YONGSHENG CAPITAL INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

May 31, 2019

(Expressed in Canadian dollars)

(Unaudited)

Notice of No Review of Interim Financial Statements

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

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

The Company’s independent auditors have not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity’s auditor.

YONGSHENG CAPITAL INC.
(A CAPITAL POOL COMPANY)
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)
AS AT

		May 31, 2019 (Unaudited)		November 30, 2018 (Audited)
ASSETS				
Current assets				
Cash and cash equivalents (Note 4)	$	166,074	$	184,114
Total assets	$	166,074	$	184,114
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities	$	13,134	$	14,728
Shareholders' equity				
Share capital (Note 5)		392,570		392,570
Share payments reserves (Note 5)		51,582		51,582
Deficit		(291,212)		(274,766)
		152,940		169,386
Total liabilities and shareholders' equity	$	166,074	$	184,114

NATURE AND CONTINUANCE OF OPERATIONS (Note 1)

These interim financial statements are authorized for issuance by the Board of Directors **on July 29, 2019.**

On behalf of the Board:

"Hilda Sung" Director *"Jin Kuang"* Director

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

YONGSHENG CAPITAL INC.
(A CAPITAL POOL COMPANY)
CONDENSED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(*Expressed in Canadian dollars*)
(Unaudited)

	Three Months Ended		Six Months Ended	
	May 31, 2019	May 31, 2018	May 31, 2019	May 31, 2018
Expenses				
Accounting and audit	$ 9,426	$ 8,025	$ 10,426	$ 8,025
Filing fees	1,412	3,993	2,825	5,243
Legal fees	2,743	-	2,743	-
Office expenses	30	1,101	64	1,161
Transfer agent costs	583	1,072	1,166	1,930
Travel and entertainment	-	-	-	-
	14,194	14,191	17,224	16,359
Interest income	-	430	778	983
Net loss and comprehensive loss for the period	$ 14,194	$ 13,761	$ 16,446	$ 15,376
Basic and diluted loss per common share	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)
Basic and diluted weighted average number of common shares outstanding	5,150,000	5,150,000	5,150,000	5,150,000

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

YONGSHENG CAPITAL INC.
(A CAPITAL POOL COMPANY)
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
(*Expressed in Canadian dollars*)
(Unaudited)

	Share Capital				
	Shares	Amount	Contributed surplus	Deficit	Total Equity
Balance as at November 30, 2017	$ 5,150,000	$ 392,570	$ 51,582	$ (249,838)	$ 194,314
Net loss and other comprehensive loss for the period	-	-	-	(15,376)	(15,376)
Balance as at May 31, 2018	5,150,000	$ 392,570	$ 51,582	$ (265,214)	$ 178,938
Balance as at November 30, 2018	$ 5,150,000	$ 392,570	$ 51,582	$ (274,766)	$ 169,386
Net loss and other comprehensive loss for the period	-	-	-	(16,446)	(16,446)
Balance as at May 31, 2019	5,150,000	$ 392,570	$ 51,582	$ (291,212)	$ 152,940

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

YONGSHENG CAPITAL INC.
(A CAPITAL POOL COMPANY)
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(*Expressed in Canadian dollars*)
(Unaudited)

	For the Six Months Ended May 31, 2019	For the Six Months Ended May 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	$ (16,446)	$ (15,376)
Changes in non-cash working capital		
Receivables	-	(420)
Accounts payable and accrued liabilities	(1,594)	(451)
Net cash used in operating activities	(18,040)	(16,247)
Net decrease in cash during the period	(18,040)	(16,247)
Cash and cash equivalents, beginning of the period	184,114	205,831
Cash and cash equivalents, end of the period	$ 166,074	$ 189,584

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

1. NATURE OF OPERATIONS AND ABILITY TO CONTINUE AS A GOING CONCERN

Yongsheng Capital Inc. (the "Company") was incorporated pursuant to the provisions of the British Columbia Business Corporations Act on March 3, 2011. The Company is 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").

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. The Company is required to complete its QT on or before two years from the date the Company receives regulatory approval.

Pursuant to the policy 2.4 of the TSX Venture Exchange (the "TSXV"), effective at the opening on July 22, 2014, the Company's listing was transferred to the NEX Board of TSX Venture Exchange and trading was reinstated in the securities of the Company due to the Company's failure to complete a Qualifying Transaction within the time period allotted by the TSXV 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. In connection with the transfer to NEX, 2,850,000 escrowed shares of the Company have been cancelled on July 10, 2014.

These condensed interim financial statements ("interim financial statements") have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future.

As at May 31, 2019, the Company had no source of operating revenues, had accumulated a deficit of $291,212 (November 30, 2018- $274,766) since inception and a working capital of $152,940 (November 30, 2018- $169,386). The operations of the Company have primarily been funded by the issuance of common shares. 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 identify, obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. 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. As such, there is material uncertainty related to these events and conditions that may cast significant doubt on the Company's ability to continue as a going concern.

The head office, principal address and registered and records office of the Company are located at 20th Floor, 250 Howe Street Vancouver, BC V6C 3R8 Canada.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The interim financial statements have been prepared in accordance with International Financial Reporting standards (“IFRS”) applicable to the preparation of interim financial statements, including International Accounting Standard 34, Interim Financial Reporting ("IAS 34") and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC” and “SIC”) adopted by the International Accounting Standards Board (“IASB”).

The interim financial statements of the Company for the six months ended May 31, 2019 were reviewed by the Audit Committee and approved and authorized for issuance by the Board of Directors on July 29, 2019.

Basis of preparation

These interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss (“FVTPL”), which are stated at their fair values. In addition, these interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These financial statements are presented in Canadian dollars, which is also the Company's functional currency.

Significant Accounting Judgments and Estimates

The preparation of these interim 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Significant Accounting Judgments and Estimates (cont'd)

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 interim financial statements for the six months ended May 31, 2019 and 2018. 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 doubts 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.

3. NEW ACCOUNTING STANDARDS AND RECENT PRONOUNCEMENTS

Adoptions of new accounting pronouncements

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, 2018. The Company adopted the following new accounting standards for the six months ended May 31, 2019.

Amendments to IFRS 2 *Share-based payments* - The amendments to IFRS 2 clarify how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, share-based payment transactions with a net settlement feature for withholding tax obligations, and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The effective date of these amendments was January 1, 2018. The Company adopted these amendments as of the effective date and has assessed that there is no significant changes to the interim financial statements as a result of the adoption of these amendments.

IFRS 9 *Financial Instruments* - This is a finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39. The standard was effective on January 1, 2018 and contains requirements in the following areas:

(Expressed in Canadian dollars)

3. NEW ACCOUNTING STANDARDS AND RECENT PRONOUNCEMENTS (CONT'D)

- **Classification and measurement**. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics.
- **Impairment**. 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.

The Company assessed that there was no significant impact to the interim financial statements on the adoption of classification and measurement of its financial instruments, as set out below.

Classification	IAS 39	IFRS 9
Cash and cash equivalents	FVTPL	FVTPL
Accounts payable	Other financial liabilities	Amortized cost

New accounting standard issued but not yet effective

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

(i) IFRS 16 Leases

On January 13, 2016, the International Accounting Standards Board published a new standard, IFRS 16, Leases, eliminating the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Under the new standard, a lease becomes an on-balance sheet liability that attracts interest, together with a new right-of-use asset. In addition, lessees will recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash in bank, short-term investments with original maturities of three months or less or short-term investments which are redeemable prior to the maturity date. As at May 31, 2019, cash equivalents consist of a guaranteed investment certificate (GIC) of $nil (November 30, 2018: $181,169). The GIC bore interest at rate of Prime - 2.6% per annum and cashed out on February 28, 2019.

5. SHARE CAPITAL

Authorized Share Capital

As at May 31, 2019, the authorized share capital consisted of unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

Escrow Shares

As at May 31, 2019 and November 30, 2018, 3,150,000 shares issued are subject to an escrow agreement to be released in accordance with the CPC policy guidelines. Under the escrow agreement, 10% of the shares will be released on the issuance of the Final Exchange Bulletin (the Exchange's acceptance of the Qualifying Transaction) and an additional 15% will be released on each of the dates which are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the initial release.

Stock options

On May 24, 2011, the Company adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the common shares to be outstanding. Such options will be exercisable for a period of up to 5 years from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any individual director or officer will not exceed 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed 2% of the issued and outstanding common shares. Options may be exercised no later than 90 days following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship, or technical consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option.

On April 20, 2012, the Company granted an aggregate of 525,000 options to directors of the Company at an exercise price of $0.10 per share for a period of 60 months, which all expired unexercised on April 20, 2017. As at May 31, 2019 and November 30, 2018, there was no stock option outstanding.

6. FINANCIAL RISK MANAGEMENT

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.

(a) 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 and cash equivalents. 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 is not significant.

(b) 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.

6. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Liquidity Risk (cont'd)

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 May 31, 2019, the Company had a cash and cash equivalents balance of $166,074 (November 30, 2018 – $184,114) to settle current liabilities of $13,134 (November 30, 2018 - $14,728).

(c) 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.

(d) 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, but management believes there is no significant interest rate risk.

(e) Capital Management

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. As at May 31, 2019, the Company's shareholders' equity was $152,940 (November 30, 2018: $169,386). 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.

(f) 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.