

(c) Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Areas of assumptions and estimates

(i) Allowance for doubtful accounts

The Group extends unsecured credit to its customers in the ordinary course of business but mitigates the associated risks by actively pursuing past due accounts. As at December 31, 2016, allowance for doubtful accounts is $31,323 (December 31, 2015 - $23,519) based on management's assessment of credit history with the customers and current relationships with them.

(ii) Deferred taxes

The Group recognizes the deferred tax benefit related to deferred tax assets to the extent recovery is probable. Assessing the recoverability of deferred tax assets requires management to make significant estimates of future taxable profit. In addition, future changes in tax laws could limit the ability of the Group to obtain tax deductions in the future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realize the net deferred tax assets recorded at the reporting date could be impacted.

(iii) Share-based payments

Share-based payments are valued using the Black-Scholes Option Pricing Model at the date of grant and expensed in profit or loss over vesting period of each award. The Black-Scholes Option Pricing Model utilizes subjective assumptions such as expected price volatility and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate.

3. Basis of Preparation - Continued

(c) Use of estimates and judgments - Continued

Areas of judgment

(i) Going concern

Management has applied judgments in the assessment of the Group's ability to continue as a going concern when preparing its financial statements for the years ended December 31, 2016 and 2015. Management prepares the financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management considered a wide range of factors relating to current and expected profitability, debt repayment schedules and potential sources of replacement financing. As a result of the assessment, management concluded there are significant doubt as to the ability of the Group to meet its obligations as they fall due and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern.

(ii) Joint Arrangement

Management has applied judgments in assessing whether the strategic cooperation agreement that the Company's subsidiary TTTC entered into with an arm's length party ("Teacher.com.cn") during the year ended December 31, 2014 should be accounted as a joint arrangement. During the assessment, management considered whether the agreement establishes a contractual arrangement that establishes joint control, which requires both parties to reach unanimous consent over decisions about relevant business activities pertaining to this agreement. As a result of the assessment, management concluded that TTTC has sole controls over the relevant activity in its capacity as the operator of this arrangement during the early stage of the cooperation and there is no joint arrangement exists between TTTC and Teacher.com.cn as at December 31, 2016 and 2015.

4. Significant Accounting Policies

The accounting policies set out below have been applied consistently by the Company to all periods presented in these consolidated financial statements, unless otherwise indicated.

(a) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are initially recorded by the Group and its subsidiaries at their respective functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date. All differences are taken to the statement of operations.

4. Significant Accounting Policies - Continued

(a) Foreign currency - Continued

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to U.S. dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated into U.S. dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognized in other comprehensive income in the accumulated of other comprehensive income.

(b) Financial instruments – Recognition and Measurements

All financial instruments are classified into one of five categories: fair value through profit and loss, held-to-maturity investments, loans and receivables, available-for-sale financial assets, or other financial liabilities. All financial instruments are initially measured at fair value plus directly attributable transaction costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Subsequent measurement and changes in fair value will depend on their initial classification, as follows:

####• fair value through profit and loss financial instruments are measured at fair value and changes in fair value are recognized in profit or loss;

####• available-for-sale financial assets are measured at fair value with changes in fair value recorded in other comprehensive income until the asset is derecognized or impaired at which time the amounts would be recorded in profit or loss;

- loans and receivables, held to maturity investments, and other financial liabilities are measured at amortized cost using the effective interest method.

The Group has classified its financial instruments as follows:

Cash and cash equivalents, restricted cash	Fair value through profit and loss
Accounts receivable and loan receivable	Loans and receivables
Marketable securities	Available-for-sale
Trade and other payables, due to related parties	Other financial Liabilities
Advance from a third party	Other financial Liabilities
Loan payables (including related parties loan) and bank loan	Other financial liabilities

4. Significant Accounting Policies - Continued

(b) Financial instruments – Recognition ad Measurements - Continued

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(c) Cash and cash equivalents

Cash and cash equivalents comprise of cash at banks, cash on hand and short-term money market instruments with an original maturity of three months or less when acquired, which are readily convertible into a known amount of cash. The Company's subsidiary ZYCY regularly invested the cash in short-term money market. The Company has no cash equivalent as of December 31, 2016 and 2015.

(d) Marketable securities

Marketable securities comprise investments with quoted values on a public stock exchange and are carried at their fair values measured using market prices at the reporting date.

(e) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from retained earnings.

(f) Plant and equipment

Plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price and any costs directly attributable to bringing the asset into working condition for its intended purpose. Depreciation is provided over the estimated useful lives of assets as follows:

Computer equipment	2 to 5 years
Office equipment	2 to 5 years
Motor vehicles	3 to 10 years

4. Significant Accounting Policies – Continued

(f) Plant and equipment - Continued

Estimates of residual values and useful lives are reassessed annually and any change in estimate is taken into account in the determination of remaining depreciation charges. Depreciation commences on the date the asset is available for use and capable of operating in the manner intended by management.

An item of plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of income in the period in which the item is derecognized.

(g) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If there is an indication of impairment, then the asset's recoverable amount is estimated.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Inventory consists of books and CD products that are recorded at the lower of cost and net realizable value. Costs are mainly printing cost and material cost. Net realizable value is calculated as the estimated selling price in the ordinary course of business less the estimated costs of completion, discounts, commissions and other selling expenses necessary to make the sale.

4. Significant Accounting Policies – Continued

(i) Impairment of financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(j) Share-based payment transactions

The Group grants stock options to acquire common shares to directors, officers, employees and consultants. The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

4. Significant Accounting Policies – Continued

(k) Revenue

(i) Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, it is probable that the economic benefits will flow to the Group, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. The timing of the transfers of risks and rewards varies depending on the individual terms of the contract of sale. Revenue is measured at fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized. Revenues received in advance of these criteria are deferred until future periods.

(ii) Services

Revenue from services rendered is recognized in the consolidated statements of comprehensive loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

Teacher training services provided through the internet portal are recognized when services are rendered and it is probable that the economic benefits will flow to the Group, the amount of revenue and the stage of completion can be measured reliably. Revenues received in advance of these criteria are deferred until future periods.

(l) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss 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.

4. Significant Accounting Policies – Continued

(l) Income tax - Continued

Deferred tax is recognized in respect of 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 for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. 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 the related asset is realized or liability is settled, 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 current tax liabilities and assets, 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 for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they 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.

(m) Finance income and finance costs

Finance income comprises interest income on funds invested that are recognized in statement of operations. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, and impairment losses recognized on financial assets. Borrowing costs that are not directly attributable to the acquisition or production of a qualifying asset are recognized in the statements of comprehensive loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

(n) Loss per share

The Group presents basic and diluted loss per share data for its common shares. Basic loss per share is calculated by dividing the profit or loss attributable to common shareholders of the Group by the weighted average number of common shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for own shares held, for the effects of all dilutive potential common shares, which comprise convertible notes and share options granted to employees.

5. New standards and interpretations adopted during the year

IAS 1 Presentation of Financial Statements ("IAS 1")

On January 1, 2016, the Company adopted the amendments to IAS 1, which clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. The implementation of amendments to IAS 1 had no impact to the Company's December 31, 2016 consolidated financial statements.

IAS 16 Property Plant and Equipment ("IAS 16") and IAS 38 Intangible Assets ("IAS 38")

On January 1, 2016, the Company adopted amendments to IAS 16 & IAS 38, which clarify that the use of a revenue-based depreciation and amortization method is not appropriate, and provide a rebuttable presumption for intangible assets. The implementation of amendments to IAS 16 and IAS 38 had no impact to the Company's December 31, 2016 consolidated financial statements.

6. New standards and interpretations not yet adopted during the year

Standards issued but not yet effective up to the date of issuance of the Company's consolidated financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective. The Company does not expect the impact of such changes on the consolidated financial statements to be material.

IFRS 9 Financial instruments ("IFRS 9")

This is a finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

- Classification and measurement - Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.
- Impairment - The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized
- Hedge accounting - Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures
- De-recognition - The requirements for the de-recognition of financial assets and liabilities are carried forward from IAS 39.

6. New standards and interpretations not yet adopted during the year - Continued

IFRS 9 Financial instruments ("IFRS 9") - Continued

The effective date of this new standards has recently been deferred by the IASB to annual periods beginning on or after January 1, 2018. The Company has not yet assessed the impact of this standard or determined whether it will adopt the standard early.

IFRS 15 Revenue from Contracts with Customers ("IFRS 15")

IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Under IFRS 15, revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18, Revenue, and IAS 11, Construction Contracts, and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2017, with early adoption permitted. The IASB has issued an exposure draft that would, if approved defer the effective date to January 1, 2018. The Company has not yet assessed the impact of this standard or determined whether it will adopt the standard early.

IFRS 16 Leases ("IFRS 16")

In January 2016, the IASB issued IFRS 16, replacing IAS17, "Leases". IFRS 16 provides a single lessee accounting model and requires the lessee to recognize assets and liabilities for all leases on its balance sheet providing the reader with greater transparency of an entity's lease obligations. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 with early adoption provided The Company has not yet assessed the impact of this standard or determined whether it will adopt the standard early.

IAS 7 Statement of Cash Flows ("IAS 7")

In January 2016, the IASB issued amendments to IAS 7 pursuant to which entities will be required to provide enhanced information about changes in their financial liabilities, including changes from cash flows and non-cash changes. The IAS 7 amendments are effective for annual periods beginning on or after January 1, 2017. The Company is currently evaluating the impact of this standard.

IAS 12 Income Taxes ("IAS 12")

In January 2016, the IASB issued amendments to IAS 12, which clarifies guidance on the recognition of deferred tax assets related to unrealized losses resulting from debt instruments that are measured at fair value. The IAS 12 amendments are effecting for annual periods beginning on or after January 1, 2017. The Company does not currently measure any of its debt instruments at fair value. Therefore, the implementation of this standard is not expected to have any material impact to the Company's financial statements.

(Expressed in U.S. Dollars)

7. Restricted cash

On May 6, 2014, the Group's subsidiary TTTC entered into a strategic cooperation agreement with an arm's length party ("Teacher.com.cn"). Pursuant to the terms of the agreement, a bank account and an independent team have been set up under TTTC to develop online training projects. The funds held in the bank account as at December 31, 2015 was presented as restricted cash on the Group's statements of financial position and can only be used to fund the activities related to developing online training projects. Due to the agreement has expired during the year of 2016, the funds used to be presented as restricted cash is now reclassified to cash balance.

8. Marketable Securities

The Group's subsidiary ZYCY holds common shares of certain companies that are listed on public stock exchanges, all of which have been classified as available-for-sale and are measured at fair value, based on quoted market prices. Temporary changes in fair value are reported in other comprehensive income, while realized fair value gains or losses, or changes in fair value that are considered other than temporary are recorded in profit or loss.

	December 31, 2016	
	Cost	Fair value
Publicly-traded marketable securities	$ -	$ -

	December 31, 2015	
	Cost	Fair value
Publicly-traded marketable securities	$ 61,018	$ 83,241

9. Accounts and Other Receivable

	December 31, 2016	December 31, 2015
Trade receivables	$ 3,797,622	$ 5,369,215
Other receivables	63,968	68,898
	$ 3,861,590	$ 5,438,113

(Expressed in U.S. Dollars)

9. Accounts and Other Receivable - Continued

The aging of accounts and other receivables at the reporting date was:

	December 31, 2016	December 31, 2015
Due within 3 months	$ 2,967,653	$ 2,576,782
Due 4-6 months	630,640	2,585,341
Due 7-12 months	269,749	48,932
More than 1 year	24,871	250,578
Impairment	(31,323)	(23,519)
	$ 3,861,590	$ 5,438,113

The movement in the allowance for impairment in respect of accounts receivables during the period was as follows:

	2015
Balance at January 1	$ 17,082
Charge for the year	23,519
Utilized	(17,082)
Balance at December 31	$ 23,519

	2016
Balance at January 1	$ 23,519
Charge for the year	31,323
Utilized	(23,519)
Balance at December 31	$ 31,323

Based on the historic default rates, the Group believes that, apart from the above, no impairment allowance is necessary in respect of accounts receivables other than those specified.

10. Loan Receivable

On December 31, 2015, TTTC and an arm's length party entered into a loan agreement pursuant to which TTTC advanced $153,970 (RMB 1,000,000) to the arm-length party to substantiate its operation. The loan receivable bears interest of 20% per annum and is secured by same amount of common shares owned by the arm-length party. The loan was fully repaid by the arm's length party plus an interest of $6,454 (RMB 40,548) in March 2016.

(Expressed in U.S. Dollars)

11. Plant and Equipment

	Computer equipment	Office equipment	Motor vehicles	Total
Cost				
Balance, at January 1, 2015	$ 158,109	$ 19,705	$ 364,577	$ 542,391
Additions	21,897	461	-	22,358
Disposals	(387)	-	-	(387)
Effect of movements in exchange rates	(7,780)	(887)	(16,157)	(24,824)
Balance, at December 31, 2015	$ 171,839	$ 19,279	$ 348,420	$ 539,538
Balance, at January 1, 2016	$ 171,839	$ 19,279	$ 348,420	$ 539,538
Additions	10,331	1,809	43,328	55,468
Disposals	-	-	-	-
Effect of movements in exchange rates	(12,361)	(1,364)	(25,125)	(38,850)
Balance, at December 31, 2016	$ 169,809	$ 19,724	$ 366,623	$ 556,156
Accumulated depreciation				
Balance, at January 1, 2015	$ 128,406	$ 14,404	$ 323,139	$ 465,949
Depreciation for the year	10,537	3,238	3,733	17,508
Disposals	(367)	-	-	(367)
Effect of movements in exchange rates	(5,910)	(524)	(14,647)	(21,081)
Balance, at December 31, 2015	$ 132,666	$ 17,118	$ 312,225	$ 462,009
Balance, at January 1, 2016	$ 132,666	$ 17,118	$ 312,225	$ 462,009
Depreciation for the year	14,043	2,864	12,012	28,918
Disposals	-	-	-	-
Effect of movements in exchange rates	(10,603)	(1,058)	(20,815)	(32,476)
Balance, at December 31, 2016	$ 136,106	$ 18,924	$ 303,422	$ 458,451
Carrying amounts				
At December 31, 2015	$ 39,173	$ 2,359	$ 36,195	$ 77,727
At December 31, 2016	$ 32,528	$ 2,173	$ 63,201	$ 97,902

12. Share Capital and Reserves

Issuance of common shares

There was no common share issued during the years ended December 31, 2016 and 2015.

Common shares and preferred shares

At December 31, 2016, the authorized share capital comprised of unlimited voting common shares without par value and 20,000,000 preferred shares. No preferred shares have been issued to date.

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 Group. The preferred shares rank equally on winding up. The directors shall by resolution determine the rights and restrictions attaching to the preferred shares prior to their issuance.

Accumulated other comprehensive income ("AOCI")

AOCI is the cumulative translation account, which comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

13. Earnings (Loss) Per Share

(a) Basic earnings (loss) per share

The calculation of basic earnings per share for the year ended December 31, 2016 was based on the net income attributable to shareholders of the Group in the amount of $916,204 (2015: net loss of $395,519), and a weighted average number of common shares outstanding of 47,364,983 (2015: 47,364,983).

(b) Diluted earnings per share

For the year ended December 31, 2016, 3,700,000 share options (December 31, 2015: 3,700,000), were excluded from the diluted weighted average number of common shares calculation as their effect would have been anti-dilutive.

(Expressed in U.S. Dollars)

14. Share Purchase Options and Warrants

(a) Stock options

At December 31, 2016, the Group has the following share-based payment arrangements:

The Group has stock option plans that allow it to grant options to its employees, officers, directors and consultants to acquire up to 10% of issued and outstanding common stock. The exercise price of each option shall not be less than the weighted average closing price of the common shares on the TSX Venture Exchange on the last five trading days before the date of the grant. Options have a maximum term of five years and terminate thirty to ninety days following the termination of the optionee's employment. The right to exercise the options will vest in installments over the life of the option as determined at the time the option is granted.

On November 25, 2015, the Group granted incentive stock options of 2,700,000 shares at CND$0.10 per share expiring on November 25, 2020 which exceeds the market price at the grant date to directors and employees. The stock options are vested at different periods. The total fair value of the stock options granted was $59,806. The grant date fair value of share-based payment plans was measured based on the Black-Scholes formula. Expected volatility is estimated by considering historic average share price volatility. The inputs used in the measurement of the fair values at grant date of the share-based payment plan were interest rate: 0.92% per annum, expected volatility: 154.52% and dividend yield: $nil. Total share-based payments of 2016 and 2015 were $5,327 and $62,209 respectively. The amount has been included in general and administrative expenses.

The number and weighted average exercise prices of the share options are as follows:

	Number of Shares	Weighted Average Exercise Price Per Share (CND)
Balance, December 31, 2014	1,924,000	0.66
Expired during the year	(924,000)	0.95
Granted during the year	2,700,000	0.10
Balance, December 31, 2015 and 2016	3,700,000	0.18

The options outstanding at December 31, 2016 have an exercise price in the range of CND$0.10 to CND$0.40 (December 31, 2015: CND$0.40 to CND$1.05) and a weighted average contractual life of 3.16 years (December 31, 2015: 3.91 years).

There are 3,460,000 options exercisable at December 31, 2016 (December 31, 2015: 3,180,000), which have an exercise price in the range of CND$0.10 to CND$0.40 (December 31, 2015: CND$0.10 to CND$0.40) and a weighted average contractual life of 3.09 years (December 31, 2015: 3.98 years).

(Expressed in U.S. Dollars)

14. Share Purchase Options and Warrants - Continued

(b) Share purchase warrants

At December 31, 2016 and 2015, there was no outstanding warrant.

15. Trade and Other Payables

	December 31, 2016	December 31, 2015
Trade payables	$ 3,938,986	$ 4,634,225
Other payables	102,795	44,302
Non-trade payables and accrued expenses	515,974	509,429
	$ 4,557,755	$ 5,187,956

16. Advance from a third party

On May 4, 2014, the Group's subsidiary TTTC entered into a strategic cooperation agreement with Teacher.com.cn to develop online training projects. During the year ended December 31, 2014, Teacher.com.cn advanced RMB1,360,000 to TTTC as the start-up funds to substantiate operations under TTTC. The amount is unsecured, due on demand, and bears nil interest rate.

The strategic cooperation agreement has expired during the year ended December 31, 2016. Total advance from Teacher.com.cn in the amount of RMB1,360,000 ($217,047) as at December 31, 2016 is due on demand (December 31, 2015: RMB 1,360,00 ($209,399)).

(Expressed in U.S. Dollars)

17. Loans Payable

Terms and conditions of outstanding loans as at December 31, 2016 and December 31, 2015 from unrelated individuals were summarized as follows:

	December 31, 2016			
	RMB	U.S. dollars equivalent	Annual interest rate	Due date
Unsecured loan (2)	¥ 2,000,000	$ 287,480	12%	Due on demand
Sub-total	¥ 2,000,000	$ 287,480		
Interest payable	471,371	67,755		
Total	¥ 2,471,371	$ 355,235		

	December 31, 2015			
	RMB	U.S. dollars equivalent	Annual interest rate	Due date
Secured loan (1)	¥ 250,000	$ 38,493	20%	11/12/2016
Unsecured loan (2)	2,000,000	307,940	12%	Due on demand
Unsecured loan (3)	2,500,000	384,925	10%	08/09/2016
Sub-total	¥ 4,750,000	$ 731,358		
Interest payable	460,986	70,978		
Total	¥ 5,210,986	$ 802,336		

(1) The loan was secured by same amount of common stocks owned by officers of TTTC. The loan was repaid on March 14, 2016.

(2) On May 4, 2014, the Group's subsidiary TTTC entered into a strategic cooperation agreement with Teacher.com.cn. Pursuant to the agreement, Teacher.com.cn agreed to lend a loan of RMB2,000,000 to TTTC to support the operation of new online training project. The loan was unsecured and due on demand with annual interest rate of 12%.

(3) The loan was matured and fully repaid on September 8, 2016.

(Expressed in U.S. Dollars)

18. Bank Loan

In August 2016, the Company, through its subsidiary TTTC, arranged a bank loan of RMB3,000,000 ($449,880). The bank loan bears an annual interest rate of 5.655% and will be repayable by 3 equal instalments, i.e. RMB1,000,000 ($149,960) each time, on December 21, 2016, July 21, 2017 and August 16, 2017. Personal guarantee by one of the directors of TTTC has been provided to the bank.

As of December 31, 2016, the outstanding loan amount was RMB2,000,000 ($287,480) and interest expenses of RMB57,021($8,588) in relation to this bank loan was fully paid.

19. General and Administrative Expenses

The break down of Group's general and administrative expenses for the year 2016 and 2015 was as follows:

	2016-12-31	2015-12-31
Accounting and audit	157,148	158,044
Administrative and office	45,564	65,790
Consulting	145,842	142,644
Management bonus	184,497	418,324
Share-based payments	5,327	62,209
Legal and professional	13,756	12,579
Bad debts	5,021	-
Insurance	9,524	12,838
Meals and entertainment	6,347	10,640
Registrar and transfer agent fees	4,018	3,764
Filing and listing	21,584	22,576
Rent	177,855	142,700
Travel	52,938	34,412
Salaries, wages and benefits	680,060	569,027
Advertising, promotion and conference	9,512	2,405
Investor relations	15,937	6,080
Labour costs	-	1,114
Miscellaneous	5,836	963
AP written off	(44,799)	-
	1,495,967	1,666,108

(Expressed in U.S. Dollars)

20. Determination of Fair Values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The fair value of the employee share options and the share appreciation rights is measured using the Black-Scholes formula. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behavior), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

21. Financial Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's financial instruments consist of cash and cash equivalents, restricted cash, trade and other receivables, due from related parties, long term other receivable, and trade and other payables.

The Group's financial instruments are exposed to the risks described below:

(a) Credit risk

Credit risk is the risk of an unexpected loss if a party to a financial instrument fails to meet its contractual obligations. The Group's credit risk is primarily attributable to cash and cash equivalents, restricted cash and accounts and loan receivables. The Group has no significant concentration of credit risk arising from operations. Management assesses the credit risk concentration with respect to accounts receivable and loan receivables annually and adjusts them according.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying amount	
	December 31, 2016	December 31, 2015
Accounts and loan receivable	$ 3,797,622	$ 5,523,185
Marketable securities	-	83,241
Restricted Cash	-	380,643
Cash	3,844,356	1,594,835
	$ 7,641,978	$ 7,581,904

(Expressed in U.S. Dollars)

21. Financial Risk Management - Continued

(a) Credit risk - continued

The maximum exposure to credit risk for accounts and loan receivable at the reporting date by geographic region was:

	Carrying amount	
	December 31, 2016	**December 31, 2015**
China	$ 3,797,622	$ 5,523,185
	$ 3,797,622	$ 5,523,185

100% of the Group's revenue for the years ended December 31, 2016 and 2015 was derived from customers located in China. Two (December 31, 2015: two) customers represent in excess of 10% of accounts receivable at December 31, 2016. Two (2015: two) customers represent in excess of 10% of total revenue for the year ended December 31, 2016. The Group's most significant customers accounted for $363,977 of receivables carrying amount at December 31, 2016 (December 31, 2015: $1,681,085).

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. At December 31, 2016, the Group had a working capital deficiency of $1,163,189 (December 31, 2015: $2,213,539). The Group is focused on generating sales revenue and is actively pursuing additional sources of financing to ensure that it can meet its ongoing operating requirements and planned capital expenditures.

(c) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and equity prices.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. From time to time, the Group is exposed to short term interest rates through the interest earned on cash. The Group only has debt with fixed interest rates. The Group's current policy is to invest excess cash in short-term deposits with its banking institutions. The Group periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

21. Financial Risk Management - Continued

(ii) Foreign currency exchange rate risk

Foreign currency exchange rate risk is the risk that the fair value of financial instruments or future cash flows will fluctuate as a result of changes in foreign exchange rates.

The majority of the Group's assets, liabilities, revenues and expenses are denominated in Chinese Renminbi ("RMB"), which was tied to the U.S. dollar and is now tied to a basket of currencies of China's largest trading partners, is not a freely convertible currency. The appreciation of the RMB against the U.S. dollar would result in an increase in the assets, liabilities, revenues and expenses of the Group and a foreign currency gain included in comprehensive income. Conversely, the devaluation of the RMB against the US dollar would result in a decrease in the assets, liabilities, revenues and expenses of the Group and a foreign currency loss included in comprehensive income.

The Group's functional currency is the Canadian dollar and the functional currencies of its subsidiaries are RMB. The Group maintains Chinese RMB bank accounts in China to support monthly forecasted cash outflows. Management believes the foreign exchange risk derived from currency conversions is minimal and therefore does not hedge its foreign exchange risk.

Fluctuation in the value of Canadian dollar relative to US dollar has some impact on the Group's head office financial results. However, such exchange rate fluctuations have not materially affected the overall financial earnings and results on a consolidated basis.

The Group's exposure to foreign currency risk was as follows based on notional amounts:

	December 31, 2016			December 31, 2015		
(in US Dollars)	CND	RMB	TOTAL	CND	RMB	TOTAL
Cash	$ 33,515	$ 3,810,841	3,844,356	$ 12,871	$ 1,581,964	1,594,835
Restricted cash	-	-	-	-	380,643	380,643
Marketable securities	-	-	-	-	83,241	83,241
Accounts and other receivables	2,378	3,859,212	3,861,590	6,576	5,431,537	5,438,113
Loan receivable	-	-	-	-	153,970	153,970
Due from related parties	-	-	-	-	44,295	44,295
Trade and other payables	(200,320)	(4,357,180)	(4,557,500)	(271,439)	(4,916,517)	(5,187,956)
Advance from a third party	-	(217,047)	(217,047)	-	(209,398)	(209,398)
Bank loan	-	(287,480)	(287,480)	-	-	-
Loan payables	-	(355,235)	(355,235)	-	(802,336)	(802,336)
Loan payables - related parties	(287,689)	-	(287,689)	(257,422)	(107,779)	(365,201)
Due to related parties	(1,437,626)	-	(1,437,626)	(1,208,443)	-	(1,208,443)
Gross statements of financial position exposure	$ (1,889,742)	$ 2,453,111	$ 563,369	$ (1,717,857)	$ 1,639,620	$ (78,237)

21. Financial Risk Management - Continued

(ii) Foreign currency exchange rate risk - continued

The Company is exposed to the financial risk related to the fluctuations of foreign exchange rates. A significant change in the currency exchange rates between the Renminbi ("RMB") relative to the U.S. dollars, and between the Canadian dollars ("CND") relative to the U.S. dollars could have an effect on the Company's results of operations, financial position and cash flows. The Company has not entered into any derivative financial instruments to manage exposures to currency fluctuations.

An increase (decrease) of 10% in the exchange rate between the RMB and the U.S. dollars would have increased (decreased) other comprehensive income by $20,842 (December 31, 2015 - $53,870). An increase (decrease) of 10% in the exchange rate between the CND and the U.S. dollars would have decreased (increased) other comprehensive income by $159,132 (December 31, 2015 - $125,954).

(d) Fair values

Financial instruments that are measured subsequent to initial recognition at fair value are group into hierarchy based on the degree to which the fair value is observable.

Level 1 - fair value measurements are derived from unadjusted, quoted prices in active markets for identical assets or liabilities. The fair value of cash is based on level 1 inputs of the fair value hierarchy.

Level 2 - fair value measurements are derived from inputs other than quoted prices included in Level 1 that are observable for the asset or liability directly or indirectly.

Level 3 - fair value measurements are derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

As at December 31, 2016, the Group recognizes marketable securities at fair value which is considered a level 1 fair value measurement.

The fair values of cash and cash equivalents and restricted cash, accounts and loan receivables, marketable securities, trade and other payables, bank loan – current portion, advance from a third party, due to/from related parties, loan payables-related parties, and loan payables approximate their carrying value due to their short-term nature.

(e) Capital management

The Group manages its capital structure and makes adjustments to it, based on the funds available to the Group, in order to support the development and update of the educational internet portal. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Group's management to sustain future development of the business.

(Expressed in U.S. Dollars)

21. Financial Risk Management - Continued

(e) Capital management - continued

Although the Group has commercialized its teaching training portal in February 2007 and launched its education internet portal in late 2008, the Group is still dependent on external financing to fund its future business plan until it achieves a profitable level of operations. The Group will spend its existing working capital and raise additional amounts as needed. The Group will continue to develop additional features for its education internet portal and will also look into other opportunities to provide educational services provided through the internet if it has adequate financial resources to do so. Acquisition of ZYCY by share exchange is one of the strategies to improve the working capital position of the Group.

The Group's debt to capital ratio at the end of the reporting period was as follows:

		December 31, 2016		December 31, 2015
Total liabilities	$	8,972,972	$	9,998,725
Less: cash in the bank		(3,844,356)		(1,975,478)
Net debt	$	5,128,616	$	8,023,247
Total equity (deficiency)	$	(1,065,287)	$	(2,135,812)
Debt to capital ratio		(4.81)		(3.76)

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Group, is reasonable.

There were no changes in the Group's approach to capital management during the year ended December 31, 2016 and year ended December 31, 2015. Neither the Group nor its subsidiaries are subject to externally imposed capital requirements.

(Expressed in U.S. Dollars)

22. Operating Segments

Strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies.

Due to the size of the Group, the provision of education internal portal services and distribution of educational textbooks and materials were considered in one segment based on the organizational structure, strategies, decision making and the availability of financial information. The Group's CEO reviews internal management reports on at least a quarterly basis.

Geographical segments

The Group's head office is located in Vancouver, British Columbia, Canada. The operations of the Group are primarily in two geographic areas: Canada and China. In presenting information on the basis of geographical information, segment revenue is based on the geographical location of the customers. Segment assets are based on the geographical location of the assets. All of the Group's revenue was generated in China. Majority of the capital assets were located in China.

A summary of geographical information for the Group's assets and revenue for the period were as follows:

Year ended December 31, 2016	Canada	China	Total
Revenue from external customers	$ -	$ 13,420,347	$ 13,420,347
Plant and equipment	-	97,902	97,902

Year ended December 31, 2015	Canada	China	Total
Revenue from external customers	$ -	$ 12,715,834	$ 12,715,834
Plant and equipment	-	77,727	77,727

(Expressed in U.S. Dollars)

23. Related Parties Transactions

All related party transactions are recorded in the normal course of operations on normal commercial terms and conditions and at market rates, which is the amount of consideration established and agreed to by the related parties.

Key management personnel and director transactions

Directors of the Group control approximately 13.7% percent of the voting shares of the Group.

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

Director/Officer	Transaction	December 31, 2016	December 31, 2015
C F Zhou (director and CEO)	Consulting fees (i)	$ 137,680	$ 142,644
C F Zhou (director and CEO)	Interest expense (ii)	18,472	18,661
Danny Hon (director and CFO)	Accounting fees (iii)	62,281	78,057
Danny Hon (director and CFO)	Interest expense (iv)	7,953	8,246
		$ 226,386	$ 247,608

Director/Officer	Balance	December 31, 2016	December 31, 2015
C F Zhou (director and CEO)	Consulting fees payable (i)	$ 1,001,581	$ 837,448
C F Zhou (director and CEO)	Loan payable (ii)	121,174	117,558
C F Zhou (director and CEO)	Loan interest payable (ii)	72,726	56,487
Danny Hon (director and CFO)	Accounting fees payable (iii)	436,044	370,994
Danny Hon (director and CFO)	Loan payable (iv)	52,173	50,616
Danny Hon (director and CFO)	Loan interest payable (iv)	41,617	32,762
		$ 1,725,315	$ 1,465,865

(i) The consulting fees owing to C F Zhou as at December 31, 2016 is unsecured, due on demand with no interest.

(ii) During the year ended December 31, 2015, the Group has received short term loan of CND $2,700 from C F Zhou, director and CEO of the Group. The short-term loans were unsecured and due on demand with an annual interest rate of 15%. As at December 31, 2016, there was an interest payable balance of $72,726 (December 31, 2015: $56,487) owed to C F Zhou.

(Expressed in U.S. Dollars)

23. Related Parties Transactions - Continued

Key management personnel and director transactions - Continued

(iii) The Group engaged a company, which is controlled by Danny Hon, to provide accounting services. The balance owing to the company controlled by Danny Hon as at December 31, 2016 is unsecured, due on demand with no interest.

(iv) During the year ended December 31, 2015, the Group has repaid short term loan of CND $nil to Danny Hon, director and CFO of the Group. The short-term loans were unsecured and due on demand with an annual interest rate of 15%. As at December 31, 2016, there was an interest payable balance of $41,617 (December 31, 2015: $32,762) owed to Danny Hon.

Unsecured loan payables

The Group had the following loan payables to the key management personnel of the Group with the terms and conditions summarized as follows:

	December 31, 2016						
Unsecured loan payables		**RMB**	**Canadian dollars**		**U.S. dollars equivalent**	**Annual interest rate**	**Due date**
Chengguang Zhou (director of TTTC) (i)	¥	-	-	$	-		

	December 31, 2015						
Unsecured loan payables		**RMB**	**Canadian dollars**		**U.S. dollars equivalent**	**Annual interest rate**	**Due date**
Chengguang Zhou (director of TTTC) (i)	¥	700,000	-	$	107,779	9.7%	4/20/2016

Other related party transactions

		December 31, 2016		December 31, 2015
Amount due from a company related to the non-controlling shareholders of ZYCY (ii)	$	-	$	44,295

(i) During the year ended December 31, 2015, Chenggang Zhou, director of TTTC, obtained the loan with annual rate of 9.7% (2014: 12%) from Bank of Merchant under his name to finance TTTC's daily activities. The loan was secured by his personal assets. The loan was fully repaid on April 20, 2016.

(ii) It represents the amount collected on behalf of the Group by a company related to the non-controlling shareholders of ZYCY as non-secured and non-interest bearing due on demand loan.

(Expressed in U.S. Dollars)

24. Income Tax

	2016	2015
	$	$
Net income (loss) before tax	1,448,818	(378,187)
Statutory tax rate	26%	26%
Expected tax recovery	376,693	(98,329)
Non-deductible items	39,101	33,786
Change in tax rates	28,292	-
Functional currency adjustments	(25,201)	289,489
Foreign tax rate difference	(124,053)	(892)
Change in deferred tax asset not recognized	(3,062)	(14,924)
OCI impact	-	(5,556)
Total tax expense (recovery)	291,770	203,574

	2016	2015
	$	$
Current tax expense (recovery)	291,770	209,130
Deferred tax expense (recovery)	-	(5,556)
	291,770	203,574

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. Deferred tax assets (liabilities) at December 31, 2016 and 2015 are comprised of the following:

	2016	2015
	$	$
Non-capital loss carry forwards	-	5,556
Marketable securities	-	(5,556)
Accrued expenses	14,793	-
Deferred revenue	(14,793)	-
Net deferred tax asset (liability)	-	-

(Expressed in U.S. Dollars)

24. Income Tax – Continued

The unrecognized deductible temporary differences are as follows:

	2016	2015
	$	$
Non-capital loss carry forwards - Canada	5,317,828	4,817,763
Net capital loss carry forwards - Canada	468,437	454,458
Property, plant and equipment - Canada	10,758	10,437
Culmulative eligible capital - Canada	91,331	171,508
Net operating loss carryforwards - China	68,664	97,345
Deferred revenue - China	-	501,586
Property, plant and equipment - China	344,785	362,136
Accrued expenses - China	144,678	431,349
Unrecognized deductible temporary differences	6,446,481	6,846,582

As at December 31, 2016, the Company has non-capital loss carryforwards of approximately $5,317,828 (2015: $4,817,763) which may be carried forward to apply against future income for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

Expiry	2016
	$
2026	828,787
2027	994,154
2028	330,872
2029	454,712
2030	425,155
2031	376,573
2032	401,192
2033	384,946
2034	384,073
2035	385,487
2036	351,877
TOTAL	5,317,828

As at December 31, 2016, the Company has net capital loss carryforwards of approximately $468,437 (2015: $454,458) which may be carried forward indefinitely to apply against future capital gains for Canadian income tax purposes, subject to the final determination by taxation authorities.

(Expressed in U.S. Dollars)

24. Income Tax – Continued

As at December 31, 2016, the Company has net operating loss carryforwards of approximately $68,664 (2015: $97,345) which may be carried forward to apply against future income for Chinese income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

Expiry	**2016**
	$
2017	26,000
2018	28,956
2019	5,046
2020	4,297
2021	4,365
TOTAL	68,664

25. Restatement of Prior Year's Comparative Financial Statements

In preparing the consolidation financial statements for the year ended December 31, 2016, the Company identified certain prior period errors relating to the following:

- The current tax liabilities as at December 31, 2006, 2005 and 2004 were overstated as a result of inappropriate treatment of capitalized development costs for income tax provision calculation. In accordance with the Chinese Income Tax regulations, development costs are considered as a deductible expenditure in the year incurred. Accordingly, the difference between the accounting basis and tax basis of development costs assets should be treated as a temporary difference resulting in recognition of deferred income tax liabilities. As development costs assets are amortized, the deferred tax liabilities would be recognized as income tax recovery and accordingly, reduce to $nil. The development costs assets were fully amortized by 2012.

- The Company accrued for late payment penalty at 0.05% per day on the outstanding income tax payable balance as mentioned above from 2005 to 2007. The Company has determined that accumulated penalty should be reversed out as a result of the errors discovered.

The correction of these prior period errors resulted in a decrease of $1,330,617 to current tax liabilities, an increase of $212,592 to accumulated other comprehensive income, and a decrease of $1,118,025 to accumulated deficit as at January 1, 2015. There is no change to the Company's consolidated statements of income and comprehensive income, consolidated statements of cash flows or loss per share for the years ended December 31, 2016 and 2015.

The following tables show the restatement adjustments and restated amounts for those accounts in the consolidated statements of financial position at December 31, 2015 and January 1, 2015:

(Expressed in U.S. Dollars)

25. Restatement Of Prior Year's Comparative Financial Statements – Continued

A. Consolidated statements of financial position at December 31, 2015

	Previously stated	Adjustments	Restated
Assets			
Current assets			
Cash and cash equivalents	$ 1,594,835		$ 1,594,835
Restricted cash	380,643		380,643
Marketable securities	83,241		83,241
Accounts and other receivables	5,438,113		5,438,113
Loan receivable	153,970		153,970
Due from related parties	44,295		44,295
Prepaid expenses and deposits	90,089		90,089
Total current assets	7,785,186	-	7,785,186
Non-current assets			
Plant and equipment	77,727		77,727
Total non-current assets	77,727	-	77,727
Total assets	$ 7,862,913	$ -	$ 7,862,913
Liabilities			
Current liabilities			
Trade and other payables	$ 5,187,956		$ 5,187,956
Deferred revenue	585,251		585,251
Income taxes payable	2,970,758	(1,330,618)	1,640,140
Advance from a third party	209,398		209,398
Loans payable	802,336		802,336
Loans payable - related parties	365,201		365,201
Due to related parties	1,208,443		1,208,443
Total current liabilities	11,329,343	(1,330,618)	9,998,725
Shareholders' Deficiency			
Share capital	29,455,512		29,455,512
Contributed surplus	2,619,455		2,619,455
Accumulated other comprehensive income	709,961	212,592	922,553
Deficit	(36,784,171)	1,118,026	(35,666,145)
Total shareholders' deficiency attributable to shareholders' of the Company	(3,999,243)	1,330,618	(2,668,625)
Non-controlling interest	532,813	-	532,813
Total deficiency	(3,466,430)	1,330,618	(2,135,812)
Total liabilities and shareholders' deficiency	$ 7,862,913	$ -	$ 7,862,913

(Expressed in U.S. Dollars)

25. Restatement Of Prior Year's Comparative Financial Statements – Continued

B. Consolidated statements of financial position at January 1, 2015

	Previously stated	Adjustments	Restated
Assets			
Current assets			
Cash and cash equivalents	$ 586,156		$ 586,156
Restricted cash	695,902		695,902
Marketable securities	-		-
Accounts and other receivables	5,864,927		5,864,927
Loan receivable			-
Due from related parties	176,219		176,219
Prepaid expenses and deposits	30,844		30,844
Total current assets	7,354,048	-	7,354,048
Non-current assets			
Plant and equipment	76,442		76,442
Total non-current assets	76,442	-	76,442
Total assets	$ 7,430,490	$ -	$ 7,430,490
Liabilities			
Current liabilities			
Trade and other payables	$ 4,931,750		$ 4,931,750
Deferred revenue	550,319		550,319
Income taxes payable	2,980,300	(1,330,618)	1,649,682
Advance from a third party	219,110		219,110
Bank loan - current portion	6,924		6,924
Loans payable	457,667		457,667
Loans payable - related parties	391,346		391,346
Due to related parties	1,197,182		1,197,182
Total current liabilities	10,734,598	(1,330,618)	9,403,980
Shareholders' Deficiency			
Share capital	29,455,512		29,455,512
Contributed surplus	2,559,649		2,559,649
Accumulated other comprehensive income	323,484	212,592	536,076
Deficit	(36,388,652)	1,118,026	(35,270,626)
Total shareholders' deficiency attributable to shareholders' of the Company	(4,050,007)	1,330,618	(2,719,389)
Non-controlling interest	745,899	-	745,899
Total deficiency	(3,304,108)	1,330,618	(1,973,490)
Total liabilities and shareholders' deficiency	$ 7,430,490	$ -	$ 7,430,490

26. Subsequent Event

On March 15, 2017, 1,000,000 stock options with an exercise price of $0.40 each were expired and unexercised.