China Education Resources Inc.

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

Period Ended March 31, 2021
(Unaudited)

Management's Responsibility for Financial Reporting

The accompanying unaudited condensed interim consolidated financial statements of China Education Resources Inc. were prepared by management in accordance with IAS 34 *Interim Financial Reporting* using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances. Management acknowledges responsibility for the preparation and presentation of the unaudited condensed interim consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the unaudited condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited condensed interim consolidated financial statements and (ii) the unaudited condensed interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited interim condensed consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

Notice to Reader

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

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these unaudited condensed interim consolidated financial statements.

CHINA EDUCATION RESOURCES INC.
Condensed Interim Consolidated Statements of Financial Position
March 31, 2021 and December 31, 2020

(Expressed in U.S. Dollars)

AS AT	Note		**March 31, 2021** (Unaudited)		**December 31, 2020** (Audited)
Assets					
Current assets					
Cash and cash equivalents		$	1,497,145	$	2,406,396
Restricted cash	21		888,132		892,053
Accounts and other receivables (net of allowance for expected credit loss of $1,130,412, December 31, 2020: $1,133,968)	7		3,043,614		3,052,374
Prepaid expenses and deposits			836,145		755,949
Inventory			13,003		-
Total current assets			6,278,039		7,106,772
Non-current assets					
Right - of - use asset	8		64,650		74,582
Equipment	8		32,340		36,671
Total non-current assets			96,990		111,253
Total assets		$	6,375,029	$	7,218,025
Liabilities					
Current liabilities					
Trade and other payables	11	$	2,514,534	$	3,031,360
Deferred revenue			10,571		10,576
Taxes payable	12		86,717		67,546
Lease obligations - current portion	13		36,187		42,697
Loans payable	14		721,416		721,007
Loans payable - related parties	19		425,159		413,156
Due to related parties	19		2,391,010		2,306,221
Total current liabilities			6,185,594		6,592,563
Non-current liabilities					
Lease obligation	13		27,844		31,061
Deferred tax liability			308,825		309,797
Total non-current liabilities			336,669		340,858
Total liabilities		$	6,522,263	$	6,933,421
Shareholders' Equity (Deficiency)					
Share capital	9		29,455,512		29,455,512
Contributed surplus			2,732,948		2,732,948
Accumulated other comprehensive income			829,818		872,772
Deficit			(34,079,594)		(33,774,706)
Total shareholders' deficiency attributable to shareholders of the Company			(1,061,316)		(713,474)
Non-controlling interest	20		914,082		998,078
Total Equity (Deficiency)			(147,234)		284,604
Total liabilities and shareholders' equity		$	6,375,029	$	7,218,025

Going Concern - Note 2
Contingent Liability - Note 21

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.

Condensed Interim Consolidated Statements of Financial Position

For the three months ended March 31, 2021 and 2020

(Unaudited)

(Expressed in U.S. Dollars)

	Note		2021		2020
Revenue					
Book sales and distribution services		$	909,621	$	497,082
Online products			318,872		102,192
			1,228,493		599,274
Cost of sales					
Book sales and distribution services			(578,969)		(404,166)
Online products			(146,784)		(69,576)
Gross profit			502,740		125,532
Depreciation	8		(14,066)		(16,251)
General and administrative	15		(265,974)		(346,450)
Selling commission, marketing and copyrights	16		(604,882)		(160,585)
Operating loss			(382,182)		(397,754)
Finance income			9,884		9,035
Finance costs			(14,064)		(17,287)
Other income			-		238
Net finance cost			(4,180)		(8,014)
Net loss before income taxes			(386,362)		(405,768)
Income tax expenses			-		-
Net loss for the period		$	(386,362)	$	(405,768)
Other comprehensive (loss) income for the period, net of income taxes					
Unrealized exchange gain on translation of foreign operations			(45,476)		178,395
Other comprehensive (loss) income for the period, net of income tax			(45,476)		178,395
Compreshensive loss for the period		$	(431,838)	$	(227,373)
Net loss attributable to:					
Shareholders of the Company		$	(304,888)	$	(329,551)
Non-controlling interest	20		(81,474)		(76,217)
Net loss for the period		$	(386,362)	$	(405,768)
Comprehensive loss attributable to:					
Shareholders of the Company		$	(347,842)	$	(136,374)
Non-controlling interest	20		(83,996)		(90,999)
Comprehensive loss for the period		$	(431,838)	$	(227,373)
Earnings (loss) per share					
Basic and diluted earnings (loss) per share		$	(0.01)	$	(0.01)
Weighted average number of common shares used to calculate basic and diluted earnings (loss) per share			47,364,983		47,364,983

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

CHINA EDUCATION RESOURCES INC.

Condensed Interim Consolidated Statements of Financial Position

For the three months ended March 31, 2021 and year ended December 31, 2020

(Unaudited)

(Expressed in U.S. Dollars)	Number of Shares		Share Capital		Contributed Surplus		Accumulative Other Comprehensive Income Account		Deficit		Total		Non-Controlling Interest		Total Equity (Deficiency)
	Attributable to equity holders of the Company														
Balance December 31, 2019	47,364,983	$	29,455,512	$	2,716,153	$	788,854	$	(34,017,940)	$	(1,057,421)	$	814,160	$	(243,261)
Net loss for the three months ended March 31, 2020	-		-		-		-		(329,551)		(329,551)		(76,217)		(405,768)
Foreign currency translation differences	-		-		-		193,177		-		193,177		(14,782)		178,395
Balance March 31, 2020	47,364,983	$	29,455,512	$	2,716,153	$	982,031	$	(34,347,491)	$	(1,193,795)	$	723,161	$	(470,634)
Net income for the nine months December 31, 2020	-		-		-		-		572,785		572,785		192,432		765,217
Foreign currency translation differences	-		-		-		(109,259)		-		(109,259)		82,485		(26,774)
Stock-based compensation	-		-		16,795		-		-		16,795		-		16,795
Balance December 31, 2020	47,364,983	$	29,455,512	$	2,732,948	$	872,772	$	(33,774,706)	$	(713,474)	$	998,078	$	284,604
Net loss for the three months ended March 31, 2021	-		-		-		-		(304,888)		(304,888)		(81,474)		(386,362)
Foreign currency translation differences	-		-		-		(42,954)		-		(42,954)		(2,522)		(45,476)
Balance March 31, 2021	47,364,983	$	29,455,512	$	2,732,948	$	829,818	$	(34,079,594)	$	(1,061,316)	$	914,082	$	(147,234)

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

CHINA EDUCATION RESOURCES INC.
Condensed Interim Consolidated Statements of Cash Flows
For the three months ended March 31, 2021 and 2020
(Unaudited)

(Expressed in U.S. Dollars)

		2021		2020
Cash flows from operating activities				
Loss for the period	$	(386,362)	$	(405,768)
Adjustments for:				
Depreciation		14,066		16,251
Intererst accrued		9,498		8,154
Changes in accounts and other receivable		(697)		283,964
Changes in prepaid expenses and deposits		(83,263)		(152,630)
Changes in inventory		(13,145)		-
Changes in trade and other payables		(518,512)		(496,861)
Changes in taxes payable		19,595		(51,305)
Changes in deferred revenue		28		-
Net cash used in operating activities		(958,792)		(798,195)
Cash flows from investing activities		-		-
Cash flows from financing activities				
Bank loan		-		-
Proceeds from third parties loan		-		286,560
Advance from related parties		55,617		47,587
Lease payments		(9,599)		(1,711)
Net cash provided by financing activities		46,018		332,435
Net decrease in cash		(912,774)		(465,759)
Cash, beginning of the period		2,406,396		1,840,458
Effect of exchange rate fluctuations on cash held		3,523		(26,351)
Cash, end of the period	$	1,497,145	$	1,348,348
Supplementary disclosure of cash flow information:				
Interest paid	$	(2,663)	$	(3,545)
Taxes paid	$	-	$	-

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

China Education Resources Inc.
Notes to Condensed Interim Consolidated Financial Statements
(Expressed in U.S. Dollars)
Period Ended March 31, 2021
(Unaudited)

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., Canada, V6B 6H5. The condensed interim consolidated financial statements of the Company as at and for the period ended March 31, 2021 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 March 31, 2021, the Group had an accumulated deficit of $34,079,594 since inception The Group's ability to continue as a going concern is dependent upon, among other things, the continuing growth of the Group's revenue to sustain profitability and attain positive cash flow from operations by the Group or its ability to obtain necessary financing. The outcome of these matters cannot be predicted at this time.

The consolidated financial statements have been prepared on a going concern basis, which 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. However, primarily as a result of the conditions described above, there is material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern.

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.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. Management has not identified any material negative impact of COVID-19 to the Company's operating expenditures. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

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 March 31, 2021.

These consolidated financial statements were authorized to issue by the audit committee and Board of Directors of the Group on May 31, 2021.

(b) Basis of preparation

These consolidated financial statements are presented in U.S. dollars, which is the Group's reporting currency. The functional currency of the Company and its subsidiary in Canada is Canadian dollars ("CAD") 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 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.

These consolidated financial statements include the accounts of the Company and its subsidiaries.

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. A summary of the Company's subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Ownership interest March 31, 2021	Ownership interest December 31, 2020
CEN China Education Network Ltd. ("CEN Network") (inactive)	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") (inactive)	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%

3. Basis of Preparation - Continued

(b) Basis of preparation - Continued

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

(c) Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions about future events 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 based on historical experience and other factors that are considered to be relevant. 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 estimates and judgements

(i) Expected credit loss

Trade and other receivables are assessed for impairment at each reporting date by applying the "expected credit loss" impairment model under IFRS 9 - *Financial Instruments*. Expected credit loss represents management's best estimate and assumptions based on actual credit loss experience and informed credit assessment, and also taking into consideration of forward-looking information. If actual credit losses differ from estimates, future earnings would be affected. As at March 31, 2021, allowance for expected credit loss is $1,130,412 (December 31, 2020 - $1,133,968) based on management's assessment of credit history with the customers and current relationships with them.

3. Basis of Preparation - Continued

(c) Use of estimates and judgments- Continued

(ii) Going concern

Management has applied judgments in the assessment of the Group's ability to continue as a going concern when preparing its consolidated financial statements for the period ended March 31, 2021 and year ended December 31, 2020. 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 is a 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.

(iii) Income taxes

Tax regulations are very complex and changing regularly. As a result, the Group is required to make judgments about the tax applications and probability of certain tax exposure. Also, all tax returns are subject to further government's reviews, with the potential reassessments. All those facts can impact income tax provisions and operation results and that changes to these amounts could have a material effect on the Company's consolidated financial statements.

(iv) 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.

3. Basis of Preparation - Continued

(c) Use of estimates and judgments- Continued

(v) Contingent liabilities

Provisions are accrued for liabilities with uncertain timing or amounts, if, in the opinion of management, it is both likely that a future event will confirm that a liability had been incurred at the date of the consolidated financial statements and the amount can be reasonably estimated. Where it is not possible to determine whether such a liability has occurred, or to reasonably estimate the amount of loss until the performance of some future event, no accrual is made until that time and a disclosure of contingent liability is made unless the possibility of settlement is remote. Management has applied significant judgements in assessing the possibility of any outflow in settlement based on factors and situations known to management at the time of preparing these consolidated financial statements. Actual results may differ. Please refer to Note 21 for details.

(vi) Stock based compensation

The Group uses the Black-Scholes option pricing model to calculate the fair value of share purchase options at the date of grant. 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. Changes in these assumptions can materially affect the fair value estimate.

4. Significant Accounting Policies

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited annual financial statements as at December 31, 2020. The accompanying unaudited condensed interim consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2020.

(Expressed in U.S. Dollars)

5. New Standards and Interpretations Adopted During the Period

The Group did not adopt any new standards and interpretation during the period ended March 31, 2021.

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

Amendments to IAS 37 - Provisions, Contingent Liabilities, and Contingent Assets

In May 2020, the IASB issued amendments to clarify the costs that a company should include as the cost of fulfilling a contract when assessment is made as to whether a contract is onerous. The amendment is effective January 1, 2022, with early adoption permitted. The Company does not expect the adoption of the standard to have material impact on the Company's consolidated financial statements.

Amendments to IAS 16 - Property, Plant and Equipment

In May 2020, the IASB issued amendments to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendment is effective January 1, 2022, with early adoption permitted. The Company does not expect the adoption of the standard to have material impact on the Company's consolidated financial statements.

Future accounting changes

The Group continuously monitors the potential changes proposed by the International Accounting Standards Board ("IASB") and analyze the effect that changes in the standards may have on the consolidated financial statements when they become effective. There have been no significant changes to future accounting policies, except for those noted below, that could impact the Group from what was disclosed in the December 31, 2020 consolidated annual financial statements.

7. Accounts and Other Receivables

	March 31, 2021	December 31, 2020
Trade receivables	$ 2,953,051	$ 2,970,573
Other receivables	90,563	81,801
	$ 3,043,614	$ 3,052,374

(Expressed in U.S. Dollars)

7. Accounts and Other Receivables - Continued

As at March 31, 2021, the Group's aging analysis of trade receivables is as follows:

	<30 days	30 - 90 days	91 - 120 days	> 120 days	Total
Expected credit loss rate	-5%	-3%	-6%	-74%	
Estimated total gross carrying amount at default	317,027	1,444,659	940,497	1,381,281	4,083,463
Expected credit loss	(15,851)	(42,210)	(56,041)	(1,016,310)	(1,130,412)

See also Note 17(a).

8. Equipment and Right of Use Asset

(i) Equipment

Cost	Computer equipment	Office equipment	Motor vehicles	Total
Balance, at January 1, 2020	$ 160,134	$ 28,835	$ 390,634	$ 579,603
Additions	5,500	-	-	5,500
Disposals	-	-	-	-
Effect of movements in exchange rates	10,891	1,906	25,817	38,614
Balance, at December 31, 2020	$ 176,525	$ 30,741	$ 416,451	$ 623,717
Balance, at January 1, 2021	$ 176,525	$ 30,741	$ 416,451	$ 623,717
Additions	-	-	-	-
Disposals	-	-	-	-
Effect of movements in exchange rates	(553)	(96)	(1,306)	(1,955)
Balance, at March 31, 2021	$ 175,972	$ 30,645	$ 415,145	$ 621,762

China Education Resources Inc.
Notes to Condensed Interim Consolidated Financial Statements
(Expressed in U.S. Dollars)
Period Ended March 31, 2021
(Unaudited)

8. Equipment and Right of Use Asset - Continued

(i) Equipment - Continued

Accumulated depreciation		**Computer equipment**		**Office equipment**		**Motor vehicles**		**Total**
Balance, at January 1, 2020	$	140,784	$	21,934	$	360,110	$	522,828
Depreciation for the year		4,440		2,158		21,496		28,094
Disposals		-		-		-		-
Effect of movements in exchange rates		9,570		1,546		25,008		36,124
Balance, at December 31, 2020	$	154,794	$	25,638	$	406,614	$	587,046
Balance, at January 1, 2021	$	154,794	$	25,638	$	406,614	$	587,046
Depreciation for the period		990		516		1,674		3,180
Disposals		-		-		-		-
Effect of movements in exchange rates		(203)		195		(796)		(804)
Balance, at March 31, 2021	$	155,581	$	26,349	$	407,492	$	589,422
Carrying amounts								
At December 31, 2020	$	21,731	$	5,103	$	9,837	$	36,671
At March 31, 2021	$	20,391	$	4,296	$	7,653	$	32,340

(Expressed in U.S. Dollars)

8. Equipment and Right of Use Asset - Continued

(ii) Right of Use Asset

Cost		
Balance, at January 1, 2020	$	109,499
Additions		-
Effect of movements in exchange rates		7,237
Balance, at December 31, 2020	$	116,736
Balance, at January 1, 2021	$	116,736
Additions		-
Effect of movements in exchange rates		(366)
Balance, at March 31, 2021	$	116,370
Accumulated depreciation		
Balance, at January 1, 2020	$	3,041
Depreciation for the year		36,853
Effect of movements in exchange rates		2,260
Balance, at December 31, 2020	$	42,154
Balance, at January 1, 2021	$	42,154
Depreciation for the period		9,804
Effect of movements in exchange rates		(238)
Balance, at March 31, 2021	$	51,720
Carrying amount		
As at December 31, 2020	$	74,582
As at March 31, 2021	$	64,650

9. Share Capital and Reserves

Issuance of common shares

There was no common share issued during the period ended March 31, 2021 and year ended December 31, 2020.

Common shares and preferred shares

At March 31, 2021, the authorized share capital comprised of unlimited voting common shares without par value and 20,000,000 preferred shares.

The holders of common shares were 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.

47,364,983 common shares are issued and outstanding as at March 31, 2021 and December 31, 2020. No preferred shares have been issued to date.

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.

10. Share Purchase Options and Warrants

(a) Stock options

At March 31, 2021, 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 ten 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.

(Expressed in U.S. Dollars)

10. Share Purchase Options and Warrants - Continued

(a) Stock options - Continued

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

Balance, December 31, 2019	3,700,000	0.11
Expired during the year	(2,700,000)	0.10
Granted during the year	1,030,000	0.10
Balance, December 31, 2020	2,030,000	0.12
Granted during the period	-	
Expired during the period	-	
Balance, March 31, 2021	2,030,000	0.12

On August 17, 2020, the Group granted incentive stock options of 1,030,000 shares at CAD$0.10 per share expiring on August 17, 2025 which exceeds the market price at the grant date to directors and employee for their past services. The stock options are vested immediately. The total fair value of the stock options granted was CAD$22,530 ($16,795). The grant date fair value of share-based payment plans was measured based on the Black-Scholes pricing model. 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: 0.39% per annum, expected volatility: 126.14%, dividend yield: $nil and forfeiture rate: 0%.

Total share-based payment for the period ended March 31, 2021 was $nil (2020: $nil).

On November 25, 2020, 2,700,000 stock options at an exercise price of CAD$0.10 each expired and unexercised.

The options outstanding at March 31, 2021 have an exercise price in the range of CAD$0.10 to CAD$0.14 (December 31, 2020: in the range of CAD$0.10 to CAD$0.14) and a weighted average contractual life of 2.80 years (December 31, 2020: 3.04 years).

There are 2,030,000 options exercisable at March 31, 2021 (December 31, 2020: 2,030,000), which have an exercise price of in the range of CAD$0.10 to CAD$0.14 (December 31, 2020: in the range of CAD$0.10 to CAD$0.14) and a weighted average contractual life of 2.80 years (December 31, 2020: 3.04 years).

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10. Share Purchase Options and Warrants - Continued

(b) Share purchase warrants

At March 31, 2021 and December 31, 2020, there was no outstanding warrant.

11. Trade and Other Payables

	March 31, 2021	December 31, 2020
Trade payables	$ 1,088,777	$ 1,737,208
Other payables	893,371	762,609
Non-trade payables and accrued expenses	532,386	531,543
	$ 2,514,534	$ 3,031,360

12. Taxes Payable

	March 31, 2021	December 31, 2020
Income tax payable	$ 6,104	$ -
Other tax payable	80,613	67,546
	$ 86,717	$ 67,546

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13. Lease Obligations

TTTC has a lease for office premises in China in the amount of $3,420 in advance per month, until December 4, 2022. The Group recognized a right-of use asset (Note 8) and corresponding lease obligations calculated using incremental borrowing rate of 6.525%, analyzed as follows:

		USD
Balance, December 31, 2019	$	100,028
Effects of movements in exchange rates		3,223
Interest		6,088
Payments		(35,581)
Balance, December 31, 2020		73,758
Current portion		42,697
Long-term portion	$	31,061

		USD
Balance, December 31, 2020	$	73,758
Effects of movements in exchange rates		(231)
Interest		1,145
Payments		(10,641)
Balance, March 31, 2021		64,031
Current portion		36,187
Long-term portion	$	27,844

During the period ended March 31, 2021, the Group made lease payment of $10,641 (2020: $3,280) and incurred interest accretion of $1,145 (2020: $1,595) recorded in finance cost in the statement of income (loss) and comprehensive income (loss).

(Expressed in U.S. Dollars)

14. Loans Payable

Terms and conditions of outstanding loans as at March 31, 2021 and December 31, 2020 from unrelated individuals are summarized as follows:

	March 31, 2021					
	Principal				Interest payable	
	RMB	U.S. dollars equivalent	Annual interest rate	Due date	RMB	U.S. dollars equivalent
	¥	$			¥	$
Unsecured loan (1)	3,360,000	512,736	0%	On demand	-	-
Unsecured loan (2)	500,000	76,300	10%	On demand	-	-
Unsecured loan (3)	200,000	30,520	10%	On demand	-	-
Unsecured loan (4)	500,000	76,300	10%	On demand	11,628	1,774
Unsecured loan (5)	150,000	22,890	10%	On demand	5,870	896
	4,710,000	718,746			17,498	2,670

Loan payable	$ 718,746
Interest payable	2,670
Total	$ 721,416

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14. Loans Payable - Continued

	December 31, 2020					
	Principal				Interest payable	
	RMB	U.S. dollars equivalent	Annual interest rate	Due date	RMB	U.S. dollars equivalent
	¥	$			¥	$
Unsecured loan (1)	3,360,000	514,349	0%	On demand	-	-
Unsecured loan (2)	500,000	76,540	10%	On demand	-	-
Unsecured loan (3)	200,000	30,616	10%	On demand	-	-
Unsecured loan (4)	500,000	76,540	10%	On demand	-	-
Unsecured loan (5)	150,000	22,962	10%	On demand	-	-
	4,710,000	721,007			-	-

Loan payable	$ 721,007
Interest payable	-
Total	$ 721,007

(1) The loan matured on June 24, 2018 and became due on demand. As at March 31, 2021, there was no interest accrued in relation to this loan. The borrowing costs of RMB 75,000 ($11,341) has been fully amortized during the year ended December 31, 2018.

(2) In June 2020, the Group borrowed a loan of RMB 500,000 ($76,300) from a director of ZYCY. The loan bears an annual interest rate of 10% and is repayable on demand. The loan is secured by the bank balance maintained at a local bank in China. During the period ended March 31, 2021, there was interest paid of RMB12,329 ($1,902) in relation to this loan.

(3) In August 2020, the Group borrowed a loan of RMB 200,000 ($30,520) from a director of ZYCY. The loan bears an annual interest rate of 10% and is repayable on demand. The loan is secured by the bank balance maintained at a local bank in China. During the period ended March 31, 2021, there was interest paid of RMB4,932 ($761) in relation to this loan.

(4) In June 2020, the Group borrowed a loan of RMB 500,000 ($76,300) from a director of TTTC. The loan bears an annual interest rate of 10% and is repayable on demand. The loan is secured by the bank balance maintained at a local bank in China. During the period ended March 31, 2021, there was interest accrued of RMB11,628 ($1,774) in relation to this loan.

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14. Loans Payable - Continued

(5) In November 2020, the Group borrowed a loan of RMB 150,000 ($22,890) from an arm-length party. The loan bears an annual interest rate of 10% and is repayable on demand. The loan is secured by the bank balance maintained at a local bank in China. During the period ended March 31, 2021, there was interest accrued of RMB5,870 ($896) in relation to this loan.

15. General and Administrative Expenses

The breakdown of Group's general and administrative expenses for the periods ended March 31, 2021 and 2020 was as follows:

	Three months ended March 31,	
	2021	**2020**
Accounting and audit (Note 19)	$ 42,415	$ 35,317
Administrative and office	4,725	2,263
Consulting (Note 19)	38,540	33,906
Filing and listing	4,582	4,131
Investor relations	1,002	5,596
Legal and professional	2,499	6,102
Meals and entertainment	1,989	5,699
Miscellaneous	23	1,483
Registrar & transfer agent fees	925	600
Rent	20,127	18,945
Salaries, wages, commission & benefits	109,479	191,801
Technology development	36,449	38,674
Travel	3,218	1,933
	$ 265,974	$ 346,450

(Expressed in U.S. Dollars)

16. Selling Commission, Marketing and Copyrights

The breakdown of Group's selling commission, marketing and copyrights for the periods ended March 31, 2021 and 2020 was as follows:

	Three months ended March 31, 2021	Three months ended March 31, 2020
Commission expense	56,648	17,454
Consulting	185,147	248
Development expense	17,002	-
Meals and entertainment	4,347	971
Office expenses	1,720	211
Production fee	8,170	16,282
Promotion fee	183,605	5,163
Rent	1,780	-
Service fee	48,894	-
Training	56,957	-
Tranportation and repairment	3,701	1,395
Travel	17,262	94,198
Wages and salaries	19,650	24,664
	$ 604,882	$ 160,585

(Expressed in U.S. Dollars)

17. 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, account and other receivables (excluding GST and VAT receivables), trade and other payables, loans payable, bank loan, loan payable – related parties, due to related parties and lease obligations.

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 other receivables (excluding GST and VAT receivables). The Group has no significant concentration of credit risk arising from operations. Management assesses the credit risk concentration with respect to accounts and other receivables annually and adjusts them accordingly. The Group limits its exposure to credit risk by holding its cash in deposits with high credit quality Chinese and Canadian financial institutions.

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

	Carrying amount	
	March 31, 2021	December 31, 2020
Accounts and other receivables (excluding GST and VAT receivables)	$ 3,036,463	$ 3,050,357
Cash and cash equivalent	1,497,145	2,406,396
Restrictred cash	888,132	892,053
	$ 5,421,740	$ 6,348,806

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

	Carrying amount	
	March 31, 2021	December 31, 2020
China	$ 2,953,051	$ 2,970,573

17. Financial Risk Management - Continued

(a) Credit risk - Continued

100% of the Group's revenue for the periods ended March 31, 2021 and 2020 was derived from customers located in China. Two (December 31, 2020: three) customers represent in excess of 10% of accounts receivable at March 31, 2021. Four (2020: two) customers represent in excess of 10% of total revenue for the period ended March 31, 2021. The Group's most significant customers accounted for $777,342 of receivables carrying amount at March 31, 2021 (December 31, 2020: $832,047).

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. As of March 31, 2021, the Group made provision of accounts receivable of $1,130,412 (December 31, 2020: $1,133,968).

(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 March 31, 2021, the Group had a net working capital of $92,445 (December 31, 2020: $514,209). 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.

17. Financial Risk Management - Continued

(c) Market risk - Continued

(ii) Foreign currency exchange rate risk

The Group is exposed to foreign exchange rate when the Group undertakes transactions and hold assets and liabilities in currencies other than its functional currencies. The Group currently does not use derivative instruments to hedge its exposure to those risks. As at March 31, 2021, the Group is subject to immaterial currency risk as it did not have material assets or liabilities held in currencies other than its functional currencies.

(d) Fair values

The fair values of the financial assets and liabilities, except for the lease obligation, approximate their carrying value due to their short-term nature. The Group has not offset financial assets with financial liabilities.

(e) Capital management

The Group defines its capital as shareholder's equity. 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.

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.

There were no changes in the Group's approach to capital management during the period ended March 31, 2021 and year ended December 31, 2020. Neither the Group nor its subsidiaries are subject to externally imposed capital requirements.

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18. 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, and majority of the equipment was located in China.

19. 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 as at March 31, 2021 and December 31, 2020.

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 those 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:

(Expressed in U.S. Dollars)

19. Related Parties Transactions – Continued

Key management personnel and director transactions – Continued

Director/Officer	Transaction	Three months ended March 31, 2021	Three months ended March 31, 2020
C F Zhou (director and CEO)	Consulting fees (i)	$ 36,018	$ 33,993
C F Zhou (director and CEO)	Interest expense (ii)	4,753	4,536
Danny Hon (director and CFO)	Accounting fees (iii)	20,536	15,655
Danny Hon (director and CFO)	Interest expense (iv)	2,047	1,953
		$ 63,354	$ 56,137

Director/Officer	Balance	March 31, 2021	December 31, 2020
C F Zhou (director and CEO)	Consulting fees payable (i)	$ 1,668,707	$ 1,611,204
C F Zhou (director and CEO)	Loan payable (ii)	129,384	127,789
C F Zhou (director and CEO)	Loan interest payable (ii)	160,122	153,422
Danny Hon (director and CFO)	Accounting fees payable (iii)	722,303	695,017
Danny Hon (director and CFO)	Loan payable (iv)	55,708	55,021
Danny Hon (director and CFO)	Loan interest payable (iv)	79,945	76,924
		$ 2,816,169	$ 2,719,377

(i) The consulting fees owing to C F Zhou as at March 31, 2021 is unsecured, due on demand with no interest.

(ii) The short-term loans were unsecured and due on demand with an annual interest rate of 15%. As at March 31, 2021, there was an interest payable balance of $160,122 (December 31, 2020: $153,422) owed to C F Zhou.

(iii) The Group engaged a company, which is controlled by Danny Hon, to provide accounting services. The balance owing to this company controlled by Danny Hon as at March 31, 2021 is unsecured, due on demand and bears no interest.

(iv) The short-term loans were unsecured and due on demand with an annual interest rate of 15%. As at March 31, 2021, there was an interest payable balance of $79,945 (December 31, 2020: $76,924) owed to Danny Hon.

(Expressed in U.S. Dollars)

20. Non-controlling Interests

The following subsidiary has material non-controlling interests ("NCI"):

Name	Principal place of business/Country of incorporation	Operating segment	Ownership interests held by NCI March 31, 2021	Ownership interests held by NCI December 31, 2020
Zhong Yu Cheng Yuan ("ZYCY")	China	Textbook sales	40%	40%

The following is summarized financial information for ZYCY, prepared in accordance with IFRS. The information is before inter-company eliminations with other companies in the Group.

Amount in USD	Three months ended March 31, 2021	Three months ended March 31, 2020
Revenue	$ 909,621	$ 497,082
Net income	(203,686)	(190,544)
Net income attributable to NCI	(81,474)	(76,218)
Other comprehensive income (loss)	(6,306)	(36,955)
Total comprehensive income (loss)	(209,992)	(227,499)
Total comprehensive income (loss) attributable to NCI	$ (83,997)	$ (91,000)

(Expressed in U.S. Dollars)

20. Non-controlling Interests - Continued

Amount in USD	March 31, 2021	December 31, 2020
Current assets	$ 3,778,127	$ 4,498,076
Non-current assets	1,180	2,207
Current liabilities	(878,097)	(1,388,655)
Non-current liabilities	(135,237)	(135,663)
Net assets	$ 2,765,973	$ 2,975,965

Amount in USD	Three months ended March 31, 2021	2020
Cash flow provided by (used in) operating activities	$ (815,965)	$ (533,182)
Cash flow used in investing activities	-	-
Cash flow provided by financing activities	-	286,560
Effect on foreign translation	(21,396)	(74,383)
Net increase (decrease) in cash and cash equivalent	$ (837,361)	$ (321,005)
Dividend paid to NCI during the period	$ -	$ -

21. Contingent Liabilities

In November 2019, a local Chinese company ("plaintiff") filed a legal claim in China against TTTC for RMB5,820,000 ($888,132) as their commission income. The amount subject to the claim has been held as restricted cash. The legal case has been heard in court. However, the decision has not been released by the court as of the release date of the consolidated financial statements due to COVID-19 pandemic. Management is of the opinion that the legal claim is without merit and remote as the plaintiff could not provide any contractual evidence demonstrating that TTTC has engaged for their services. No provision of the potential liability has been made in the consolidated financial statements.

Another local Chinese company filed a legal claim in China against TTTC for RMB580,000 ($88,508) for their service fees. The court advised both parties to enter into negotiation for settlement. The negotiation is in progress and has not been finalized at the release date of the consolidated financial statements. The Company has made enough provision for the settlement of the negotiated balance and the amount is recorded in trade and other payables.