ALSET CAPITAL INC.

(FORMERLY PROSMART ENTERPRISES INC.)

CONDENSED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE THREE AND NINE MONTH PERIOD ENDED JUNE 30, 2021 AND 2020

NOTICE TO READER

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

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these interim financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

ALSET CAPITAL INC.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
(Unaudited)

AS AT	June 30, 2021	September 30, 2020
ASSETS		
Current		
Cash and cash equivalents	$ 10,177	$ 860
Accounts receivables	10,786	10,662
	$ 20,963	$ 11,522
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 594,276	$ 459,273
Short-term loans payable (Note 3)	1,458,280	1,445,780
Convertible debt (Note 4)	-	693,333
	2,052,556	2,598,386
Shareholders' equity		
Share capital (Note 5)	22,761,972	22,719,952
Reserves (Note 5)	459,942	459,942
Other comprehensive loss	-	12,442
Deficit	(25,253,507)	(25,779,200)
	(2,031,593)	(2,586,864)
	$ 20,963	$ 11,522

Nature and continuance of operations (Note 1)

Approved and authorized by the Board on August 30, 2021:

"Cale Thomas" Director *"Zelong He"* Director
Cale Thomas Zelong He

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

ALSET CAPITAL INC.
CONDENSED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
(Unaudited)

	For the three months ended June 30, 2021	For the three months ended June 30, 2020	For the nine months ended June 30, 2021	For the nine months ended June 30, 2020
GENERAL EXPENSES				
Transfer agent and filing fees	$ 3,974	$ -	$ 36,151	$ 473
Consulting and management fees	10,500	-	31,500	-
Office and miscellaneous	392	-	1,723	6,518
Professional fees	36,454	7,321	94,283	8,979
Investor Relations	-	-	828	-
Loss before other items	$ (51,320)	$ (7,321)	$ (164,485)	$ (15,970)
OTHER ITEMS				
Gain on sale of subsidiaries (Note 7)	683,283	-	683,283	-
Foreign exchange	(2,310)	5,474	(2,301)	14,099
Gain on settlement of convertible debentures (Note 5)	11,313	-	11,313	-
Write-off of short-term loans payable (Note 3)	(3,314)	-	(2,117)	-
Share-based payments (Note 5)	-	(336)	-	(1,768)
Income (loss) before taxes	$ 637,652	$ (2,183)	$ 525,693	$ (3,639)
Other comprehensive income (loss)				
Cumulative translation adjustment	-	2,362	-	(23,324)
Income (loss) and comprehensive income (loss) for the period	$ 637,652	$ 179	$ 525,693	$ (26,963)
Basic and diluted income (loss) per share	$ 0.19	$ (0.00)	$ 0.16	$ (0.01)
Weighted average number of common shares outstanding	3,367,097	3,210,809	3,262,905	3,210,809

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

ALSET CAPITAL INC.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
(Unaudited)

For the nine months ended June 30,	2021	2020
CASH FROM OPERATING ACTIVITIES		
Net Income (loss) for the period	$ 525,693	$ (3,639)
Items not affecting cash:		
Gain on share settlement	(11,313)	-
Gain on sale of subsidiaries (Note 7)	(652,442)	-
Share based payments	-	1,768
Changes in non-cash working capital items:		
Accounts Receivable	(124)	(688)
Prepaid expenses	-	5,276
Accounts payable and accrued liabilities	135,003	7,874
Net cash used in operating activities	(3,183)	10,591
CASH FROM FINANCING ACTIVITIES		
Funds received from Loan Payable	12,500	-
Net cash provided by financing activities	12,500	-
Change in cash during the period	9,317	10,591
Effects of foreign exchange on cash	-	(23,324)
Cash, beginning of period	860	14,164
Cash, end of period	$ 10,177	$ 1,431

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

ALSET CAPITAL INC.
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)
(Unaudited)

	Share capital					
	Number	**Amount**	**Reserves**	**Accumulated other comprehensive loss**	**Deficit**	**Total**
Balance at September 30, 2019	3,210,809	$ 22,719,952	$ 458,056	$ 30,530	$ (25,249,039)	$ (2,040,501)
Share-based payments	-	-	1,768	-	-	1,768
Cumulative translation adjustment	-	-	-	(23,324)	-	(23,324)
Loss for the period	-	-	-	-	(3,639)	(3,639)
Balance at June 30, 2020	3,210,809	22,719,952	459,824	7,206	(25,252,678)	(2,065,696)
Share-based payments	-	-	118	-	-	118
Cumulative translation adjustment	-	-	-	5,236	-	5,236
Loss for the period	-	-	-	-	(526,522)	(526,522
Balance at September 30, 2020	3,210,809	22,719,952	459,942	12,442	(25,779,200)	(2,586,864)
Share issued for debt	323,232	42,020	-	-	-	42,020
Cumulative translation adjustment	-	-	-	(12,442)	-	(12,442)
Income for the period	-	-	-	-	525,693	525,693
Balance at June 30, 2021	3,534,041	$ 22,761,972	$ 459,942	$ -	$ (25,253,507)	$ (2,031,593)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Alset Capital Inc. (formerly ProSmart Enterprises Inc.) (the "Company") was incorporated under the laws of the State of Nevada on October 29, 1999. On January 27, 2009, the Company was continued from the State of Nevada to the Province of British Columbia under the Business Corporation Act.

The Company's registered and records office is #1500 - 1055 West Georgia Street Vancouver, BC V6E 4N7. Its principal business activity is the business of investing in technology companies, which involves a high degree of risk and there can be no assurance that current investment programs will result in profitable operations.

During the period ended June 30, 2021, the Company consolidated its common shares at a ratio of ten pre-consolidation common shares to one post-consolidation common share. The number of shares, warrants and options and earnings per share data presented in these condensed interim financial statements have been adjusted retroactively to reflect the impact of this share consolidation.

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company has incurred losses from inception and does not currently have the financial resources to sustain operations in the long-term. While the Company has been successful in obtaining its required funding in the past, there is no assurance that such future financing will be available on favourable terms. An inability to raise additional financing may impact the future assessment of the Company as a going concern. These material uncertainties may cast significant doubt about the ability of the Company to continue as a going concern.

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the economy and in the global markets and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Company's future operations and ability to access future capital. The extent of the impact of this outbreak and related containment measures on the Company's operations cannot be reliably estimated at this time.

The condensed interim financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. Continued operations of the Company are dependent on the Company's ability to receive financial support, necessary financings, or generate profitable operations in the future.

2. BASIS OF PREPARATION

Statement of compliance

These condensed interim financial statements have been prepared in accordance with IFRS as issued by the IASB applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. These financial statements are compliant with IAS 34 and do not include all of the information required for full annual financial statements.

These condensed interim financial statements should be read in conjunction with the company's annual consolidated financial statements for the year ended September 30, 2020 and are prepared consistent with the accounting policies, except where noted below.

2. BASIS OF PREPARATION (cont'd…)

Basis of Presentation and Consolidation

The financial statements have been prepared on a historical cost basis except for certain financial assets measured at fair value. In addition, these condensed financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These financial statements include the financial statements of the Company, ProSmart Sports Development Inc. ("PSD"), RosterBot Inc. ("RosterBot"), and DL Hockey Consulting Limited ("DL Hockey"), when the entities were controlled by the Company. On May 17, 2021, the Company sold PSD, RosterBot and DL Hockey (Note 7).

Control exists when an investor is exposed or has rights to variable returns from its involvement with an investee and has the ability to affect those returns through its power over the investee. Subsidiaries are consolidated from the date on which the Corporation obtains control and are deconsolidated from the date that control ceases to exist. All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation.

Use of Estimates and Judgments

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim financial statements and the reported expenses during the year. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to:

Critical accounting estimates

i. Share-based payments are subject to estimation of the value of the award at the date of grant using pricing models such as the Black-Scholes option valuation model. The option valuation model requires the input of highly subjective assumptions including the expected stock price volatility. Because the Company's stock options have characteristics significantly different from those of traded options and because the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.

ii. The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in our provision for income taxes.

Critical accounting judgments

i. The determination that the Company will continue as a going concern for the next year.

3. SHORT-TERM LOANS PAYABLE

During the period ended June 30, 2021, the Company received a loan of $12,500 from a third party.

During the year ended September 30, 2020, an amount of $1,406,705 owing to various vendors was assigned to two third parties who also loaned the Company $17,000 to pay down other vendors. The loan is unsecured, interest free and has no fixed terms of repayment. In addition, $4,190 forgiven. The Company accrued $2,242 in interest on these promissory notes.

Balance as at September 30, 2019	$	24,023
Loan forgiveness		(4,000)
Accrued interest		2,242
Write off of interest		(190)
Addition		1,423,705
Balance as at September 30, 2020	$	1,445,780
Addition		12,500
Balance as at June 30, 2021	$	1,458,280

4. CONVERTIBLE DEBT

On January 8, 2019, the Company issued $520,000 convertible debentures. The convertible debentures are secured and include the following terms:

- The principal amount of the debenture totals $693,333, which includes 33.33% added face value, but bear no interest;
- Repayable in full at the earlier of July 8, 2019 and the holder's chosen date to convert debentures into common shares of the Company at a value of $0.15 per share, and;
- Secured by a general security interest over all the assets of the Company and its subsidiaries.

The liability component of the debentures was initially recorded at $513,580, representing the fair value of the obligation. The equity component was allocated a value on initial recognition of $6,420. The difference between the face value of the debentures and the present value of future cash flows net of allocated transaction costs is the equity component of the debentures. The fair value of the liability component was determined based on the present value of the expected futures cash flows from principal and interest.

4. CONVERTIBLE DEBT *(cont'd…)*

During the period ended June 30, 2021, the Company sold PSD, RosterBot and DL Hockey (Note 7). As part of the agreement, the purchaser assumed $640,000 of convertible debenture.

Balance as at September 30, 2019	$	513,580
Accretion expensed during the year		6,420
Interest expense during the year		173,333
Balance as at September 30, 2020	$	693,333
Principal converted into common shares (Note 5)		(53,333)
Sale of subsidiaries (Note 7)		(640,000)
Balance as at June 30, 2021	$	-

5. SHARE CAPITAL AND RESERVES

Authorized share capital

As at June 30, 2021, the authorized share capital of the Company is an unlimited number of common shares without par value.

Issued share capital

During the period ended June 30, 2021, the Company issued 323,232 common shares to settle $53,333 of convertible debentures. At the time of issuance, the fair value of the shares issued was $42,020 resulting in a gain on settlement of $11,313, recorded on the statement of loss and comprehensive loss.

During the year ended September 30, 2020, the Company did not issue any shares.

Stock options and share purchase warrants

Stock option and share purchase transactions are summarized as follows:

	Stock options			Warrants		
	Number		Weighted Average Exercise Price	Number		Weighted Average Exercise Price
Outstanding, September 30, 2019	10,000	$	8.80	707,995	$	4.50
Expired/Cancelled	(2,500)			(707,995)		4.50
Outstanding, September 30, 2020	7,500		8.80	-		-
Expired/Cancelled	-		8.80	-		-
Outstanding, June 30, 2021	7,500	$	8.80	-	$	-
Exercisable, June 30, 2021	7,500	$	8.80	-	$	-

5. SHARE CAPITAL AND RESERVES *(cont'd…)*

Stock options and share purchase warrants outstanding

The following incentive stock options and share purchase warrants were outstanding at June 30, 2021:

		Exercise price		Expire date
Stock options				
	7,500	$	8.80	September 21, 2027

Share-based payments

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan the exercise price of each option equals the market price of the Company's stock, less applicable discount, as calculated on the date of grant. The vesting determined by the board of directors.

During the period ended June 30, 2021, the Company recognized stock-based compensation of $Nil (2020 – $1,179) in relation to stock options.

6. RELATED PARTY TRANSACTIONS

Key management personnel consist of the officers of the Company and the Company's Board of Directors. During the period ended June 30, 2021, the Company paid or accrued Management fees of $31,500 (2020 - $Nil) is to a company that employs the CFO of the Company.

Loans payable of $3,189 (2020 - $3,189) and trade payables of $221,406 (2020 - $236,286) is due to the former CFO of the Company.

7. SALE OF SUBSIDAIRIES

On May 17, 2021, the Company entered into a Share Sale Agreement ("SPA") 1255589 B.C. Ltd. (the "Purchaser") whereby the Purchaser acquired 100% of the issued and outstanding shares of Rosterbot, PSD, and DL Hockey (collectively, the "Subsidiaries"). As consideration for the SPA, the Purchaser assumed $640,000 of convertible debt (Note 4) from the Company.

As of the date of the sale, the Company derecognized the assets and liabilities of the Subsidiaries and recognized a gain from the sale of $683,283.

8. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

There were no significant non-cash transactions for the nine months period ended June 30, 2021.

During the nine months ended June 30, 2020, the Company reallocated $1,406,705 accounts payable to short-term loans pursuant to debt assignment agreements.

9. CAPITAL MANAGEMENT

The Company's primary objectives in capital management are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain sufficient fund operations. Capital is comprised of the Company's shareholders' deficiency. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities.

The Company does not presently utilize any quantitative measures to monitor its capital and is not subject to externally imposed capital requirements.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The carrying value of cash and cash equivalents, receivables, accounts payable and accrued liabilities and short-term loans payable approximated their fair value because of the short-term nature of these instruments.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

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 receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions.

Liquidity risk

The Company's approach to managing liquidity risk is to try and have sufficient liquidity to meet liabilities when due. As at June 30, 2021, the Company had a cash balance of $10,177 (September 30, 2020 - $860) to settle current liabilities of $2,052,556 (September 30, 2020 - $2,598,386). All of the Company's accounts payable and accrued liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company does not have a practice of trading derivatives.

Interest rate risk

The Company's financial assets exposed to interest rate risk consist of cash balances. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As at June 30, 2021, the Company did not have any investments in investment-grade short-term deposit certificates.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(cont'd…)*

Price risk

The Company is exposed to price risk with respect to equity prices. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.