CHINA KELI ELECTRIC COMPANY LTD.
(FORMERLY HSF CAPITAL CORPORATION)

CONSOLIDATED FINANCIAL STATEMENTS

Years Ended April 30, 2015 and 2014

(Expressed in Canadian Dollars)

CHINA KELI ELECTRIC COMPANY LTD.
(FORMERLY HSF CAPITAL CORPORATION)
INDEX TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
Years Ended April 30, 2015 and 2014

CHINA KELI ELECTRIC COMPANY LTD. (FORMERLY HSF CAPITAL CORPORATION)

Management's Report to the Shareholders

The accompanying Consolidated Financial Statements and Management's Discussion and Analysis (MD&A) are the responsibility of China Keli Electric Company Ltd.'s management. The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards which recognize the necessity of relying on some of management's best estimates and informed judgments.

The Company maintains an accounting system and related controls to provide management with reasonable assurance that transactions are executed and recorded in accordance with its authorizations, that assets are properly safeguarded and accounted for, and that financial records are reliable for preparation of financial statements.

The Company's independent auditors, MNP LLP, have audited the Consolidated Financial Statements, as reflected in their report for 2015.

The Board of Directors oversees management's responsibilities for the Consolidated Financial Statements primarily through the activities of its Audit Committee. The Audit Committee of the Board of Directors is composed solely of directors who are neither officers nor employees of the Company. The Committee meets during the year with management of the Company and the Company's independent auditors to review the Company's interim and annual consolidated financial statements and MD&A. The Audit Committee also reviews internal accounting controls, risk management, internal and external audit results and accounting principles and practices. The Audit Committee is responsible for approving the remuneration and terms of engagement of the Company's independent auditors. The Audit Committee also meets with the independent auditors, without management present, to discuss the results of their audit and the quality of financial reporting.

The Consolidated Financial Statements and MD&A have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized in Note 3 of the Notes to the Consolidated Financial Statements.

"Lou Meng Cheong"	"Philip Lo"
Chief Executive Officer	Chief Financial Officer
August 28, 2015	August 28, 2015

Independent Auditors' Report

To the shareholders of China Keli Electric Company Ltd.:

We have audited the accompanying consolidated financial statements of China Keli Electric Company Ltd. and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at April 30, 2015, and the consolidated statements of income and comprehensive income (loss) and changes in equity and cash flows for the year ended April 30, 2015 and the notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or misstatement.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of 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 misstatement. 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 assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

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

Opinion
In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of China Keli Electric Company Ltd. and its subsidiaries as at April 30, 2015, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matter
The consolidated financial statements of the Company for the year ended April 30, 2014 were audited by another auditor who expressed an unqualified opinion on those statements on October 6, 2014, and restated on July 9, 2015.

MNP LLP
Chartered Accountants

Vancouver, British Columbia
August 28, 2015

CHINA KELI ELECTRIC COMPANY LTD. (FORMERLY HSF CAPITAL CORPORATION)

Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

		April 30,		
		2015		**2014**
Assets				
Non-current assets				
Property, plant and equipment (Note 6)	$	**10,375,501**	$	**10,131,247**
Other assets (Note 7)		**477,835**		**526,565**
Long-term receivables, loans and prepayments (Note 8)		**934,567**		**1,725,412**
		11,787,903		**12,383,224**
Current assets				
Inventories (Note 9)		**7,304,723**		**6,848,271**
Inventory deposit (Note 10)		**-**		**1,724,485**
Accounts receivable (Note 11and 12)		**16,666,048**		**15,880,114**
Notes receivable		**108,924**		**446,473**
Other receivable (Note 13)		**615,719**		**321,367**
Prepaid expenses and other current assets (Note14)		**1,761,976**		**3,198,584**
Amount due from related parties (Note 26)		**-**		**1,488,350**
Restricted Cash (Note 27)		**1,004,153**		**-**
Cash and cash equivalents (Note 15)		**405,240**		**416,911**
		27,866,783		**30,324,555**
Total assets	$	**39,654,686**	$	**42,707,779**
Equities and liabilities				
Equity attributable to owners of the parent				
Share capital (Note16(b))	$	**7,431,425**	$	**7,431,425**
Additional paid-in capital (Note 17)		**4,480,153**		**4,480,153**
Share option reserve		**2,137,024**		**2,137,024**
Statutory reserves (Note 18)		**373,247**		**373,247**
Accumulated other comprehensive income		**3,874,143**		**2,334,015**
Accumulated deficit		**(8,555,612)**		**(555,924)**
Total equity	$	**9,740,380**	$	**16,199,940**
Liabilities				
Non-current liabilities				
Long-term bank loans (Note 20(a))	$	**1,048,639**	$	**2,074,652**
		1,048,639		**2,074,652**
Current liabilities				
Short-term bank loans (Note 20(b))		**13,503,685**		**11,614,383**
Long-term bank loans, current portion (Note 20(a))		**840,015**		**775,395**
Accounts payable		**5,669,333**		**5,261,043**
Note payables (Note 27)		**3,228,843**		**-**
Customer advances		**975,975**		**1,023,367**
Taxes payable (Note 21)		**1,361,127**		**1,458,309**
Amount due to related parties (Note 26)		**1,004,033**		**2,582,090**
Accrued expenses and other current liabilities (Note 22)		**2,282,656**		**1,718,600**
		28,865,667		**24,433,187**
Total liabilities	$	**29,914,306**	$	**26,507,839**
Total equity and liabilities	$	**39,654,686**	$	**42,707,779**

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

Approved on behalf of the board	*"SOU WA WONG"*	*"GEORGE DORIN"*
	Director	Director

CHINA KELI ELECTRIC COMPANY LTD. (FORMERLY HSF CAPITAL CORPORATION)

Consolidated Statements of Income and Comprehensive Income (Loss)

(Expressed in Canadian dollars, except number of shares)

		Years ended April 30,		
		2015		**2014**
Revenue				
Sales of products	$	15,537,334	$	18,243,477
Installation services		4,132,005		5,356,326
Total revenues		19,669,339		23,599,803
Cost of sales		(15,897,092)		(17,333,648)
Gross profit		3,772,247		6,266,155
Operating expenses				
Sales and marketing expenses (Note 23)		(2,867,316)		(1,818,842)
General and administrative expenses (Note 23)		(8,092,912)		(3,244,897)
Operating (loss) profit		(7,187,981)		1,202,416
Finance income		5,892		9,788
Finance cost		(1,109,554)		(850,761)
Other income (Note 24)		291,955		75,418
(Loss) Profit before income taxes		(7,999,688)		436,861
Income tax expense (Note 25)		-		(251,686)
(Loss) Profit for the year	$	(7,999,688)	$	185,175
Other comprehensive income that may be reclassified to profit or loss				
Foreign currency translation adjustment		1,540,128		1,076,610
Comprehensive (loss) income	$	(6,459,560)	$	1,261,785
(Losses) Earnings per share				
Basic	$	(0.088)	$	0.002
Diluted		(0.088)		0.002
Weighted average number of common shares outstanding (Note 3(t))				
Basic		90,415,223		90,415,223
Diluted		90,415,223		90,415,223

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

CHINA KELI ELECTRIC COMPANY LTD. (FORMERLY HSF CAPITAL CORPORATION)

Consolidated Statements of Changes in Equity

(Expressed in Canadian dollars, except number of shares)

	Share Capital		Additional			Accumulated Other		
	Number of Shares	Amount	Paid-in Capital	Share option reserve	Statutory Reserve	Comprehensive Income[1]	Retained Earnings/ Deficits	Shareholder's Equity
Balance as of April 30, 2013	**90,415,223**	**$ 7,431,425**	**$ 4,480,153**	**$ 1,979,401**	**$ 348,637**	**$ 1,257,405**	**$ (716,489)**	**$ 14,780,532**
Profit for the year	-	-	-	-	-	-	185,175	**185,175**
Other comprehensive income[1]	-	-	-	-	-	1,076,610	-	**1,076,610**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**1,076,610**	**185,175**	**1,261,785**
Appropriation of earnings to Statutory Reserve	-	-	-	-	24,610	-	(24,610)	-
Stock-based compensation	-	-	-	157,623	-	-	-	**157,623**
Balance as of April 30, 2014	**90,415,223**	**$ 7,431,425**	**$ 4,480,153**	**$ 2,137,024**	**$ 373,247**	**$ 2,334,015**	**$ (555,924)**	**$ 16,199,940**
Profit (Loss) for the year	-	-	-	-	-	-	(7,999,688)	**(7,999,688)**
Other comprehensive income[1]	-	-	-	-	-	1,540,128	-	**1,540,128**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**1,540,128**	**(7,999,688)**	**(6,459,560)**
Appropriation of earnings to Statutory Reserve	-	-	-	-	-	-	-	-
Stock-based compensation	-	-	-	-	-	-	-	-
Balance as of April 30, 2015	**90,415,223**	**$ 7,431,425**	**$ 4,480,153**	**$ 2,137,024**	**$ 373,247**	**$ 3,874,143**	**$ (8,555,612)**	**$ 9,740,380**

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

[1]Accumulated other comprehensive income is composed solely of unrealized foreign currency translation gains and losses.

CHINA KELI ELECTRIC COMPANY LTD. (FORMERLY HSF CAPITAL CORPORATION)

Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

	Years ended April 30, 2015	Years ended April 30, 2014
Cash provided from operating activities		
(Loss) Profit before income taxes for the period	$ **(7,999,688)**	$ **436,861**
Items not involving cash		
Depreciation and amortization	**1,215,787**	721,504
Stock-based compensation	**-**	157,623
Bad debt allowance	**2,692,891**	294,638
Inventory provision	**1,642,748**	44,821
Loss from disposal of PPE	**50,846**	-
Finance cost	**1,109,555**	850,761
Finance income	**(5,892)**	(9,788)
	(1,293,753)	**2,496,420**
Net change in non-cash working capital items		
Notes receivable	**371,847**	(165,086)
Accounts receivable	**(2,132,625)**	(6,505,938)
Other receivables	**(426,429)**	1,588,422
Inventories	**209,435**	1,571,480
Inventory deposit	**345,608**	(1,724,485)
Prepaid expense and other current assets	**1,796,890**	(1,183,570)
Long-term receivables, loans and prepayments	**1,610,696**	(702,683)
Accounts payable	**(224,168)**	1,295,823
Notes payable	**3,060,465**	-
Customer advances	**(163,804)**	652,457
Taxes payable	**(136,341)**	58,054
Accrued expenses and other current liabilities	**307,244**	169,005
	4,618,818	**(4,946,521)**
Interest paid	**(1,081,806)**	(692,679)
Interest received	**5,892**	9,788
Income tax paid	**(125,183)**	(71,558)
	2,123,968	**(3,204,550)**
Cash provided from investing activities		
Purchase of property, plant and equipment	**(213,855)**	(529,651)
Disposal of property, plant and equipment	**-**	-
Payment for other assets	**-**	(235,188)
Increase of Restricted Cash	**(951,788)**	-
	(1,165,643)	**(764,839)**
Cash provided from financing activities		
Proceeds from short-term bank loans	**441,554**	2,828,356
Repayment of long-term bank loans	**(1,242,344)**	(313,222)
Borrowing from related parties	**1,486,945**	1,186,381
Payment to related parties	**(1,699,034)**	(581,363)
Dividends distributed	**-**	-
	(1,012,879)	**3,120,152**
Effect of exchange rate changes on cash and cash equivalents	**42,883**	**79,784**
Increase (Decrease) in cash and cash equivalents	**(11,671)**	**(769,453)**
Cash and cash equivalents, beginning of period	**416,911**	**1,186,364**
Cash and cash equivalents, end of period	$ **405,240**	$ **416,911**

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

1. DESCRIPTION OF BUSINESS AND GOING CONCERN

China Keli Electric Company Ltd. (the “Company” or “Keli”) was incorporated under the Business Corporation Act (British Columbia), Canada. The office of the Company is located at Suite 900, 555 Burrard Street, Vancouver, British Columbia. The Company is a public company listed on the TSX Venture Exchange under the symbol “ZKL”.

The Company specializes in the manufacturing and installing of electrical components and equipment, including pre-assembled mini substations, electrical controllers, pressurized and vacuumed switchgears and circuit breakers. Its wholly owned subsidiary Creative Grace Limited (“Creative Grace”) is an investment vehicle incorporated under the laws of Hong Kong in December 2008. Through Creative Grace, the Company wholly owns Zhuhai Keli Electronic Co., Ltd. (“Zhuhai Keli”) and Zhuhai Qunhui Electronic Equipment Co., Ltd. ("Qunhui"). The Company currently conducts all of its business through Zhuhai Keli and Qunhui. Zhuhai Keli and Qunhui were incorporated in the People’s Republic of China (“PRC”) in September 2002 and January 2005 respectively. The Company and the subsidiaries are collectively referred to as the “Group”.

The Group has cash and cash equivalent and restricted cash of $1,409,393 and working capital of ($998,884) as of April 30, 2015. These consolidated financial statements have been prepared on a going concern basis which assumes that the Group will continue operating for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. The contractual obligations of the Group as at April 30, 2015, were composed of short-term and long-term bank loans, accounts payable, notes payable, taxes payable, amounts due to related parties and accrued expenses and other liabilities in the amount of $28,938,331. The Group expects to generate funds through new sales and/or additional financing to meet its ongoing obligations and future contractual commitments for at least twelve months from the end of the April 30, 2015 reporting period. The Group expects its liquidity to remain sufficient based on existing capital resources and income from sales of products and installation services. Liquidity beyond the twelve month period is dependent on the success of obtaining new customers and maintaining existing customers. In addition, the Group continues to progress with the following measures to manage cash flow of the Group: renew short term loans and financing with its Chairwoman and Chief Executive Officer, negotiating with supplier with extended payment terms, working closely with the banks to manage their loans. Therefore, the Group is able to continue as a going concern.

2. BASIS OF PRESENTATION

Statement of Compliance

The consolidated financial statements as of April 30, 2015 comprise the consolidated financial statements of the Group and have been prepared by management in accordance with International Financial Reporting Standards (the “IFRS”).

The consolidated financial statements have been prepared on a going concern basis, under the historical basis for all its recognized assets and liabilities, and are presented in Canadian dollars (“$”), except when otherwise indicated. All significant intercompany transactions and balances have been eliminated on consolidation.

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company’s accounting estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

The consolidated financial statements were authorized for issue in accordance with a resolution of the Board of Directors dated on August 28, 2015.

(Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The policies set out below were consistently applied to all the periods presented.

(a) Principles of consolidation

The consolidated financial statements include the financial statements of the Company and its wholly owned subsidiaries Creative Grace, Zhuhai Keli and Qunhui. All inter-company balances and transactions within the Group have been eliminated on consolidation.

Subsidiaries are those entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date the control ceases.

Entity	Location	Ownership	Status
Creative Grace Limited (“Creative Grace”)	HK	100%	Consolidated
Zhuhai Keli Electronic Co., Ltd. (“Zhuhai Keli”)	PRC	100%	Consolidated
Zhuhai Qunhui Electronic Equipment Co., Ltd. ("Qunhui")	PRC	100%	Consolidated

(b) Foreign currency translation

IAS 21, *the Effects of Changes in Foreign Exchange Rates*, takes a functional approach, looking at each entity separately. The parent and each subsidiary determine their functional currency. The functional currency is the currency of the primary economic environment in which the entity operates. Management reviewed the primary and secondary indicators in IAS 21 (Note 4), and determined the functional currency of the Company and its subsidiaries is Chinese Renminbi (“RMB”). Transactions denominated in currencies other than RMB are translated into RMB at the exchange rate quoted by the People's Bank of China prevailing at the dates of the transactions. Gains and losses resulting from foreign currency transactions are included in the consolidated statements of income. Monetary assets and liabilities denominated in foreign currencies are translated into RMB using the applicable exchange rates quoted by the People's Bank of China at the balance sheet dates. All such exchange gains and losses are included in the consolidated statements of income.

As the Company is listed the TSX Venture Exchange, the Company determined that the reporting currency is Canadian dollar (“$” or “CAD”). The financial statements are translated from RMB into Canadian dollars as follows: revenues and expenses are translated into Canadian dollars using average exchange rates for the year or period and assets and liabilities are translated using the exchange rate at the end of the year (April 30) or period. All resulting exchange differences arising from the translation are included as a separate component in accumulated other comprehensive income.

The following exchange rates are applied for the Company’s consolidated financial statements as at April 30, 2015 and 2014 for the years then ended.

	As at/for the years ended April 30,	
$1 to RMB	**2015**	**2014**
Average rate	5.3674	5.7740
Closing rate	5.0875	5.7110

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Property plant and equipment

(i) Recognition and measurement:

On initial recognition, property, plant and equipment are recorded at cost, being the purchase price and directly attributable costs of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs.

Assets in the course of construction are shown in a separate category of property, plant and equipment and are also recognized at cost. On completion, the costs of construction are transferred to the appropriate categories of property, plant and equipment.

Property, plant and equipment are subsequently measured at cost, net of accumulated amortization and/or accumulated impairment losses, if any.

(ii) Subsequent costs:

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

(iii) Gains and losses:

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized net within other income in profit and loss.

(iv) Amortization

Amortization of property, plant and equipment is calculated using the straight-line method to write off the cost less accumulated impairment loss of each asset to its residual value of 10% over its estimated useful life, as follows:

Buildings	20 years	straight-line method
Production equipment	10 years	straight-line method
Office equipment and furniture	5 years	straight-line method
Vehicles	5-10 years	straight-line method

Construction in progress is not amortized until the assets are ready for their intended uses, at which point, they are transferred to property, plant and equipment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Other assets

Other assets mainly represent (i) land use rights; and (ii) capitalized research and development expense.

i) The land use rights have been accounted for as an asset in its financial statements. However, all lands in the PRC are owned by the PRC government. The PRC government, according the relevant PRC law, may sell the right to use the land for a specific period of time. Land use rights are recorded at cost less accumulated amortization. Land use rights are amortized over 50 years, which are the terms established by the PRC government. The purpose of the land use is restricted by the PRC government. In the event that the land is used for purposes outside the scope of the purpose for which they were granted, the government could revoke such rights.

ii) Capitalized research and development expense is deferred and amortized over the expected beneficial period. Research and development expense mainly include staff cost, incremental cost for acquiring patents, sample products for verification.

(e) Long-term receivables, loans and prepayments

Long-term receivables and prepayments mainly represent (i) long-term account receivable; (ii) Holdback from sales of products and installation services; (iii) long-term loans to the third parties; (iv) other receivables; and (v) long-term prepayment.

Long-term receivables are measured at fair value by using the risk-adjusted discount rate. Long-term receivables which are expected to be collected or realized within one year are classified as accounts receivable, other receivables and prepayment in current assets.

i) Long-term accounts receivable represents the balance of accounts receivable of which the aging is over one year. The amount is represented net of allowance for doubtful accounts.

ii) Holdback from sales of products and installation services represents the holdback fee or quality warranty for sales of products and installation services, which is one to two years. The hold back fee was normally 5% to 10% of total sales of products and installation service fee and would be collected after the quality warranty period.

iii) Long-term loans to the third parties represent the loans to the Company's customers, suppliers and other third parties, of which the term is more than one year.

iv) Long-term other receivables mainly comprise auction bid bonds and other deposits and amount due from third parties, which are expected to be collected beyond one year.

v) Long-term prepayment is composed of prepayment of materials to be used over one year.

(f) Impairment of long-lived assets

The Company reviews and evaluates its long-lived assets for impairment at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset and recognizes an impairment loss. Impairment assessments are conducted at the level of cash-generating units, which is the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets. An impairment loss, if any, would be recorded as the excess of the carrying amount of the asset over its recoverable amount, which is the greater of its fair value less costs to sell and value in use. The fair value less costs to sell is estimated by calculating the discounted future cash flows expected related to the asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial instruments

Financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans and receivables or at fair value through profit or loss ("FVTPL"). Financial assets classified as loans and receivables are measured at amortized cost less impairment. The Company has classified its cash and cash equivalents, restricted cash, accounts receivable, amount due from related parties, notes receivable, other receivable and long-term accounts receivable as loans and receivables.

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through the statement of income. The Company has no financial assets classified as FVTPL.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary. The Company has no financial assets classified as available-for-sale.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or classified as other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. Subsequently, they are measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premiums on acquisition and fees that are an integral part of the effective interest method. Amortization from the effective interest method is included in finance cost. The Company has classified its short-term and long-term bank loans, accounts payable, note payables, amount due to related parties and accrued expenses and other current liabilities as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as FVTPL. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive income or loss. The Company has no financial liabilities classified as FVTPL.

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position if and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle liabilities simultaneously.

(h) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost includes cost of materials computed using the weighted average method and, in the case of work in progress and finished goods, direct labour and an appropriate proportion of production overhead. Net realizable value is determined by reference to the sales proceeds of items sold in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sales.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Notes receivable

Notes receivable represent the balance of the bank acceptance bills not yet accepted. The acceptance period of the bills is less than six months. The bills will be discounted based on the market interest rate if they are accepted with the acceptance period.

(j) Cash and cash equivalents and restricted cash

Cash and cash equivalents represent cash on hand, demand deposits and highly liquid investments placed with banks, which have original maturities of three months or less. Restricted cash is cash not available for immediate use. The restricted cash balance as of April 30, 2015 is cash deposits which act as collateral supporting the issuance of banker's acceptance notes and performance bonds for the benefit of third parties.

(k) Customer advances

Customer advances represent advances received from customers for the purchase of products.

(l) Notes payable

Notes payable represents balance of the bank acceptance bills drawn by the Company. The acceptance period of the bills is less than six months.

(m) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the contracts and sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue from the sales of goods is recognized upon transfer to the customers of the significant risks and rewards of ownership of the goods which occurs when persuasive evidence of an arrangement exist, delivery has occurred under the term of the arrangement, the price is fixed or determinable and collectability is reasonably assured. According to the Group's sales contract, when the customers receive and accept the goods designated in the contracts, the significant risks and reward of ownership of the goods are transferred to the customers. The Group may issue the tax invoices to the customers before the cash collection which ranges one to fifteen months after the delivery. The issuance of tax invoices does not have any effect on the transfer of the significant risks and rewards of ownership of the goods. The tax invoice is the document of tax payment. The Group may collect the cash one to twelve months after the credit term. As the credit term is one to three months after the delivery, it makes the cash collection one to fifteen months after the delivery. The Group review the financial situation and credit condition of the customers to ensure the collectability is assured. The Group may force the customers to pay through the court.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Revenue recognition (continued)

When the outcome of a contract can be estimated reliably, revenue from installation service contracts is recognized under the percentage of completion method and is measured mainly by reference to the contract costs incurred up to the statement of financial position date as a percentage of total estimated costs for each contract. When the outcome of a construction contract cannot be estimated reliably, revenue is recognized only to the extent of contract costs incurred that it is probable will be recoverable and such contract costs is recognized as an expense in the period in which they are incurred. If circumstances arise that may change the original estimates of revenues, costs or extent of progress toward completion, estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in the consolidated income statement in the period in which the circumstances that give rise to the revision become known by management.

(n) Value-added tax ("VAT")

All of the Group's products sold in the PRC are subject to Chinese VAT at a rate of 17% of the gross sales price. This VAT may be offset by VAT paid by the Group on raw materials and other materials included in the cost of producing its finished products. The VAT amounts paid and available for offset are maintained in VAT Tax payables.

(o) Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the consolidated statement of comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Finance cost

Finance cost comprises interest expense, which is recognized as it accrues in profit or loss, using the effective interest method, and impairment losses recognized on financial assets, if any. Interest incurred on borrowings directly attributable to fund the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale is capitalized as part of the cost of the respective asset. Borrowing costs that are not attributable to a qualifying asset are expensed in the periods in which they are incurred and reported within finance cost in the consolidated statement of income.

(q) Stock-based compensation

Equity-settled share-based payments for directors, officers and employees are measured at fair value at the date of grant and recorded as compensation expense in the consolidated financial statements. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period of each tranche separately based on the Company's estimate of options that will eventually vest, with a corresponding increase to share option reserve. Any consideration paid by directors, officers and employees on exercise of equity-settled share-based payments, and the related amount transferred from share option reserve are credited to share capital.

Compensation expense on warrants and options granted to non-employees is measured at the fair value of the services delivered unless that fair value cannot be estimated reliably, and is recorded as an expense in the same period as if the Company had paid cash for the goods or services received.

When the fair value of goods or services received in exchange for the share-based payment cannot be reliably estimated, fair value is measured by using the Black-Scholes valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

(r) Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

(i) it is technically feasible to complete the intangible asset so that it will be available for use or sale;

(ii) management intends to complete the intangible asset and use or sell it;

(iii) there is an ability to use or sell the intangible asset;

(iv) it can be demonstrated how the intangible asset will generate probable future economic benefits;

(v) adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and

(vi) the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life of three years.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Government grants that become receivable as compensation for expenses already incurred are recognised in profit or loss as other income of the period in which they become receivable.

(t) Earnings per share (“EPS”)

Basic EPS is calculated by dividing the net profit (loss) available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted EPS is calculated using the treasury stock method, which assumes that all outstanding stock option and warrant grants are exercised, if dilutive, and the assumed proceeds are used to purchase the Company’s common shares at the average market price during the period.

When diluted earnings per share is calculated, only those share options and other convertible instruments with exercise prices below the average trading price of the Company’s common shares for the period will be dilutive. In the periods, as the excise prices of share options and warrants were higher than the average price of the Company’s common shares, the effect of potential issuances of shares under share options and warrants is anti-dilutive. Therefore, basic and diluted earnings per share are the same.

(u) Accounting standards issued but not yet adopted

The following revised standards and amendments are effective for annual periods beginning after May 1, 2014. The Company has not yet assessed the impact of these standards and amendments or determined whether it will early adopt them.

(i) IFRS 9 Financial Instruments

In July 2014, IFRS 9 "Financial Instruments" was issued as a complete standard, including the requirements previously issued related to classification and measurement of financial assets and liabilities, and additional amendments to introduce a new expected loss impairment model for financial assets, including credit losses. Retrospective application of this standard with certain exemptions is effective for fiscal years beginning on or after January 1, 2018, with earlier application permitted. The full impact of the standard on the Company’s financial statements will not be known until the project is complete.

(ii) IAS 1, Presentation of Financial Instruments

In December 2014, the IASB issued narrow-focus amendments to IAS 1 "Presentation of Financial Statements" to clarify existing requirements related to materiality, order of notes, subtotals, accounting policies and disaggregation. Retrospective application of this standard is effective for fiscal years beginning on or after January 1, 2016, with earlier application permitted. The adoption of this amended standard is not expected to have a material impact on the Company’s disclosure.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Accounting standards issued but not yet adopted (continued)

(iii) IFRS 15, Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 "Revenue from Contracts with Customers". It replaces existing revenue recognition guidance and provides a single, principles-based five-step model to be applied to all contracts with customers. Retrospective application of this standard is effective for fiscal years beginning on or after January 1, 2017, with earlier application permitted. On April 28, 2015, the IASB decided to propose to defer the effective date of IFRS 15 by one year to January 1, 2018. The Company is currently assessing the impact of this standard.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

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

Areas of assumptions and estimates

The areas which require management to make significant estimates and assumptions in determining carrying values include, but not limited to:

(a) Allowance for doubtful accounts

An allowance for doubtful accounts is provided based on an aging analysis of accounts receivable balances, historical bad debt rates, repayment patterns, customer credit worthiness and industry trend analysis. Bad debts are written off when identified. The Group also makes a specific allowance if there is strong evidence showing that a specific receivable is likely to be unrecoverable. The allowances charged to the consolidated statement of income were $2,692,891 for the year ended April 30, 2015 (2014: $294,638). Accounts receivable are reported net of such provisions.

As the cash collection from customer ranges from one to fifteen months, most of the outstanding amount would be collected in fifteen months. Management would specifically reviews the customer’s collectability risk if its outstanding is aging over fifteen months. Management evaluates impairment based on the assessment of the credit history with the customer and current relationship with them. If the customer has the indictor of collectability risk, management would issue legal letter or sue the customer to collect the cash from the customer. If there is strong evidence showing that the specific receivable is likely to be unrecoverable, the Company would make a bad debt allowance or write off the bad debt. As at April 30, 2015, the outstanding amount of accounts receivable was $17,363,050 (April 30, 2104: $16,593,198).

(b) Inventory provision

The Company makes estimates of the provision required to reflect net realizable value of inventory. These provisions are determined on a specific item basis. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

(c) Amortization expense

The Company's property, plant and equipment are amortized over their estimated useful economic lives. Useful lives are based upon management's estimates of the length of time that the assets will generate revenue, which is reviewed at least annually for appropriateness. Changes to these estimates can result in variations in the amounts charged for amortization and in the assets' carrying amounts.

(d) Income tax

Provisions for income taxes are based on domestic and international statutory income tax rates and tax planning opportunities available to the Company in the jurisdictions in which it operates. Significant judgment is required in determining income tax provisions and the recoverability of deferred tax assets. The calculation of current and deferred tax balances requires management to make estimates regarding the carrying values of assets and liabilities that include estimates of future cash flows and income related to such assets and liabilities, the interpretation of income tax legislation in the jurisdictions in which the Company operates, and the timing of reversal of temporary differences. The Company establishes additional provisions for income taxes when, despite management's opinion that tax positions are fully supportable, there is sufficient complexity or uncertainty in the application of legislation that certain tax positions may be reassessed by tax authorities. The Company adjusts these additional accruals in light of changing facts and circumstances.

(e) Share-based payment

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Determining fair value for share-based payment transactions requires the use of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. The determination of fair value requires estimating the expected life of the share option, volatility and dividend yield. The assumptions and models used for estimating fair value or share-based payment transactions are disclosed in Note 16(c).

(f) Installation service

Revenue from individual installation service contracts is recognised under the percentage of completion method which requires estimations by management. Anticipated losses are fully provided on contracts when identified. The Group reviews and revises the estimates of both contract revenue and contract costs (including material costs) in the budget prepared for each contract as the contract progresses. Management regularly reviews the progress of the contracts and the corresponding costs of the contract. If circumstances arise that may change the original estimates of revenues, costs or extent of progress toward completion, estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in the consolidated statement of income in the year in which the circumstances that give rise to the revision become known by management.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Areas of significant judgments

(a) Impairment of long-lived assets

At each balance sheet date, the Group considers both internal and external sources of information to assess whether there is any indication that assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated and an impairment loss is recognised to reduce the carrying amount of the asset to its recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Management estimates value in use based on the estimated discounted future cash flows of the cash generating unit at the lowest level to which the asset belongs. Management uses a series of assumptions and estimations to determine the recoverable amount, including useful life of the asset, future market anticipation, future revenue, gross margin rate and discount rate, etc.

(b) Functional currency

As a holding entity, the Company has no substantial activity of its own. The currency that reflects the economic substance of the underlying economic events that affect the holding entity is RMB, as all of the holding entity's operating subsidiaries operate in PRC and the Company's primary source of income will be dividends obtained from the subsidiaries in PRC. The Company's ability to service debts and pay dividends to shareholders is dependent on the Chinese economy. Although paragraph 11 of IAS 21 explicitly defines a foreign operation as a reporting entity's subsidiary, branch, associate or joint venture, paragraph 11 may be applied by analogy, and viewing an ultimate holding entity as an extension of its subsidiaries is appropriate. Therefore, the Company is viewed as having the same functional currency as its operating subsidiaries.

5. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and interest risk. This notes presents information about the Company's exposure to each of the above risks, the Company's objectives, procedures and processes for measuring and managing risk.

(a) Credit risk

Financial instruments that potentially expose the Group to concentrations of credit risk consist primarily of cash and cash equivalents, restricted cash, notes receivable, accounts receivable, other receivables and long-term receivables. The Group places its major cash and cash equivalents with two financial institutions that management believes are of high-credit ratings and quality. The notes receivable are the bank acceptance bills, which could be accepted by the high-credit rating financial institutions.

The extent of the Group's credit exposure is mainly represented by the fair value of accounts receivable and other receivables. The Group extends unsecured credit to its customers in the ordinary course of business but mitigates the associated risks by performing credit checks and actively pursuing past due accounts. The Group assesses the credit quality of and sets credit limits on all its customers by taking into account their financial position, the availability of guarantees from third parties, their credit history and other factors such as current market conditions. The Group will continue to evaluate its collection experiences and will provide for an allowance for doubtful accounts as appropriate.

The Group operates primarily in China and sales are all in China. There are no customers whose accounts receivable individually represent greater than 10% of the balance of accounts receivable as at April 30, 2015 and 2014. The age analysis of the Company's accounts receivables are outlined in Note 11.

The maximum exposure to credit risk at reporting date is the carrying value of financial assets discussed above.

(Expressed in Canadian dollars)

5. FINANCIAL RISK MANAGEMENT (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulties in meeting obligations associated with financial liabilities. As at April 30, 2015, the Group was holding cash and cash equivalents of $405,240. The Group maintains adequate cash balances and credit facilities in order to meet short term business requirements, after taking into account cash flows from operations; the Group's management believes that these sources will be sufficient to cover its likely short term cash requirements.

The following items are the contractual maturities of financial liabilities:

Financial liabilities at April 30, 2015		0 to 12 months	12 to 24 months	After 24 months
Accounts payable	$	5,669,333	-	-
Note payables		3,228,843		
Amount due to related parties		1,004,033	-	-
Accrued expenses and other current liabilities		2,282,656	-	-
Bank loans		14,343,700	761,257	287,382
	$	**26,528,565**	**761,257**	**287,382**

Financial liabilities at April 30, 2014		0 to 12 months	12 to 24 months	After 24 months
Accounts payable	$	5,261,043	-	-
Amount due to related parties		2,582,090	-	-
Accrued expenses and other current liabilities		1,718,600	-	-
Bank loans		12,389,778	805,162	1,269,490
	$	**21,951,511**	**805,162**	**1,269,490**

(c) 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.

The Group is exposed to interest rate risk through its financial obligations bearing floating interest rate. The Group has $1,888,654 floating interest loans as at April 30, 2015 (April 30, 2014: $2,850,047). A 1% increase (decrease) in interest rate with all other variable held constant, post-tax effect would have been $16,054 lower (higher) for the year ended April 30, 2014 (April 30,2014: $24,225).

(d) Currency risk

The Group primarily operates in China, which gives rise to significant foreign currency translation risks from fluctuations and volatility of foreign exchange rate between the Canadian dollar and the RMB. A significant change in the currency exchange rates between the RMB relative to the Canadian dollar could have an effect on the Group’s financial performance, financial position and cash flows. The Group does not use derivative instruments to reduce its exposure to exchange rate risk.

The following are exchange rates applied to presentation of the consolidated financial statements for the years ended April 30, 2015 and 2015:

	RMB	
	April 30, 2015	April 30, 2014
Canadian dollar		
Average rate	5.37	5.77
Closing rate	5.09	5.71

5. FINANCIAL RISK MANAGEMENT (continued)

The Group does not intend to convert its financial instruments from RMB to Canadian dollars in the foreseeable future and the gain or loss from foreign exchange fluctuations will be a gain or loss from translation. A 10% weakening (strengthening) of the Canadian dollar against RMB would have increased (decreased) equity and comprehensive income by the amounts below. This analysis assumes all other variables, such as interest rates, remain constant.

	April 30, 2015	**April 30, 2014**
	886,000	1,643,000

(Expressed in Canadian dollars)

6. PROPERTY, PLANT AND EQUIPMENT

	Building	Production equipment	Office equipment and furniture	Vehicles	Construction-in-progress	Total
Cost						
April 30, 2013	**4,795,483**	**669,425**	**543,744**	**499,214**	**5,040,948**	**11,548,814**
Additions	301	39,425	39,218	19,433	431,274	529,651
Disposals/Transfers	5,055,775	40,920	(40,920)	-	(5,055,775)	-
Foreign exchange difference	398,838	48,815	38,915	35,958	310,219	832,745
April 30, 2014	**10,250,397**	**798,585**	**580,957**	**554,605**	**726,665**	**12,911,209**
Additions	48,779	87,572	13,757	75,515	-	225,623
Disposals/Transfers	815,725	(374,278)	(162,155)	-	(815,725)	(536,433)
Foreign exchange difference	1,256,285	97,874	71,203	67,972	89,060	1,582,394
April 30, 2015	**12,371,185**	**609,753**	**503,762**	**698,092**	**-**	**14,182,793**
Accumulated amortization						
April 30, 2013	**951,494**	**384,882**	**380,463**	**331,074**	**-**	**2,047,913**
Additions to cumulative amortization	410,136	56,563	49,250	63,110	-	579,059
Disposals	-	32,977	(32,977)	-	-	-
Foreign exchange difference	72,630	28,541	27,421	24,398	-	152,990
April 30, 2014	**1,434,260**	**502,963**	**424,157**	**418,582**	**-**	**2,779,962**
Additions to cumulative amortization	973,903	63,413	55,010	77,084	-	1,169,409
Disposals	-	(336,850)	(145,940)	-	-	(482,790)
Foreign exchange difference	175,782	61,643	51,985	51,301	-	340,711
April 30, 2015	**2,583,945**	**291,169**	**385,211**	**546,967**	**-**	**3,807,292**
Carrying amount						
April 30, 2014	**8,816,137**	**295,662**	**156,800**	**136,023**	**726,665**	**10,131,247**
April 30, 2015	**9,787,240**	**318,584**	**118,550**	**151,126**	**-**	**10,375,501**

Property, plant and equipment include capitalized interest on the loans directly attributable to the construction of the assets in the amount of $nil as of April 30, 2015 (April 30, 2014: $778,005). The effective interest rate for interest capitalization was nil for the year ended April 30, 2015 (2014: 5%)

As at April 30, 2015, the Group has pledged buildings with carrying value of $9,787,240(April 30, 2014: $8,816,137) and construction-in-progress of $nil (April 30, 2014: $726,665) to secure bank loans.

(Expressed in Canadian dollars)

7. OTHER ASSETS

	April 30, 2015			
		Cost	Accumulated Amortization	Net Book Value
Land use rights	$	525,909	(181,528)	344,381
Capitalized research and development:				
Product improvement projects		266,909	(133,455)	133,454
Total	$	792,818	(314,983)	477,835

	April 30, 2014					
		Cost		Accumulated Amortization		Net Book Value
Land use rights	$	468,490	$	(140,065)	$	328,425
Capitalized research and development:						
Product improvement projects		237,768		(39,628)		198,140
Total	$	706,258	$	(179,693)	$	526,565

The Company has pledged land use rights of $344,381 at April 30, 2015 (April 30, 2014: $328,425) to secure bank loans.

8. LONG-TERM RECEIVABLES, LOANS AND PREPAYMENTS

		April 30, 2015		April 30, 2014
Long-term accounts receivable (a)	$	825,870	$	729,755
Loans to the third parties (b)		-		405,239
Long-term auction bid bond (c)		-		359,479
Long-term deposits (d)		-		60,272
Other long-term receivables		-		30,321
Long-term prepayments (e)		108,697		140,346
Total	$	934,567	$	1,725,412

Long-term receivables and prepayments were measured at fair value by using 10% per annum as the risk-adjusted discount rate.

(a) Long-term accounts receivable represents the balance of accounts receivable of which the estimated collection period is over one year. The amount is represented net of allowance for doubtful accounts. This amount also includes holdback from sales of products and installation services.
(b) Loans to the third parties represent the loans to the Company's customers, suppliers and other third parties. The term is normally 1 to 3 years with no interest.
(c) Long-term auction bid bond represents the deposit for the auction bid. The deposit will be returned to the Company once the project is completed of which the term is more than one year.
(d) Long-term deposits represent the deposits which will be collected over one year, such as rent deposits.
(e) Long-term prepayments represent the prepayments for materials and PPE to be used in one to two years.

(Expressed in Canadian dollars)

9. INVENTORIES

For the years ended April 30, 2015 and 2014, the amounts of inventories recognized as expenses were $11,089,661 and $12,931,451, respectively. For the year ended April 30, 2015, there was $1,642,748 write-down of inventory recognized as an expense (2014: $44,821). The write-down is based on the estimates made from historical data, expected future sales revenue and future development associated with the inventories. The main assumptions used to determine write-down including the expected level of future inventory turn-over, the physical status of inventories and the potential use of those inventories through production of products for sale and product design improvement.

	April 30, 2015	April 30, 2014
Raw material (Note 29(b))	$ **2,983,205**	$ 3,594,211
Work in process	**2,404,117**	2,981,348
Finished goods	**1,917,401**	272,712
Total	**$ 7,304,723**	**$ 6,848,271**

10. INVENTORY DEPOSIT

In April 2014, Zhuhai Keli entered into a contract with a supplier to swap its steel for copper. The steel was originally stored at an offsite location. As the usage of copper was increasing significantly in the past two years, Zhuhai Keli decided to swap the steel for copper to improve efficiency of the inventory. As at April 30, 2014, the steel was completely shipped out from the offsite location. The value of the copper acquired was measured at the carrying value of steel given up at an amount of $1,724,485 (RMB 9,848,571), which was similar to the market value of copper acquired.

The copper was stored at an offsite location. Zhuhai Keli has the right to use or receive the material upon request. As the offsite location is managed by a third party, Zhuhai Keli could not physically control the material and it may be exposed to the risk of non-receipt. Therefore, the copper was presented as an inventory deposit.

In April 2015, with consideration to the availability of the confirmation for the inventory from the third party and its financial condition, the Company estimated that provision for the written down value of the inventory deposit will be appropriate.

11. ACCOUNTS RECEIVABLE

The aging of accounts receivable, net of allowance for doubtful accounts, at each reporting date was as follows:

	April 30, 2015	April 30, 2014
Current to 30 days	$ **7,116,359**	$ 8,037,206
30 to 90 days	**846,056**	2,189,281
90 to 180 days	**2,283,855**	2,224,060
180 days to 365 days	**1,948,654**	3,429,567
Over 365 days	**5,168,126**	713,084
Total	**$ 17,363,050***	**$ 16,593,198**
Less: long-term receivables	697,002	713,084
Current accounts receivable	**$ 16,666,048**	**$ 15,880,114**

* Amount of $5,740,000 has been received subsequent to the year end.

12. ALLOWANCE FOR DOUBTFUL ACCOUNTS

		Provision for Doubtful Debts
Balance at May 1, 2013	$	**249,116**
Allowance made during the year		**294,638**
Allowance used during the year		-
Allowance reversed during the year		-
Foreign exchange difference		**21,069**
Balance at May 1, 2014	$	**564,823**
Allowance made during the year		**2,692,891**
Allowance used during the year		-
Allowance reversed during the year		-
Foreign exchange difference		**(53,988)**
Balance at April 30, 2015	$	**3,203,726**
Non-current	$	**3,203,726**
Current		-
	$	**3,203,726**

The provision is based on estimates made from historical data associated with the product sales. The main assumptions used to determine provision including the expected level of future payments in respect of those sales.

13. OTHER RECEIVABLE

		April 30, 2015		April 30, 2014
Auction bid bond deposits	$	**491,079**		157,935
Deposits		**93,105**		125,572
Others		**31,535**		37,860
Total	$	**615,719**	$	**321,367**

14. PREPAID EXPENSES AND OTHER CURRENT ASSETS

		April 30, 2015		April 30, 2014
Prepaid materials and installation service fee	$	**1,248,496**	$	2,512,811
Prepaid commissions and other marketing expenses		**193,073**		455,674
Prepaid payroll related expenses		**302,207**		125,880
Others		**18,200**		104,219
Total	$	**1,761,976**	$	**3,198,584**

15. CASH AND CASH EQUIVALENTS

April 30, 2015	Amount in original currency		Canadian dollar equivalent
Cash and cash equivalents denominated in Canadian dollars	7,176	$	7,176
Cash and cash equivalents denominated in Hong Kong dollars	49,215		7,633
Cash and cash equivalents denominated in RMB	1,986,318		390,431
		$	**405,240**

15. CASH AND CASH EQUIVALENTS (continued)

April 30, 2014	**Amount in original currency**		**Canadian dollar equivalent**
Cash and cash equivalents denominated in Canadian dollars	7,788	$	7,788
Cash and cash equivalents denominated in Hong Kong dollars	403,764		59,811
Cash and cash equivalents denominated in RMB	1,994,930		349,312
		$	**416,911**

16. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued

	Number of shares		Amount
Common shares			
Opening balance as at May1, 2013	**90,415,223**	**$**	**7,431,425**
At April 30, 2014	**90,415,223**	**$**	**7,431,425**
At April 30, 2015	**90,415,223**	**$**	**7,431,425**

(c) Stock option plan

The Company has adopted a stock option plan, dated September 28, 2005, (the "Stock Option Plan") which is in compliance with the requirements of the TSX-V.

The Company's Stock Option Plan provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the TSX-V requirements, grant options to directors, officers and consultants to the Company, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares, exercisable for a period of up to 5 years from the date of grant.

On May 11 and May 13, 2010, the Company granted an aggregate 3,670,821 stock options to directors, officers and employees of the Company. Each option is exercisable at $0.43 per common share at any time until May 11 and 13, 2015. The options were vested immediately upon grant. Subsequently, on January 4, 2011, the Company cancelled an aggregate of 600,000 stock options. On September 27, 2011, the Company amended the exercise price from $0.43 to $0.16. These stock options expired without exercise subsequent to the yearend.

On September 30, 2010, the Company granted an aggregate of 5,175,879 stock options to directors of the Company exercisable at $ 0.25 per common share. The options were vested on September 30, 2013 and will expire on September 30, 2018.

As of April 30, 2015, the Company had outstanding options as follows:

(Expressed in Canadian dollars)

16. SHARE CAPITAL (continued)

	Number of Options		Weighted Average Exercise Price
Outstanding, April 30, 2014	**8,246,700**	**$**	**0.22**
Outstanding, April 30, 2015	**8,246,700**		**0.22**
Exercisable, April 30, 2015	**8,246,700**	**$**	**0.22**

(c) Stock option plan (continued)

As at April 30, 2015, a summary of stock options outstanding and exercisable is as follows:

Options Outstanding				**Options Exercisable**		
Exercise Price	Number Outstanding	Weighted Average Remaining Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Remaining Life	Weighted Average Exercise Price
$0.16	3,070,821*	0.03	$0.16	3,070,821	0.03	$0.16
$0.25	5,175,879	3.42	$0.25	5,175,879	3.42	$0.25
	8,246,700	**2.16**	**$0.22**	**8,246,700**	**2.16**	**$0.22**

* These stock options expired without exercise subsequent to yearend.

The fair value of options granted was estimated by using the Black-Scholes option-pricing model with the following weighted average assumptions:

During the years ended April 30, 2015 and 2014, stock-based compensation expense of $Nil and $157,623 was recognized in general and administrative expenses, respectively.

From May 1, 2015 to the date of report on August 28, 2015, there is no exercise of any stock option.

17. ADDITIONAL PAID-IN CAPITAL

In December 2008, Creative Grace was established by Madam Souwa Wong and Mr. Loumeng Cheong (the "Owners") in Hong Kong. Thereafter, in April 2009, the Owners transferred all of the outstanding shares of Zhuhai Keli to Creative Grace, and Zhuhai Keli became a wholly owned subsidiary of Creative Grace. According to the share transfer agreement entered between Creative Grace and the Owners, the consideration that Creative Grace needed to pay for the share transfer was 4,000 Hong Kong Dollars, a nominal price. The difference between the share capital of Zhuhai Keli and the nominal consideration, amounted to $4,480,153, was accounted for as deemed shareholder contribution and recorded as additional paid-in capital.

18. STATUTORY RESERVE

Zhuhai Keli and Qunhui are required to make appropriations to reserves, comprising the statutory surplus reserve and discretionary surplus reserve, based on after-tax net income determined in accordance with generally accepted accounting principles of the PRC (the "PRC GAAP"). Appropriation to the statutory surplus reserve should be at least 10% of the after-tax net income determined in accordance with the legal requirements in the PRC until the reserve is equal to 50% of the entities' registered capital. Appropriation to the discretionary surplus reserve is made at the discretion of the Board of Directors. Statutory surplus reserve and discretionary surplus reserve are established for the purpose of offsetting accumulated losses, enlarging productions or increasing share capital. Statutory surplus reserve was appropriated with amount of $Nil and $24,610 for the years ended April 30, 2015 and 2014.

19. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels. The capital for the Company was primarily generated from the operation profit and issuance of common shares.

There were no changes in the Company's approach to capital management during the years ended April 30, 2015 and 2014. The Company is not subject to externally imposed capital restrictions, except the statutory reserve as disclosed in Note 18.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as the total borrowings, as shown in the consolidated balance sheets, less cash and cash equivalents. Total capital is calculated as total equity, as shown in the consolidated balance sheets, plus net debt. The Group aims to maintain the gearing ratio below 60%. The gearing ratios as at April 30, 2015 and 2014 are as follows:

	April 30,			
		2014		**2014**
Total borrowings (Note 20)	**$**	15,392,339	$	14,464,430
Less: Cash and cash equivalents (Note 15)		(405,240)		(416,911)
Net debt		**14,987,099**		**14,047,519**
Total equity		9,739,164		16,199,940
Total capital	**$**	**24,726,263**	$	**30,247,459**
Gearing ratio		**61%**		**46%**

20. LONG-TERM AND SHORT-TERM BANK LOANS

(a) Long-term bank loan

		April 30, 2015		**April 30, 2014**
Long-term bank loans	**$**	1,888,654	$	2,850,047
Less: current portion		(840,015)		(775,395)
Long-term portion	**$**	**1,048,639**	**$**	**2,074,652**

Zhuhai Keli entered into loan agreements to borrow totally $3,144,963 (RMB16 million) (2014: $2,801,600, RMB16 million) from a bank for a five-year term expiring in September and December 2016, March and June 2017, respectively, bearing an interest payable monthly at a variable rate, which is adjusted annually at January 1 according to the interest rate for commercial loans denominated in RMB published by People's Bank of China at that time. The Company repaid the bank loans based on the terms of maturity. As at April 30, 2015, the balance of the principal was $1,572,482 (RMB 8,000,000) (2014: $2,523,191, RMB14,410,000). The weighted average interest rate as at April 30, 2015 was 6.60% (2014: 7.04%) per year.

Zhuhai Keli entered into a loan agreement to borrow $468,403 (RMB2,383,000) (2014: $417,263, RMB2,383,000) from a bank for a ten-year term expiring in January 2022, bearing an interest at a variable rate, which is adjusted annually at January 19 according to the interest rate for commercial loans denominated in RMB published by People's Bank of China at that time. As at April 30, 2015, the balance of the principal was $316,172 (RMB 1,608,525) (2014: $326,856, RMB1,866,683). The interest rate as at April 30, 2015 was 6.77% (2014: 7.76%). The principal and interest are payable on a monthly basis.

(Expressed in Canadian dollars)

20. LONG-TERM AND SHORT-TERM BANK LOANS (continued)

The principals will be repaid according to the following schedule:

Within 1 year	$	840,015	RMB	4,273,574
1 to 2 years		761,257		3,872,896
2 to 5 years		87,746		446,406
Over 5 years		199,636		1,015,649
		1,888,654		9,608,525
Less: current portion		(840,015)		(4,273,574)
	$	**1,048,639**	**RMB**	**5,334,951**

(b) Short-term bank loan

	April 30, 2015	**April 30, 2014**
RMB denominated bank loans at fixed interest rates range from6.96% to 7.80% (April 30, 2014: 6.30% to 7.92%) per annum with maturity through April 30, 2016 (April 30, 2014: maturity through April 30, 2015) with no fixed terms of repayment.	**$ 13,503,685** **(RMB 68,700,000)**	$ 11,614,383 (RMB 66,330,000)

These long-term and short-term loans are secured by land use rights with amount of $344,380 (2014: $328,425), buildings with amount of $9,787,240 (2014: $8,816,137), and the properties of Company's shareholders with significant shareholdings.

21. TAXES PAYABLE

		April 30, 2015		**April 30, 2014**
Corporate income tax	**$**	1,225,516	$	1,209,365
VAT		122,962		241,641
Other taxes and surcharges		12,649		7,303
Total	**$**	**1,361,127**	**$**	1,458,309

22. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

		April 30, 2015		**April 30, 2014**
Accrued salary and compensation	**$**	**1,156,808**	$	812,427
Amount due to third parties		**938,740**		490,280
Others		**187,107**		415,893
Total	**$**	**2,282,655**	**$**	1,718,600

(Expressed in Canadian dollars)

23. OPERATING EXPENSES

Included in the operating expenses are the following:

	Years ended April 30,			
		2015		2014
Stock-based compensation expense	**$**	**-**	$	157,623
Salary and benefits		**1,401,152**		1,033,145
Total compensations and benefits	**$**	**1,401,152**	**$**	**1,190,768**
Research and development	**$**	**412,299**	$	344,755
Less: Capitalized research and development		**-**		(237,768)
Research and development recorded in operating expenses	**$**	**412,299**	**$**	**106,987**
Depreciation and amortization	**$**	**1,215,787**	$	721,504
Less: Amortization absorption in inventory		**(275,783)**		(164,014)
Depreciation and amortization recorded in operating expenses	**$**	**940,004**	**$**	**557,490**
Sales and marketing expenses:				
Packaging and delivery	**$**	**307,965**	$	494,562
Commission		**982,822**		298,253
Marketing expenses		**216,258**		101,173
Entertainment and meals		**368,408**		324,491
Salary and benefits		**308,933**		285,986
Travel and commute		**256,655**		156,189
Welfares		**32,622**		48,778
Office expenses		**46,248**		34,107
Depreciation and amortization		**1,778**		2,458
Repair and maintenance		**91,980**		-
Others		**253,648**		72,845
Total sales and marketing expenses	**$**	**2,867,316**	**$**	**1,818,842**
General and administrative expenses:				
Salary and benefits	**$**	**1,092,219**	$	747,159
Welfares		**182,757**		95,383
Depreciation and amortization		**938,226**		555,032
Bad debt allowance / (reversion)		**2,692,891**		294,638
Inventory provision		**1,642,748**		-
Loss on disposal of assets		**50,846**		-
Consultant, audit, legal and other professional service fees		**475,754**		323,999
Travel and commute		**56,530**		225,085
Office expenses		**328,895**		371,046
Stock-based compensation expense		**-**		157,623
Entertainment and meals		**33,219**		141,327
Research and development		**412,299**		106,987
Others		**186,528**		222,510
Total general and administrative expenses	**$**	**8,092,912**	**$**	**3,244,897**

(Expressed in Canadian dollars)

24. GOVERNMENT GRANT

The Group has been awarded certain government grants based on the policies of the state. For the year ended April 30, 2015, amount to $13,433 (2014: $98,447), was unconditional granted, which related to the research and development activities and the expansion of the business. The government grant was included in "other income" when it became receivable. There was no government grant deferred or receivable as at April 30, 2015 and 2014.

25. INCOME TAXES

Keli, Creative Grace, Zhuhai Keli, and Qunhui are subject to income tax laws in their respective tax jurisdictions, which are the same as their respective place of incorporation.

Under the current Hong Kong Inland Revenue Ordinance, Creative Grace is subject to 16.5% income tax on its taxable income generated from operations in Hong Kong. The Company has had no income in Hong Kong since its inception.

Zhuhai Keli, and Qunhui are subject to income tax laws in China. Zhuhai Keli is considered to be a “high-tech enterprise” by the Chinese government, and is entitled to a reduced income tax rate of 15%. Qunhui is subject to regular income tax at 25%.

The following table reconciles the expected income taxes expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the consolidated statements of operations and comprehensive loss for the years ended December 31, 2014 and 2013:

	Year ended April 30 2015	Year ended April 30 2014
	$	$
Net income (loss) before income taxes	(7,999,688)	1,327,004
Statutory Canada corporate tax rate	26.00%	19.00%
Expected income tax expense	(2,079,919)	251,686
Permanent differences	(43,569)	-
Change in estimates	334,290	-
Functional currency adjustments	(64,579)	-
Change in enacted tax rate	(3,078)	-
Foreign tax rate difference	792,368	-
Change in deferred tax asset not recognized	1,064,487	-
	-	251,686
Current tax expense	-	251,686
Deferred tax expense (recovery)	-	-
Total	-	251,686

The British Columbia corporate tax rate has increased during the year, resulting in an increase in the Company’s combined statutory tax rate.

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values. Deferred tax assets (liabilities) at April 30, 2015 and 2014 are comprised of the following:

(Expressed in Canadian dollars)

25. INCOME TAXES (continued)

	April 30 2015	April 30 2014
	$	$
Non-capital loss carry forwards	561,871	78,058
Property, plant and equipment, and land use rights	(106,541)	-
Others	687,215	-
Deferred tax asset not recognized	1,142,545	78,058
	-	-

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

As at April 30, 2015, the Company has non-capital loss carry forwards for Hong Kong purposes aggregating approximately $431,076 (April 30, 2014: $Nil) available to reduce taxable income in future years and can be carried forward indefinitely.

As at April 30, 2015, the Company has non-capital loss carry forwards for China purposes aggregating approximately $1,620,747 (April 30, 2015: $Nil) available to reduce taxable income otherwise calculated in future years and will be expire in 2020.

As at April 30, 2015, the Company also has non-capital loss carry forwards for Canadian tax purposes aggregating $ 3,626,837 (April 30, 2014: $1,414,562) available to reduce taxable income otherwise calculated in future years:

Expiry Date	Amount
	$
2026	40,335
2027	72,985
2028	94,086
2029	246,951
2030	120,756
2031	327,567
2032	300,902
2033	235,082
2034	210,980
2035	1,977,193
Total	3,626,837

(Expressed in Canadian dollars)

26. RELATED PARTY TRANSACTIONS

Due to related parties represents amounts borrowed from Souwa Wong (Chairwoman of the Company) and Loumeng Cheong (Chief Executive Officer of the Company) (collectively the "Shareholders") to Creative Grace at zero interest. These balances are unsecured and due on demand.

China Keli and Creative Grace are holding companies and do not have substantial operating business. Therefore, there is no revenue generated from China Keli and Creative Grace. To support the bill payments, director and officer remuneration from China Keli and Creative Grace, Shareholders lent the loans to Creative Grace. As at April 30, 2014, the balance of shareholders' loan was $2,582,090. As Creative Grace does not have any operating revenue, to repay the Shareholders, Zhuhai Keli needs to distribute dividends to Creative Grace. However, distributing dividend from China mainland, Zhuhai Keli needs to pay 10% withholding tax. To avoid the cost, the Shareholders would like to get it paid from Zhuhai Keli. Since FY2013, the sales agents of Zhuhai Keli had kept a significant amount of prepayment balance. To control the risk of prepayment to the agents, Zhuhai Keli planned to reduce the prepayment balances. With consideration of the amount due to the Shareholders by Creative Grace, Zhuhai Keli requested the agents to make payment to the Shareholders on behalf of Zhuhai Keli. Based on the confirmation of the Shareholders, as at April 30, 2014, the balance paid to the Shareholders through the Agents was RMB8,500,000 ($1,488,350). According to the resolution of the Board and declaration signed by the Shareholders in October 2014, the Company decided the payments to the Shareholders through the Agents should be treated as amounts owed by the Shareholders to Zhuhai Keli. The fund is due on demand of Zhuhai Keli. During the year ended April 30, 2015, the Shareholders, Zhuhai Keli and Creative Grace entered into an agreement, pursuant to which the amount owed by the Shareholders to Zhuhai Keli will be offset with the amount due to the Shareholders by the Group. Therefore, the net amount after the offset was recorded as a liability on the consolidated statements of financial position.

		April 30, 2015		April 30, 2014
Amount due to related parties:				
Amount due to the Shareholders and directors by the Group	**$**	**(3,484,300)**	$	(2,582,090)
Amount due from related parties:				
Amounts owed by the Shareholders to Zhuhai Keli		**2,480,267**		1,488,350
Amount due to the related parties	**$**	**(1,004,033)**	**$**	**(1,093,740)**

For the years ended April 30, 2015 and 2014, the Company accrued Directors fees of $148,896 and $168,888, respectively.

All related party transactions above are recorded at the exchange amounts as agreed upon by the related parties except for otherwise disclosed.

(Expressed in Canadian dollars)

27. NOTE PAYABLE

For the year ended April 30, 2015, the Company has note payable amount of $3,228,843 (2014: $Nil), which were collateralized by restricted cash amount $1,004,153 (2014: $Nil).

28. FINANCIAL INSTRUMENTS

(a) Categories of financial assets and liabilities

The Company's financial instruments are classified into the following categories with balances as at the respective period end dates as follows:

		April 30, 2015		April 30, 2014
Loans and receivables (1)	**$**	**19,625,954**	$	20,510,307
Other financial liabilities (2)	**$**	**27,577,204**	$	24,026,163

(1) Includes cash and cash equivalents, restricted cash, accounts receivable, notes receivable, long-term receivables, amount due from related parties and other receivables.
(2) Includes short-term and long-term bank loans, accounts payable, notes payable, amount due to related parties, and accrued expenses and other current liabilities.

(b) Fair value of financial instruments

The Company classifies its fair value measurements within a fair value hierarchy, which reflects the significance of the inputs used in making the measurements as defined in IFRS 13, Fair Value Measurement ("IFRS 13").

Level 1 – Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.

Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 **–** Unobservable inputs which are supported by little or no market activity.

As required by IFRS 13, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company's cash and cash equivalents and restricted cash is Level 1 financial assets and the Company does not have Level 2 or 3 financial assets. As of April 30, 2015 and 2014, the Company did not have financial liabilities measured at fair value on a recurring basis.

The fair value of the Company's cash and cash equivalents, accounts receivable, notes receivable, other receivable, short-term bank loans, accounts payable, due to related parties, and accrued expenses and other current liabilities are estimated to approximate their carrying values as they are short term in nature. The fair value of long-term bank loan is estimated using discounted cash flow analysis, based upon the Company's current borrowing rate and approximates to its carrying value. Long-term accounts receivable is initially measured at fair value, being the present value of the gross proceeds to be received discounted at the estimated customers' borrowing rate.

(Expressed in Canadian dollars)

28. FINANCIAL INSTRUMENTS (continued)

(b) Fair value of financial instruments (continued)

	Fair value hierarchy level	Carrying amount As at April 30, 2015	Carrying amount As at April 30, 2014	Fair value As at April 30, 2015	Fair value As at April 30, 2014
Financial assets					
Cash and cash equivalents	Level 1	**405,240**	416,911	**405,240**	416,911
Restricted Cash	Level 1	**1,004,153**	-	**1,004,153**	-
Accounts receivable	N/A	**16,666,048**	15,880,114	**16,666,048**	15,880,114
Notes receivable	N/A	**108,924**	446,473	**108,924**	446,505
Other receivable	N/A	**615,719**	321,367	**615,719**	321,367
Amount due from related parties	N/A	**-**	1,488,350	**-**	1,488,350
Long-term receivables and payments	N/A	**825,870**	1,874,070	**750,791**	1,725,412
		19,625,954	**20,427,285**	**19,550,875**	**20,278,659**
Financial liabilities					
Short-term bank loans	N/A	**13,503,685**	11,614,383	**13,503,685**	11,614,383
Long-term bank loans	N/A	**1,888,654**	2,850,047	**1,888,654**	2,850,047
Accounts payable	N/A	**5,669,333**	5,261,043	**5,669,333**	5,261,043
Note payables	N/A	**3,228,843**	-	**3,228,843**	-
Amount due to related parties	N/A	**1,004,033**	2,582,090	**1,004,033**	1,093,740
Accrued expenses and other current liabilities	N/A	**2,282,656**	1,718,600	**2,282,656**	1,718,600
		27,577,204	**24,026,163**	**27,577,204**	**22,537,813**

29. SEGMENTED INFORMATION

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group’s other components, whose operating results are regularly reviewed by entity’s chief operating decision makers and for which discrete financial information is available. The Group conduct its business through Zhuhai Keli and Qunhui. Qunhui is the material proceeding plant for Zhuhai Keli, all sales of Qunhui are made to Zhuhai Keli. As such, management treats Zhuhai Keli and Qunhui as one business unit. China Keli and Creative Grace are holding companies, they do not have any substantial business. Therefore, the Group currently has one reportable segment.

As the Group generates all of its revenues from customers in the PRC, no geographical segments are presented.

(Expressed in Canadian dollars)

30. COMMITMENTS AND CONTINGENCIES

(a) Commitment

The Group did not have any significant operating, capital and other commitments, long-term obligations, or guarantees as of April 30, 2015.

(b) Contingencies

As of April 30, 2015, included in raw materials, there was $446,505 (April 30, 2014: $628,182) of inventories stored at various offsite locations not under the direct control of the Group. The materials are held in the custody of third parties on behalf of the Group. In this situation, there is a potential for loss of inventory. However, an estimate of the amount of contingent loss cannot reasonably be determined as at the financial statement date. To date, the Group has experienced no losses of material from these offsite locations.

In April 2015, the Company reviewed economic condition and market in the industry, expecting a decline of sales in coming years resulted to an estimated decrease in the future usage of raw materials. The Company estimated that a provision for the written down value of the raw materials will be appropriate.

31. KEY MANAGEMENT AND DIRECTOR PERSONNEL COMPENSATION

The following are the expenses that the Company recognized for its key management personnel:

	Years ended April 30, 2015	2014
Salaries	**$ 195,603**	$ 182,803
Stock-based compensation on options grant	**-**	179,175
Total compensations and benefits	**$ 195,603**	$ **361,978**

The following are the expenses that the Company recognized for its director personnel:

	Years ended April 30, 2015	2014
Compensation	**$ 148,896**	$ 168,888
Stock-based compensation on options grant	**-**	179,174
Total compensations and benefits	**$ 148,896**	$ **348,062**