

Lead Innovation Corporation
Consolidated Balance Sheets
(Unaudited)

<u>ASSETS</u>	<u>As of</u> <u>November 30, 2019</u>	<u>As of</u> <u>November 30, 2018</u>
Current Assets:		
Cash and cash equivalents	\$ 69,018	\$ 49,822
Other receivables, net	182,911	-
Amounts due from related parties	3,250	-
Inventories, net	91,133	-
Property & Equipment	938,061	938,000
Licensing Agreement	10	10
Total Assets	<u>\$ 1,284,383</u>	<u>\$ 987,832</u>
 <u>LIABILITIES AND STOCKHOLDERS' DEFICIT</u>		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 642,332	\$ 115,031
Loan payables- related party	1,272,895	1,272,895
Convertible note payables, net	21,720	21,720
Total Current Liabilities	<u>1,936,947</u>	<u>1,409,646</u>
Commitments	-	-
Stockholders' Equity (Deficit):		
Common stock; \$0.00001 par value; 1,800,000,000 shares authorized; 440,742 and 440,742 shares issued and outstanding as of November 30, 2019, and November 30, 2018, respectively	4	4
Preferred stock; \$0.00001 par value; 200,000,000 shares authorized, 6% <i>Series A Preferred Stock</i> ; 20,000,000 authorized, 314,035 and 314,035 shares issued and outstanding as of November 30, 2019 and November 30, 2018, respectively	3	3
<i>Series C Preferred stock</i> ; 500 authorized, 500 and 0 shares issued and outstanding as of November 30, 2019 and November 30, 2018, respectively	1	-
Additional paid in capital	16,296,933	15,994,060
Deemed dividend	(61,865)	(61,865)
Deficit accumulated	(16,887,640)	(16,354,016)
Total Stockholders' Deficit	<u>(652,564)</u>	<u>(421,814)</u>
Total Liabilities and Stockholders' Deficit	<u>\$ 1,284,383</u>	<u>\$ 987,832</u>

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

Lead Innovation Corporation
Consolidated Statements of Operations

	Year Ended November 30, <u>2019</u> (unaudited)
Net Revenues	\$ 1,219,423
Cost of Goods Sold	<u>195,948</u>
Gross profit	<u>1,023,475</u>
Operating Expenses:	
Consulting expense	-
Professional fees	13,125
Selling and marketing expenses	861,527
General and administrative expenses	<u>105,343</u>
Total operating expenses	<u>(979,995)</u>
Income From Operations	43,480
Other Income (Expense):	
Non-operating income	2,140
Interest expense	(39,601)
Other expense	(4,047)
Income Tax	<u>(2,105)</u>
Net Income/(Loss)	<u><u>(133)</u></u>
Other comprehensive income	
Foreign currency translation income	24,530
Comprehensive income (loss)	<u><u>\$ 24,397</u></u>
Income (loss) per share	
Basic & Diluted	<u><u>\$ 0.05</u></u>
Weighted average number of shares outstanding	
Basic & Diluted	<u><u>440,742</u></u>

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of these unaudited financial statements

Lead Innovation Corporation
Consolidated Statements Of Cash Flows

Year Ended
November 30, 2019
(unaudited)

CASH FLOWS FROM OPERATING ACTIVITIES	(133)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation expense	1
Other receivables	(29,267)
Amounts due from related parties	10,558
Inventories	(71,573)
Increase (decrease) in accounts payable and accrued expenses:	<u>85,080</u>
Net cash used in operating activities	(5,334)
CASH FLOWS FROM INVESTING ACTIVITIES	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Monies raised from loan payables- related party	<u>-</u>
EFFECT OF EXCHANGE RATE FLUCTUATION ON CASH AND CASH EQUIVALENTS	<u>24,530</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	19,196
CASH AND CASH EQUIVALENTS, BEGINNING BALANCE	<u>\$ 49,822</u>
CASH AND CASH EQUIVALENTS, ENDING BALANCE	<u>\$ 69,018</u>
SUPPLEMENTAL DISCLOSURES:	
Interest paid	<u>\$ -</u>
Income tax paid	<u>\$ -</u>
SUPPLEMENTAL DISCLOSURES FOR NON CASH: FINANCING AND INVESTING ACTIVITIES	
Stock issued for acquisition of licensing agreement	<u>\$ -</u>
Equipment acquired from related party against loan agreement	<u>\$ -</u>

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Lead Innovation Corporation
Consolidated Statement of Stockholders' Deficit
(Unaudited)

	Common Stock		Preferred Stock		Deemed Dividend	Additional Paid-In Capital	Accumulated Deficit	Total
	Shares	Amount	Share	Amount				
Balance at 11/30/17	351,907,314	\$ 351,907	31,403,475	\$ 31,403	\$(61,865)	\$15,610,757	\$(16,279,499)	\$(347,297)
1 for 100 reverse stock split – 12-13-17	-	-	(31,089,440)	(31,400)	-	31,400	-	-
1 for 800 reverse stock split – 3-23-18	(351,466,572)	(351,903)	-	-	-	351,903	-	-
Net loss	-	-	-	-	-	-	(74,517)	(74,517)
Balance at 11/30/18	440,742	\$ 4	314,035 ⁽¹⁾	\$ 3	\$(61,865)	\$15,994,060	\$(16,354,016)	\$(421,814)
Issuance of Series C preferred for acquisition of Lil Macau	-	-	500 ⁽²⁾	\$ 1	-	302,873	(558,021)	(255,147)
Foreign currency translation adjustment	-	-	-	-	-	-	24,530	24,530
Net loss	-	-	-	-	-	-	(133)	(133)
Balance at 11/30/19	440,742	\$ 4	314,035 ⁽¹⁾	3	\$(61,865)	\$16,296,933	\$ (16,887,640)	\$ (652,564)

(1)Represents 6% Series A preferred shares

(2)Represents Series C preferred shares

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

Lead Innovation Corporation
Notes to Unaudited Consolidated Financial Statements

1. Financial Statement Presentation

Lead Innovation Corporation, formerly Hitec, Inc., (the "Company") was incorporated in Delaware. On November 28, 2003, the Company acquired GospelCity.com Inc. which was spun off on November 27, 2007.

The Company was incorporated in Nevada on November 14, 2008 under the name Heart Health Inc. On March 3, 2010, the Company acquired all the assets of Blue Gold Beverages, Inc. On April 8, 2010, the Company filed for change of the name of the Company from Heart Health Inc. to Blue Gold Beverages, Inc.

On April 27, 2012, the Company's name changed to Dragon Polymers Inc.

On October 12, 2014, the Company had a change in the management. The new management changed the name of the Company to Hitec Corp on November 4, 2014.

On December 12, 2017, the Company incorporated HTIC Environmental Inc., a wholly owned subsidiary.

On December 13, 2017, the Company effectuated a 1 for 100 reverse stock split of its issued and outstanding 6% Series A preferred shares.

On December 28, 2017, the Company had a change in management and a change of control.

On February 27, 2018, the corporate name was changed to Lead Innovation Corporation. The Company also increased the authorized capital stock to 1,800,000,000 common shares, par value \$.00001 and 200,000,000 preferred shares par value \$.00001.

On March 23, 2018, the Company effectuated a 1 for 800 reverse stock split of its issued and outstanding common shares resulting in 440,742 common shares issued and outstanding.

In February 2019, the issuer entered into a letter of agreement with Lead Innovation Limited, a Macau company ("Lil Macau"). Lil Macau was formed with the vision of developing lifestyle products and projects of innovative, creative nature that fosters a modern lifestyle of quality and leisure. Since inception in 2016, Lil Macau has developed certain projects in the People's Republic of China through its wholly owned subsidiary Zhuhai City Unicorn Hotel Management Co., Ltd. (WFOE), a PRC company. Additionally, Lil Macau recently entered into business in the food and beverage distribution industry in Macau which business extends to other countries in Asia. Lil Macau, through its WFOE subsidiary, also owns business and certain high-end properties in the Zhongshan City of Guangdong Province in the People's Republic of China.

Chun Hong Cheng Cheng, majority shareholder, sole officer and director of the issuer is also the majority shareholder, sole officer and director of Lil Macau.

On March 29, 2019, pursuant to the letter of agreement, the Lil Macau shareholders sold all of their shares in Lil Macau representing 100% of total issued and outstanding shares of Lil Macau in exchange for 500 Series C preferred shares of the issuer. The Series C preferred shares are convertible after 18 months from issuance at a conversion rate of 2,000 common shares for each preferred share.

2. Significant Accounting Policies

Basis of Presentation and Organization

The financial statements of the Company for the year ended November 30, 2019 have been prepared in accordance with generally accepted accounting principles.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined.

Revenue Recognition

The Company recognizes revenue in accordance with Accounting Standard Codification Revenue Recognition. Revenues are recognized when the following criteria are met: (i) persuasive evidence of an arrangement exists, (ii) the title and risk of loss have passed, and (iii) fees are fixed or determinable.

The recognition of income is confirmed in accordance with the principle of responsibility. The Company's main business is hotel operations, which provides accommodation for customers and confirms the income when the guests stay ends and they check out. Discounts provided were recorded as deduction of net sales.

Fair Value of Financial Instruments

The Company applies the provisions of ASC 820-10, "Fair Value Measurements and Disclosures." ASC 820-10 defines fair value and establishes a three-level valuation hierarchy for disclosures of fair value measurement that enhances disclosure requirements for fair value measures. For certain financial instruments, including cash and cash equivalents, restricted cash, accounts receivable, accounts payable and short-term debt, the carrying amounts approximate fair value due to their relatively short maturities. The carrying amounts of the long-term debt approximate their fair values based on current interest rates for instruments with similar characteristics.

The three levels of valuation hierarchy are defined as follows:

Level 1: Valuations consist of unadjusted quoted prices in active markets for identical assets and liabilities and has the highest priority;

Level 2: rely on quoted prices in markets that are not active or observable inputs over the full term of the asset or liability;

Level 3: Valuations are based on prices or third party or internal valuation models that require inputs that are significant to the fair value measurement and are less observable and thus have the lowest priority.

Cash and Cash Equivalents

Cash and cash equivalents include cash in hand and cash in time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less.

Inventory

The Company values its inventories at the lower of cost or net realizable value. Net realizable value is based on estimated selling prices less further costs expected to be incurred for completion and disposal.

The Company used weighting average method for the inventories. Inventory reserves are provided to cover risks arising from slow-moving items. The estimated obsolescence or unmarketable inventory equal to the difference between the cost of inventory and the estimated market value based on assumptions about future demand and market conditions.

Stock Based Compensation

The Company measures stock-based compensation cost at the grant date based on the fair value of the award and recognize it as expense over the applicable vesting period of the stock award using the straight-line method.

Basic and Diluted Earnings Per Share

Basic earnings per share is computed based on the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share is computed based on the weighted average number of shares of common stock plus the effect of dilutive potential common shares outstanding during the period using the treasury stock method. Dilutive potential common shares include outstanding stock options, warrants, and stock awards. Basic & diluted income per share was \$(0.05) for the year ended November 30, 2019.

Foreign currency transactions and translations

An entity's functional currency is the currency of the primary economic environment in which it operates, normally that is the currency of the environment in which the entity primarily generates and expends cash. Management's judgment is essential to determine the functional currency by assessing various indicators, such as cash flows, sales price and market, expenses, financing and inter-company transactions and arrangements.

The functional currency of the Company is the Renminbi (“RMB”), and the reporting currency of these combined financial statements is the United States dollar (“US Dollars” or “\$”).

Transactions denominated in currencies other than the functional currency are translated into the functional currency at the exchange rates prevailing at the dates of the transactions. The resulting exchange differences are included in the determination of net loss of the combined financial statements for the respective periods

The exchange rates used for foreign currency translation was 0.142252 (1RMB = US Dollars) for the year ended November 30, 2019.

Accounting Pronouncements

The Company does not expect the adoption of recently issued accounting pronouncements to have a material impact on the Company’s results of operations, financial position or cash flow.

3. Property & Equipment

Property and equipment are recorded at cost less accumulated depreciation with no residual value. Depreciation for financial reporting purposes is provided using the straight-line method over estimated useful lives of the assets.

When office equipment and electronic devices are retired or otherwise disposed of, resulting gain or loss is included in net income or loss in the year of disposition for the difference between the net book value and proceeds received thereon. Maintenance and repairs which do not improve or extend the expected useful lives of the assets are charged to expenses as incurred.

On March 28, 2016, the Company acquired equipment from a related party for \$938,000 in exchange for an equipment loan for the same amount. The equipment is part of an operating plant under construction pursuant to the Company’s business plan. The equipment has not yet been put to use hence no depreciation was charged on the same.

4. Licensing Agreement

On March 28, 2016, the Company also obtained the exclusive right to certain patents for use of a technology involving pyrolysis system. The Company obtained the licensing agreement from a related party in exchange for the issuance of 20,625,000 shares of common stock. The fair market value of the shares was \$61,875. The cost of the license to the related party was \$10. Hence, the licensing agreement was recorded at the historical cost to the related party of \$10 and the excess value of shares of \$61,865 was recorded as a deemed dividend to the related party.

Pursuant to the sub-license agreement, the Company obtained the sole and exclusive right and license to purchase and operate processors for vapor distillation of tires, rubber and

other organic material which are made by or for licensor and covered by one or more of the licensed patents until the expiration of the last to expire of the licensed patents or any reissues thereof unless sooner terminated in accordance with the provisions of this agreement. In the event that the Company shall fail to put into operation an installation with at least five licensed products during the first eighteen (18) months of this agreement, or if construction has not been substantially initiated at a site for the installation of licensed products within one year following execution of this Agreement, licensor shall have the right to terminate this agreement. Licensor shall also have the right to terminate this Agreement if an additional installation of at least five licensed products is not placed in operation in every two-year period following the first installation. The Company agrees to pay licensor a royalty of twenty-five thousand dollars (\$25,000) for each licensed product placed in operation and a running use fee equal to 2.5% of the net collected revenues produced from all licensed products placed in operation of every installation by the Company.

As of November 30, 2019, there has been no installation, hence, no royalty has been paid to the licensor.

5. Loans Payable- Related Party

On March 28, 2016, the Company authorized signing of an operating loan representing costs advanced by a related party for the operations of the Company. The loan shall bear interest of 3% per annum. The operating loan amounted to \$251,685 as of November 30, 2019. The Company accrued interest of \$7,551 on this loan for the year ended November 30, 2019.

On March 28, 2016, the Company authorized signing of an equipment loan representing equipment acquired or fabricated by the related party (See Note 3). The equipment loan amounted to \$938,000 as of November 30, 2019. The Company accrued interest of \$28,140 for the year ended November 30, 2019.

Subsequent to the change of control on December 28, 2017, an affiliate of the Company advanced \$83,210 for the operations of the Company. The advances do not carry any interest and are due on demand.

6. Convertible Note Payable

On October 1, 2013, the Company raised \$21,720 on issuance of a new convertible note. The note is convertible at the rate of \$0.001 per share, bears an interest of 18% and was payable on October 1, 2014. The Company recorded a discount of \$21,720 for the beneficial conversion feature on the note which was amortized over the term of note. The Company recorded interest expense on the note of \$3,910 for the year ended November 30, 2019.

7. Going Concern

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles, which contemplate the continuation of the Company as a going concern. The Company reported accumulated deficit of \$(16,887,640) as of November 30, 2019. The Company incurred net loss of \$(133) for the year ended November 30, 2019. Until the recent acquisition of Lil Macau, deficiencies have been financed principally through the raising of equity and advances of the majority shareholders.

In view of the matters described, there is substantial doubt as to the Company's ability to continue as a going concern without a significant infusion of capital. Prior to the acquisition of Lil Macau, the Company had minimal operations. There can be no assurance that management will be successful in operating Lil Macua and implementing its plans. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

We anticipate that we will have to raise additional capital to fund operations over the next 12 months. To the extent that we are required to raise additional funds to acquire properties, and to cover costs of operations, we intend to do so through additional offerings of debt or equity securities. There are no commitments or arrangements for other offerings in place, no guaranties that any such financings would be forthcoming, or as to the terms of any such financings. Any future financing will involve substantial dilution to existing investors.

8. Capital Stock

Common stock

During the year ended November 30, 2016, the Company issued 20,625,000 shares of common stock for the acquisition of a licensing agreement. The Company valued the shares at the fair market value of \$61,875 (See Note 4). As of November 30, 2019, there were 440,742 common shares were issued and outstanding. No new common shares have been issued since the 1 for 800 reverse stock split effected March 23, 2018.

Preferred stock

During the year ended November 30, 2016, the Company discovered that the number of shares of Series A Preferred Stock were under recorded by 17,403,475. The Company corrected the error during the year ended November 30, 2016. As of November 30, 2019, there were 314,035 shares of Series A Preferred Stock issued and outstanding.

Pursuant to the Letter of Agreement which closed on April 26, 2019, the Company recorded on its books and records, effective April 26, 2019, the issuance of 500 Series C Preferred Shares to selling shareholders of Lead Innovation Limited, a Macua company in exchange for all of their Lead Innovation Limited shares representing 100% of the issued

and outstanding shares. Each Series C preferred share is convertible after 18 months from issuance into 2,000 common shares.

Stock Option Plan

The Company has a stock option plan, under which the Company grants options to employees, non-employee directors, consultants and advisors of the Company or any subsidiary company to purchase common shares. In the case of consultants and advisors of the Company, options are only granted if bona fide services have been or are to be rendered by such consultant or advisor and such services are not in connection with the offer of sale of securities in a capital raising transaction. The option price shall be determined by the Board of Directors of the Company and shall be above the fair market value price of the common stock when granted. The term and vesting period of the options granted shall be determined by the Board of Directors or by its chosen committee.

No new stock options were granted during the year ended November 30, 2019 and there were no stock options outstanding as of November 30, 2019.

9. Subsequent Events.

None