
YUNTONE CAPITAL CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2017 AND 2016
(Unaudited – Expressed in Canadian Dollars)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, 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 have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

YUNTONE CAPITAL CORP.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited – Expressed in Canadian Dollars)

	September 30, 2017	December 31, 2016
	Note	\$
ASSETS		
Current assets		
Cash	243	7,107
GST recoverable	1,062	750
Total assets	1,305	7,857
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	45,214	47,832
Convertible loan payable	3 -	10,000
Due to related parties	4 14,995	9,995
Promissory note	5 30,763	10,763
	90,972	78,590
SHAREHOLDERS' DEFICIENCY		
Share capital	6 290,444	290,444
Contributed surplus	6 44,160	44,160
Deficit	(424,271)	(405,337)
	(89,667)	(70,733)
Total liabilities and shareholders' deficiency	1,305	7,857

Nature of operations and going concern (Note 1)

Approved and authorized on behalf of the Board of Directors on November 27, 2017

"Stuart Wooldridge" Director

"Xiang Xia" Director

YUNTONE CAPITAL CORP.
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the three and nine months ended September 30, 2017 and 2016
(Unaudited – Expressed in Canadian Dollars)

	Note	For the three months ended		For the nine months ended	
		September 30,		September 30,	
		2017	2016	2017	2016
		\$	\$	\$	\$
EXPENSES					
Accounting and auditing fees		-	-	5,500	5,762
Filing fees		7,702	-	10,202	5,383
Office expenses	4	500	21	1,500	62
Professional fees		131	-	732	-
Transfer agent fees		1,000	825	1,000	2,325
NET LOSS AND COMPREHENSIVE					
LOSS FOR THE PERIOD					
		(9,333)	(846)	(18,934)	(13,532)
NET LOSS PER SHARE – BASIC					
AND DILUTED					
		(0.00)	(0.00)	(0.00)	(0.00)
WEIGHTED AVERAGE NUMBER OF					
SHARES OUTSTANDING					
		3,411,200	3,411,200	3,411,200	3,411,200

YUNTONE CAPITAL CORP.
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)
(Unaudited – Expressed in Canadian dollars, except for share figures)

	Number of Shares #	Share Capital \$	Contributed Surplus \$	Deficit \$	Total \$
Balance, December 31, 2015	3,411,200	290,444	44,160	(391,470)	(56,866)
Net and comprehensive loss for the period	-	-	-	(13,532)	(13,532)
Balance, September 30, 2016	3,411,200	290,444	44,160	(405,002)	(70,398)
Net and comprehensive loss for the period	-	-	-	(335)	(335)
Balance, December 31, 2016	3,411,200	290,444	44,160	(405,337)	(70,733)
Net and comprehensive loss for the period	-	-	-	(18,934)	(18,934)
Balance, September 30, 2017	3,411,200	290,444	44,160	(424,271)	(89,667)

YUNTONE CAPITAL CORP.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
For the nine months ended September, 2017 and 2016
(Unaudited – Expressed in Canadian Dollars)

	2017	2016
	\$	\$
Operating activities:		
Net loss for the period	(18,934)	(13,532)
Changes in non-cash working capital related to operations:		
GST recoverable	(312)	(289)
Accounts payable and accrued liabilities	(2,618)	3,967
Net cash used in operating activities	(21,864)	(9,854)
Financing activities:		
Repayment of convertible loan	(10,000)	10,000
Loans from related parties	5,000	-
Issuance of promissory note	20,000	-
Net cash provided by financing activities	15,000	10,000
(Decrease) increase in cash during the period	(6,864)	146
Cash – beginning of the period	7,107	1,945
Cash – end of the period	243	2,091

YUNTONE CAPITAL CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the three and nine months ended September 30, 2017 and 2016
(Unaudited – Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Yuntone Capital Corp. (the “Company”) was incorporated under the Business Corporations Act (British Columbia) on March 6, 2008 and is classified as a Capital Pool Company as defined in the TSX Venture Exchange (“TSX-V”) Policy 2.4. The Company’s planned principal activity is to use its capital to investigate and acquire a business or group of assets (the “Qualifying Transaction”). The head office and principal address of the Company is located at 441 Heales Avenue, Penticton, BC, V2A 1G5.

The Company does not currently have operations or assets capable of generating ongoing revenues or cash flows and it did not complete a Qualifying Transaction within the time specified by TSX-V Policy 2.4., which is generally 24 months from the date its shares are listed for trading on the TSX-V.

Effective at the opening on August 23, 2011, the Company's listing was transferred to the NEX Board of the TSX-V and trading was reinstated in the securities of the Company. The trading symbol for the Company changed from YTC.P to YTC.H.

As at September 30, 2017, the Company has a cumulative deficit of \$424,271 and a working capital deficiency of \$89,667. The Company’s ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing or maintaining continued support from its shareholders and creditors, and generating profitable operations in the future. Although these financial statements have been prepared and presented on a going concern basis, the factors outlined above raise significant doubt about the ability of the Company to continue as a going concern, in which case this basis of presentation will not be appropriate. These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presentation

These condensed interim financial statements have been prepared in conformity with International Accounting Standard (“IAS”) 34, Interim Financial Reporting, using the same accounting policies as detailed in the Company’s audited annual financial statements for the year ended December 31, 2016. They do not include all the information required for complete annual financial statements in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) and therefore should be read together with the audited annual financial statements for the year ended December 31, 2016.

YUNTONE CAPITAL CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the three and nine months ended September 30, 2017 and 2016
(Unaudited – Expressed in Canadian Dollars)

These condensed interim financial statements are prepared on the historical cost basis except for certain financial instruments, which are measured at fair value. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information. All amounts are expressed in Canadian dollars unless otherwise stated.

These condensed interim financial statements were approved and authorized for issue by the Board of Directors on November 27, 2017.

b) Functional currency

The functional and presentation currency of the Company is the Canadian dollar.

c) Critical Accounting Estimate, Judgments and Assumptions

The preparation of these financial statements in conformity with IFRS requires management to make judgement and estimates and form assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets/liabilities at the date of the financial statements and reported amount of revenues and expenses during the reporting period. Actual outcomes could differ from these estimates.

On an on-going basis, management evaluates its estimates underlying various assumptions. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustments to the carrying amounts of assets and liabilities, include the following:

Critical accounting estimates

- Determination of accrued liabilities
- Measurement of equity/debt portion of convertible loan payable

Critical accounting judgments

- Recognition of deferred tax assets and liabilities
- Going concern
- Use of measurement technique for convertible loan payable

d) Accounting Changes and Recent Pronouncements

The Company has not yet applied the following new standards, interpretations or amendments to standards that have been issued as at September 30, 2017 but are not yet effective. Unless otherwise stated, the Company does not plan to early adopt any of these new or amended standards and interpretations and intends to adopt those standards when they become effective. The Company does not expect the impact of such changes on the financial statements to be material, unless otherwise stated.

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Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

In January 2016, the IASB amended IAS 7, *Statement of Cash Flows*. The amendments require that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. One way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities. This amendment will be mandatory for reporting periods beginning on or after January 1, 2018. The Company is currently evaluating the impact, if any, that the new guidance is expected to have on its financial statements.

The IASB issued IFRS 15, *Revenue from Contracts with Customers* (“IFRS 15”) in May 2014. The new standard provides a comprehensive five-step revenue recognition model for all contracts with customers and requires management to exercise judgment and make estimates that affect revenue recognition. IFRS 15 is effective for annual periods commencing on or after January 1, 2018. The Company is currently evaluating the impact that the new guidance is expected to have on its financial statements.

IFRS 9, *Financial Instruments* (“IFRS 9”) as issued, reflects the first phase of the IASB’s work on the replacement of IAS 39, *Financial Instruments: Recognition and Measurement* and applies the classification and measurement of financial assets and liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after January 1, 2013, but the complete version of IFRS 9, issued July 2014, moved the mandatory effective date to January 1, 2018. The Company is currently evaluating the impact, if any, that the new guidance is expected to have on its financial statements.

IFRS 16, *Leases* (“IFRS 16”) specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16’s approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The standard was issued in January 2016 and is effective for annual periods beginning on or after January 1, 2019. The Company is currently evaluating the impact that the new guidance is expected to have on its financial statements.

3. CONVERTIBLE LOAN PAYABLE

On April 14, 2016, the Company entered into an agreement to borrow \$10,000 from a lender in exchange for an assignment of certain agreements by the Company to the lender. The loan was non-interest bearing and without fixed terms of repayment, but it contained conditions whereby:

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- a) The lender may convert the loan into common shares at a price equal to the lesser of (i) \$0.01 per common share, and (ii) the price approved by either the TSX-V or the NEX, as applicable; and
- b) The lender will pay an additional \$5,000 to the Company contingent on the lender's ability to realize on the agreements assigned to the lender.

The allocation of value between the debt and equity portions of the convertible note payable was determined by first estimating the fair value of the loan payable, then allocating the residual value to the equity portion. The equity portion was determined to be nil as the conversion feature had no intrinsic value at the time the loan was issued.

During the nine months ended September 30, 2017, the Company repaid the loan in full.

4. RELATED PARTY TRANSACTIONS

As at September 30, 2017, the Company has \$14,995 (December 31, 2016 - \$9,995) due to the Chief Executive Officer of the Company. The amount is unsecured, interest free and is due on demand.

During the three and nine months ended September 30, 2017, the Company paid \$500 and \$1,500 (2016 - \$nil and \$nil) in office expenses to the Chief Executive Officer of the Company.

5. PROMISSORY NOTES

During the year ended December 31, 2016, the Company issued a promissory note of \$10,763 for expenses. The note is unsecured, non-interest bearing and due on February 1, 2018.

During the nine months ended September 30, 2017, the Company issued a separate promissory note of \$20,000 to an unrelated party. The note is unsecured, bears interest at a rate of 5% per annum, compounded annually and is due on demand.

As at September 30, 2017, the total balance of the promissory notes outstanding was \$30,763 (December 31, 2016 - \$10,763).

6. SHARE CAPITAL

a) Authorized share capital

As at September 30, 2017, the authorized share capital of the Company was an unlimited number of common shares and preferred shares without par value.

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b) Issued and outstanding share capital

As at September 30, 2017, the issued and outstanding share capital of the Company was 3,411,200 common shares.

c) Escrowed shares

The Company originally had 2,800,000 common shares held in escrow that were to be released pro-rata to the shareholders, as to 10% of the escrow shares upon issuance of a Final Exchange Bulletin by the TSX-V upon completion of a Qualifying Transaction and as to the remainder in six equal tranches of 15% every six months thereafter for a period of 36 months. Upon being transferred to the NEX Board, the Company was required to cancel half of the escrow shares, leaving 1,400,000 escrow shares to ultimately be released based on these percentages after it completes a Qualifying Transaction. These escrow shares may not be transferred, assigned or otherwise dealt without the consent of the regulatory authorities. If a Final Exchange Bulletin is not issued the shares will not be released from escrow and if the Company is delisted, the shares will be cancelled. 1,400,000 common shares remained in escrow as at September 30, 2017 and December 31, 2016.

d) Stock options

The Company adopted a stock option plan (the “Stock Option Plan”) under which it can grant options to directors, officers, employees, and consultants for up to 10% of the issued and outstanding common shares. Under the plan, the exercise price of an option may not be less than the closing market price during the trading day immediately preceding the date of the grant of the option, less any applicable discount allowed by the TSX-V. The options can be granted for a maximum term of 5 years and vest at the discretion of the board of directors.

Any common shares acquired pursuant to the exercise of options prior to the completion of the Qualifying Transaction must be deposited in escrow and will be subject to escrow until the final exchange bulletin is issued.

As at September 30, 2017, the Company had no stock options outstanding.