

YONGSHENG CAPITAL INC.
Management's Discussion and Analysis
Nine Months Ended August 31, 2015

The following discussion and analysis of the results of operations and financial condition ("MD&A") for YongSheng Capital Inc. ("the Company") should be read in conjunction with the unaudited condensed interim financial statements for the nine months ended August 31, 2015 and the audited financial statements for the year ended November 30, 2014 and related notes thereto. The financial information in this MD&A is derived from the Company's condensed interim financial statements for the nine months ended August 31, 2015 prepared in accordance with IFRS (International Financial Reporting Standards). These condensed interim financial statements have been prepared by management and have not been reviewed by the Company's external auditors. The effective date of this MD&A is October 26, 2015.

This MD&A may contain "forward-looking statements" which reflect the Company's current expectations regarding the future results of operations, performance and achievements of the Issuer. The Issuer has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as "anticipate," "believe," "estimate," "expect" and similar expressions. Such statements reflect the current belief of the management of the Company, and are based on currently available information. Accordingly, such statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Issuer to differ materially from those expressed in, or implied by, these statements.

The Company undertakes no obligation to publicly update or review the forward-looking statements whether as a result of new information, future events or otherwise. Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

DESCRIPTION OF BUSINESS

Yongsheng Capital Inc. (the "Company") was incorporated pursuant to the provisions of the British Columbia Business Corporations on March 3, 2011. The Company was formerly a capital pool company ("CPC") as defined pursuant to Policy 2.4 of the TSX Venture Exchange ("TSX Venture" or the "Exchange"). The principal business of the Company will be the identification and evaluation of assets or business with a view of completing a Qualifying Transaction ("QT").

As a CPC, the principal business of the Company is to identify and evaluate businesses and assets with a view to completing a Qualifying Transaction under Exchange rules and policies. Until completion of a Qualifying Transaction, the Company will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a potential Qualifying Transaction. The Company is actively engaged in the search for a suitable Qualifying Transaction.

On April 20, 2012, the Company announced that, it successfully completed its initial public offering (the "IPO") of 2,000,000 common shares in the capital of the Company at a price of \$0.10 per common share for gross proceeds of \$200,000 (the "Proceeds"). The Company has paid the Agent a cash commission equal to 10% of the Proceeds and granted non-transferable agent's warrants (the "Agent's Warrants") to purchase 200,000 common shares of the Company at a price of \$0.10 per share. The Agent's Warrants were exercisable for a period of 24 months from the date of the Company's initial listing on the Exchange, which were expired on April 20, 2014. The Agent also received a corporate finance fee of \$10,000 plus HST. The Company also granted to its directors' and officers' incentive stock options to acquire 525,000 common shares at a price of \$0.10 per share, exercisable for a period of five years from the date the Company's shares are listed on the Exchange.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to 30% of the gross proceeds or \$210,000, whichever is less, may be used for purposes other than evaluating businesses or assets. These restrictions apply until completion of a QT by the Company as defined under the policies of TSX Venture Exchange. The Company is required to complete its QT on or before two years from the date the Company receives regulatory approval.

The Company's ability to continue as a going concern is dependent upon its ability to identify, evaluate and negotiate an acquisition of, a participation in or an interest in properties, assets or businesses. Such an acquisition will be subject to regulatory approval and may be subject to shareholder approval. In order to continue as a going concern and meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. These interim financial statements do not reflect the adjustments to the carrying value of assets and liabilities, or the impact on the statement of operations and comprehensive loss and financial position classifications that would be necessary were the going concern assumption not appropriate.

As at August 31, 2015, the Company had no source of operating revenues, had accumulated a deficit of \$190,707 (November 30, 2014- \$148,274) since inception and a working capital of \$253,445 (November 30, 2014- \$295,878). The operations of the Company have primarily been funded by the issuance of common shares. Continued operations of the Company are dependent on the Company's ability to complete equity financing and to locate a qualifying transaction. Management's plan in this regard is to secure additional funds through future equity financings, which may be unavailable or unavailable on reasonable terms.

The head office, principal address and registered and records office of the Company are located at 900 – 885 West Georgia Street, Vancouver, BC, V6C 3H1.

TRANSFER TO NEX

On March 25, 2014, the Company received a bulletin from TSX Venture Exchange to notice that the Company has not completed a Qualifying Transaction ("QT") within 24 months of the date of listing. Failure to complete a QT by the 24 month deadline date of April 25, 2014 could result in the Company's trading status being changed to a halt or suspension without further notice, in accordance with Exchange Policy 2.4, Section 14.6.

On April 28, 2014, the Company's shares were suspended from trading for failure to complete a QT.

On July 10, 2014, 2,850,000 escrowed shares of the Company have been cancelled and returned to treasury of the Company. The current number of issued and outstanding shares is \$5,150,000. Shares have been cancelled for the following holders:

Hilda Sung	2,590,000
Jin Kuang	50,000
Bradley Cran	160,000
Joseph Chan	50,000

On July 17, 2014, the Company made a request reinstatement in connection with the Company's transfer to the NEX Board of the TSX Venture Exchange.

On July 21, 2014, the Company received the final approval from TSX Venture Exchange to allow the Company's listing transferred to NEX, the Company's Tier classification changed from Tier 2 to NEX, and the Filing and Service Office changed from Vancouver to NEX, effectively on July 22, 2014. The Company's shares reinstated for trading thereafter.

As of July 22, 2014, the Company is subject to restrictions on share issuances and certain types of payments as set out in the NEX policies. The trading symbol for the Company changed from YSC.P to YSC.H. There is no change in the Company's name, no change in its CUSIP number and no consolidation of capital. The symbol extension differentiates NEX symbols from Tier 1 or Tier 2 symbols within the TSX Venture market.

OVERALL PERFORMANCE

The following discuss of the Company's financial performance is based on the interim financial statements for the nine months ended August 31, 2015.

As of August 31, 2015, the Company had cash of \$256,941 (November 30, 2014 - \$317,687) and total assets of \$258,996 (November 30, 2014 - \$320,034).

Shareholders' equity is comprised of share capital of \$392,570 (November 30, 2014- \$392,570), share-based payments reserve of \$51,582 (November 30, 2014 - \$51,582) and the deficit of \$190,707 (November 30, 2014 - \$148,274) for a net of \$253,445 (November 30, 2014 - \$295,878).

As at August 31, 2015, 8,000,000 common shares of the Company were issued and outstanding.

RESULTS OF OPERATIONS

The Company has no business operations. The Company has no sales revenue. Until such time as the Company completes a Qualifying Transaction as required by the Exchange, corporate expenditures will be restricted to costs of raising equity financing, administrative costs to maintain the Company in good standing and costs to identify and evaluate potential business opportunities.

For the nine months ended August 31, 2015, the Company reported a net loss of \$42,433 compared with a net loss of \$30,176 for the nine months ended August 31, 2014. The increase in losses was due to an increase in audit fees to \$7,225 (2014 - \$6,741), an increase in transfer agent costs to \$3,375 (2014 - \$3,092), an increase in legal expenses to \$2,656 (2014 - \$nil), and an increase in travelling expenses to \$25,379 (2014 - \$13,630), offset by a decrease in filing fees to \$5,249 (2014 - \$8,744) and office expenses to \$35 (2014 - \$619).

SUMMARY OF QUARTERLY RESULTS

The below table summarizes the results of the Company by quarter.

	Quarter Ended 08/31/2015	Quarter Ended 05/31/2015	Quarter Ended 02/28/2015	Quarter Ended 11/30/2014	Quarter Ended 08/31/2014	Quarter Ended 05/31/2014	Quarter Ended 02/28/2014	Quarter Ended 11/30/2013
Income (loss) for the period (\$)	(6,825)	(12,650)	(22,958)	(24,449)	(7,350)	(22,851)	25	(11,244)
Income (loss) per Share - Basic & Diluted (\$)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Weighted average number of common shares outstanding - Basic & Diluted	5,150,000	5,150,000	5,150,000	5,150,000	5,150,000	8,000,000	8,000,000	8,000,000

The loss reported for quarter to quarter was mainly due to expenditures incurred for maintaining the Company's operation.

LIQUIDITY AND CAPITAL RESOURCES

The Company had a cash and cash equivalent balance of \$256,941 at August 31, 2015 (November 30, 2014 - \$317,687). Management believes that the cash balance is sufficient to meet its working capital and contractual obligations at the present level for at least the next twelve months.

The Company's working capital position at August 31, 2015 was \$253,445 compared to \$295,878 at November 30, 2014.

Current assets excluding cash at August 31, 2015 consisted of prepaid expenses of \$2,055 (November 30, 2014 - \$2,347).

Current liabilities as at August 31, 2015 consisted of accounts payable and accrued liabilities of \$5,551 (November 30, 2014 - \$24,156).

The Company has no operating income. The proceeds raised are expected to provide the Company with a minimum of funds with which to identify and evaluate businesses or assets with a view to complete a Qualifying Transaction. However, if the Company identifies a target business, asset or property as its Qualifying Transaction, it is anticipated and highly probable that the Company will have to seek additional financing.

There is no assurance that the Company will be able to identify a suitable Qualifying Transaction. Furthermore, even if a Qualifying Transaction is identified, there can be no assurance that the Company will be able to complete the transaction.

OFF-BALANCE SHEET ARRANGEMENTS

As at August 31, 2015, the Company had no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

As at August 31, 2015, \$5,551 (November 30, 2014 - \$ 20,159) was payable to CEO of the Company. The amount is non-interest bearing, unsecured and repayable on demand.

All related party transactions were entered into in the normal course of business and are recorded at the exchange amount established and agreed to between the related parties.

OUTSTANDING SHARE DATA

As at July 10, 2015, the Company had 5,150,000 common shares issued and outstanding, which 3,150,000 of these common shares were held in escrow.

In connection with the IPO, the Company has granted non-transferable Agent's Warrants to purchase 200,000 common shares of the Company at a price of \$0.10 per share. The Agent's Warrants were expired on April 20, 2014. The Company also granted to its directors' and officers' incentive stock options to acquire 525,000 common shares at a price of \$0.10 per share, exercisable for a period of five years from the date the Company's shares are listed on the Exchange.

RISKS AND UNCERTAINTIES

The Company has no active business. The Company does not have a history of earnings, nor has it paid any dividends, and will not be in a position to generate earnings or pay dividends until at least after completion of the Qualifying Transaction. It is possible the Company may never generate earnings or be in a position to pay dividends. The directors and officers of the Company will only devote part of their time and efforts to the affairs of the Company.

The Company has only limited funds available to identify and evaluate potential Qualifying Transactions and thereby cannot provide assurance the Company will be able to identify or complete a suitable Qualifying Transaction. Until completion of the Qualifying Transaction, the Company will not carry on any business other than the identification and evaluation of assets or businesses for the purpose of completing the Qualifying Transaction.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these financial statements in conformity of IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

In particular, information about significant areas of estimation uncertainty considered by management in preparing the financial statements is described below:

Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized on the statement of financial position. Deferred tax assets, including those arising from un-utilized tax losses require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Company operations could limit the ability of the Company to obtain tax deductions in future periods.

Share-based payment

The Company 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.

Significant areas of critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the statements of financial position are:

Going concern

Management has applied judgments in the assessment of the Company's ability to continue as a going concern when preparing its financial statements for the nine months ended August 31, 2015 and 2014. Management prepares the financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management considered a wide range of factors relating to current and expected profitability, debt repayment schedules and potential sources of replacement financing. As a result of the assessment, management concluded there are significant doubt as to the ability of the Company to meet its obligations as they fall due and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern.

CHANGES IN ACCOUNTING POLICIES

This MD&A should be read in conjunction with the audited financial statements and related notes as at and for the year ended November 30, 2014. The audited financial statements outline the accounting principles and policies used to prepare the Company's financial statements. Accounting policies are critical if they rely on a substantial amount of judgment in their application or if they result from a choice between accounting alternatives and that choice has a material impact on reported results or financial position.

The accounting policies applied in preparation of these interim financial statements are consistent with those applied and disclosed in the Company's financial statements for the year ended November 30, 2014 and 2013. In addition, the Company adopted the following accounting policies effective December 1, 2014:

IFRS 7 Financial instruments: disclosures and IAS 32 Financial instruments: presentation

Financial assets and financial liabilities may be offset, with the net amount presented in the statement of financial position, only when there is a legally enforceable right to set off and when there is either an intention to settle on a net basis or to realize the asset and settle the liability simultaneously. The amendments to IAS 32, issued in December 2011, clarify the meaning of the offsetting criterion "currently has a legally enforceable right to set off" and the principle behind net settlement, including identifying when some gross settlement systems may be considered equivalent to net settlement. The amendments will only affect disclosure and are effective for annual periods beginning on or after January 1, 2014. The Company is currently evaluating the impact of this standard and does not expect the impact of such changes on the financial statements to be material.

The adoption of this IFRS did not impact the Company's interim financial statements.

IAS 24 Related party disclosures

The amendments to IAS 24, issued in December 2013, clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key arrangement personnel compensation. The amendments will only affect disclosure and are effective for annual periods beginning on or after July 1, 2014. The Company has not yet assessed the impact of this amendment on its financial statements.

The adoption of this IFRS did not impact the Company's interim financial statements.

New accounting standard issued but not yet effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

IFRS 9 Financial Instruments (2014)

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

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

IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company has not yet assessed the impact of this standard or determined whether it will early adopt this standard.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Overview

The Company has exposure to credit risk, liquidity risk and market risk from its use of financial instruments. This note presents information about the Company's exposure to each of these risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

Credit Risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits its exposure to credit risk on liquid financial assets through investing its cash with high credit quality financial institutions. Management believes the risk associated with receivables is not significant.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures that there is sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Company's holdings of cash and cash equivalents. The Company's cash and cash equivalents are currently invested in business and savings accounts and GIC with high-credit quality financial institutions which are available on demand by the Company for its programs. As at August 31, 2015, the Company had a cash and cash equivalents balance of \$256,941 (November 30, 2014 – \$317,687) to settle current liabilities of \$5,551 (November 30, 2014 - \$24,156).

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Interest Rate Risk

The Company is subject to interest rate risk with respect to its investments in cash. The Company's current policy is to invest cash and cash equivalents at floating rates of interest and cash reserves are to be maintained in cash and cash equivalents in order to maintain liquidity, while achieving a satisfactory return for shareholders. Fluctuations in interest rates when cash and cash equivalents mature impact interest income earned.

Capital Management

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. As at August 31, 2015, the Company's shareholders' equity was \$253,445 (November 30, 2014: \$295,878). The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern. The capital structure of the Company consists of equity, comprising share capital, net of accumulated deficit.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to meet its daily operating expenses. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the nine months ended August 31, 2015 and 2014. The Company is not subject to externally imposed capital requirements.

Fair Value

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

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 – inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – inputs that are not based on observable market data.

The fair value of cash and cash equivalents is based on level 1 inputs of the fair value hierarchy.

DISCLOSURE OF OUTSTANDING SHARE DATA

The following is a breakdown of the share capital of the Company, on an annual basis and the date of this report:

	October 26, 2015	August 31, 2015	November 30, 2014
Common shares	5,150,000	5,150,000	5,150,000
Stock Options	525,000	525,000	525,000
Warrants	-	-	-
Fully Diluted Shares	5,675,000	5,675,000	5,675,000

For additional details of outstanding share capital, refer to the audited financial statements for the year ended November 30, 2014.

ADDITIONAL INFORMATION

Additional information is available on SEDAR at www.sedar.com.