

PEAK POSITIONING TECHNOLOGIES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis, (MD&A) provides Management's point of view on the financial position and results of operations of Peak Positioning Technologies Inc., on a consolidated basis, for the three-month periods ended March 31, 2019 (Fiscal 2019) and March 31, 2018 (Fiscal 2018).

Unless otherwise indicated or unless the context requires otherwise, all references in this MD&A to "Peak", the "Company", the "Corporation", "we", "us", "our" or similar terms refer to Peak Positioning Technologies Inc. and its subsidiary Peak Positioning Corporation on a consolidated basis. This MD&A is dated May 23, 2019 and should be read in conjunction with the Audited Consolidated Financial Statements and the notes thereto for the year ended December 31, 2018. Unless specified otherwise, all amounts are in Canadian dollars.

The financial information contained in this MD&A relating to the unaudited Consolidated Financial statements for the year ended March 31, 2019, and March 31, 2018, has been prepared in accordance with International Financial Reporting Standards, (IFRS).

The unaudited consolidated financial statements and MD&A have been reviewed by our Audit Committee and approved by our Board of Directors as at May 23, 2019.

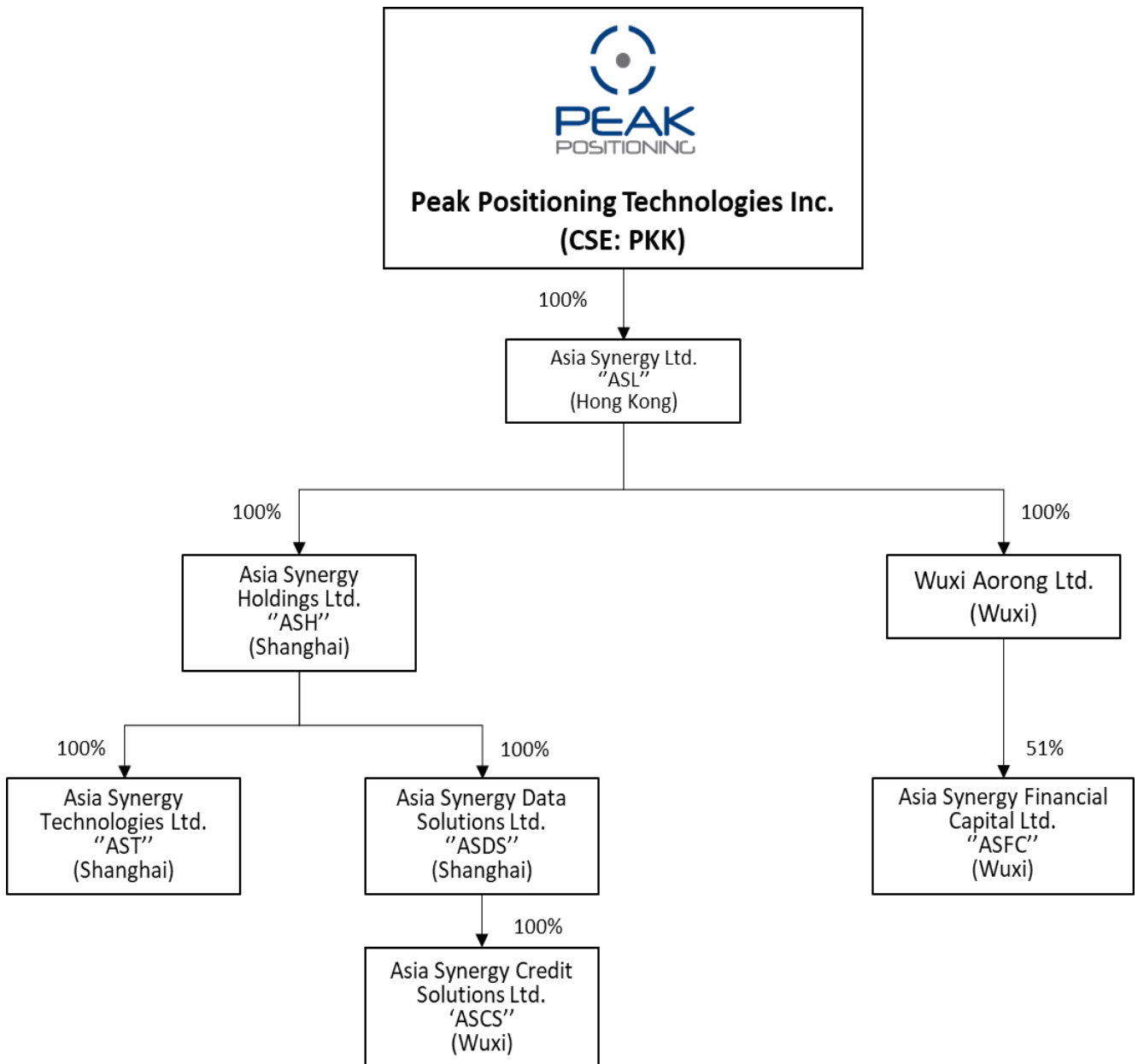
Forward looking information

Certain statements contained in this MD&A may constitute forward-looking information, which can generally be identified as such because of the context of the statements including words such as believes, anticipates, expects, plans, estimates, or words of similar nature. The forward-looking statements are based on current expectations and are subject to known and unknown risks, uncertainties, and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results. We refer potential investors to the "Risks and Uncertainties" section of this MD&A. The reader is cautioned to consider these and other risks and uncertainties carefully and not to put undue reliance on forward-looking information. Forward-looking information reflects current expectations regarding future events and speaks only as of the date of this MD&A and represents the Company's expectations as of that date.

The Company undertakes no obligation to update or revise the information contained in this MD&A, whether as a result of new information, future events or circumstances or otherwise, except as may be required by applicable law.

Structure

The following chart summarizes the corporate structure of the Company.



Business Overview

Peak (CSE: PKK) (PINK SHEETS: PKKFF), is an IT portfolio management company whose mission is to assemble, finance and manage a portfolio of promising companies and assets in some of the fastest growing tech sectors in China, including fintech, e-commerce and cloud-computing. Peak provides a bridge for North American Investors who wish to participate in the continued digitization of China's industrial sectors through the latest advancements in technology.

Operating Highlights for the Quarter

After closing out 2018 by announcing that its newly-created subsidiary Asia Synergy Credit Solutions (“ASCS”) would be taking over the credit outsourcing operations of Wenyi Financial Services Co. Ltd. (“Wenyi”), the Company began 2019 by announcing that ASCS had signed an agreement to service up to \$1B in loans on behalf of the Wuxi Rural Commercial Bank (“WRCB”). Under the terms of the agreement, ASCS earns a service fee representing approximately 6% of the value of the loans it services on behalf of WRCB. As soon as the agreement was in place, the Company’s Asia Synergy Data Solutions (“ASDS”), which manages the Company’s Cubeler Lending Hub commercial lending platform through which ASCS manages its clients’ loans, began the work to ensure the compatibility of WRCB’s systems with the platform. The WRCB system compatibility and integration work was completed just prior to the Chinese New Year holiday, which allowed ASCS to begin servicing the first WRCB loans prior to the end of the quarter. The WRCB opportunity has the potential to be a very important revenue contributor for the Company, so the Company plans to do everything in its power to qualify as many clients and service as many loans as possible in 2019 and beyond on behalf of the WRCB.

In order to maximize the WRCB loan servicing opportunity, ASCS needs to find and qualify enough clients for which Wuxi Union SME Guarantee Co. Ltd. (“Wuxi Union”) is willing to provide a loan guarantee, thus making them eligible to borrow an aggregate amount of \$1B from WRCB. At an average loan size of \$100,000, based on loans serviced by ASCS, it would take a total of 10,000 clients to reach the \$1B loan amount. So the Company began exploring ways in which the average size of the loans could be increased so that fewer clients would be required to maximize the WRCB opportunity. This led to discussions between the Company and a Canadian financial institution about the possibility of creating a program under which part of the \$1B loanable funds made available by WRCB could be used to lend to Canadian companies that are either already operating in China or to those looking to establish operations there. The theory is that Canadian companies backed by a Canadian financial institution would be able to borrow an average amount that is considerably higher than the Chinese SMEs currently being loaned to under the terms of the agreement. The Company is of the opinion that the successful implementation of such a program could not only help maximize the WRCB opportunity, but could lead to similar opportunities involving various Chinese banks and insurance companies.

Although ASCS’ new relationship with WRCB overshadowed most everything that took place during the quarter, it should be noted that ASCS did manage to add two new lenders to its loan servicing client list during the quarter. As of the date of this MD&A, ASCS was servicing loans on behalf of five commercial lenders, including WRCB.

Business plan and Outlook for 2019

The Company is looking for 2019 to be the year that marks the conclusion of its transition, which began in the spring of 2017, from an ecommerce focussed company to a fintech company providing various financial services in the Chinese commercial lending space. Evidence of the end of that transition would entail a decrease in investments required for the development of the Company’s service offerings during the year and closing out the year by posting positive EBITDA for the year.

With the first quarter of 2019 marking the fourth consecutive quarter of increased revenue and the Company getting ever so closer to its positive EBITDA objective by the end of the year (see “Select Quarterly Information” table below), the plan for 2019 is to stay the course. This means very little change in the operations of Asia Synergy Financial Capital (“ASFC”) and continued minor investments by ASDS to maintain and enhance the Cubeler Lending Hub platform. The Company will look to complete the repurposing of its Gold River product procurement platform, which would allow Asia Synergy Technologies to resume contributing to the Company’s revenue. But until that happens, ASFC, ASCS and ASDS are expected to carry the bulk of the revenue load for the Company in 2019.

The combination of ASDS’ technology and ASCS’ service offering is generating a number of

business opportunities that the Company plans to explore in 2019, including the aforementioned lending program for Canadian companies, the creation of joint ventures for specialized lending and the acquisition of operating businesses in-line with the Company's vision, similar to its acquisition of Wenyi's operations. Any and all business development opportunities requiring a financial investment in 2019 would only be considered if a return on that investment, equal to at least the amount of the investment, would be achieved prior to the end of 2019.

Selected Quarterly Information

	March 31, 2019	March 31, 2018
	Three months	Three months
Revenues	\$ 949,511	\$ 5,147
Expenses before finance costs, tax, depreciation and amortization	\$ 971,233	\$ 692,423
EBITDA (1)	\$ (21,722)	\$ (687,726)
Finance costs, Tax , depreciation and amortization	\$ 547,057	\$ 368,492
Net loss	\$ (568,779)	\$ (1,055,768)
<i>Net (loss) profit attributable to:</i>		
Non-controlling interest	\$ 113,388	\$ -
Owners of the parent	\$ (682,167)	\$ (1,055,768)
Basic and diluted loss per share	\$ (0.001)	\$ (0.002)
<hr/>		
Total assets	\$ 26,609,360	\$ 15,062,124
Total Liabilities	\$ 7,494,805	\$ 3,829,645
Long-term liabilities	\$ 410,011	\$ 3,633,086
Total Equity	\$ 19,114 555	\$ 11,232,479
<i>To Non-controlling interest</i>	\$ 10,118,255	\$ -
<i>To Owners of parent</i>	\$ 8,996,300	\$ 11,232,479

- (1) EBITDA are provided as a supplementary earning measure to assist readers in determining the ability of Peak Positioning Technologies Inc. to generate cash-flow from operations and to cover financial charges. They are also widely used for business valuation purposes. These measures do not have a standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies.

EBITDA equals net loss before finance cost, as defined in the interim consolidated financial statement, income tax, depreciation of property and equipment and amortization of intangible assets and financing of initial costs.

Reconciliation of EBITDA to net loss	Three-month periods ended	
	March 31, 2019	March 31, 2018
Net loss for the period	\$ (568,779)	\$ (1,055,768)
<i>Add:</i>		
Income tax	\$ 109,930	\$ -
Finance costs	\$ 231,537	\$ 227,746
Depreciation and amortization	\$ 205,590	\$ 140,746
EBITDA	\$ (21,722)	\$ (687,276)

Results of Operations

Revenues

The Company generated \$949,511 in revenue during the first quarter of 2019, compared to \$5,147 for the same period in 2018. Approximately three quarters of the Company's first quarter revenue in 2019 came from ASFC, while the balance was generated from the combined efforts of ASDS and ASCS, which began its loan servicing operations in January 2019.

ASFC's revenue came in the form of interest earned on loans extended to Chinese small and medium-sized business owners. The loans yielded an effective average annual interest rate of 15.9% with an average maturity of 16.3 months during the period ended March 31, 2019.

ASCS' revenue for the quarter came in the form of loan servicing fees received from its bank and commercial lending clients related to a total of 356 loans serviced by ASCS during the period.

Operating expenses

The following schedule summarizes the operating expenses:

	March 31, 2019 (3 months)	March 31, 2018 (3 months)
	\$	\$
Salaries and fringe benefits	402,026	205,547
Service fees	27,434	-
Board remuneration	16,794	31,395
Sales taxes and additions	7,708	-
Consulting fees	114,701	80,312
Management fees	35,906	64,987
Expected credit loss	4,467	-
Administrative and indirect costs	59,100	-
Professional fees	49,376	73,701
Public relations and press releases	31,317	96,845
Office supplies, software and utilities	26,430	12,979
Lease expenses	13,277	19,791
Depreciation of right-of use- assets	52,791	
Insurance	7,239	6,456

Finance costs	231,538	227,746
Translation & Other	10,832	1,440
Travel and entertainment	105,223	63,005
Stock exchange and transfer agent costs	7,238	12,386
Depreciation of property and equipment	9,389	20
Amortization of intangible assets	187,147	132,834
Amortization of financing initial costs	9,054	17,659
Loss (gain) on foreign exchange	(627)	13,813
Total expenses before income tax	1,408,360	1,060,915

Salaries and fringe benefits amounted to \$402,026 for the three-month period ended March 31, 2019 (compared to \$205,547 for the same period in 2018). Except for the Company's CEO and CFO, all salaries are paid out to employees working out of the Company's subsidiaries' offices in China. The increase in salary expense for the period is attributed to the creation of the Company's ASFC and ASCS subsidiaries, which respectively began their operations in June 2018 and January 2019. There were therefore no salary expenses related to those two subsidiaries for the quarter ended March 31, 2018. The share-based remuneration is included within this caption, which amounted to \$40,915 for the first quarter of 2019 compared to \$65,701 for the corresponding quarter in 2018.

Service fees related to consulting and business development services provided to the Company's ASFC subsidiary by a third-party company amounted to \$27,434 in the first quarter of 2019, compared to none for the corresponding period of 2018.

Board remuneration refers to share-based remuneration received by members of the Company's board of directors and amounted to \$16,794 in the first quarter of 2019 compared to \$31,395 for the same period in 2018.

Consulting fees totalling \$114,701 incurred during the quarter ended March 31, 2019 (\$80,312 for the same period in 2018), mainly relate to corporate financing consulting and business development consulting in China. There were no technical support and marketing services rendered by an affiliated company on the Cubeler platform in the first quarter of 2019 compared to \$43,680 for the same period in 2018. The balance of consulting fees for the first quarter of 2018 relates to services rendered by consultants on the day-to-day accounting and financial operations.

Management fees of \$35,906 for the first quarter of 2019 relate to services rendered to the Company in Canada and to its subsidiaries in China (compared to \$64,987 for the same period in 2018). The decrease in management fees is mainly attributed to a reduction in the number of hours for which management consulting services were used. The share-based portion of the management fees amounted to \$15,386 in the first quarter of 2019 compared to \$25,825 for the same period of 2018.

Administrative and indirect costs of \$59,100 in the first quarter of 2019 (compared to none in the first quarter of 2018) relate to administrative support expenses and other indirect costs for the Company's ASFC subsidiary in China.

Professional fees such as audit fees and legal fees totalled \$49,376 for the three-month period ended March 31, 2019 (compared to \$73,701 for the same period ended March 31, 2018). The difference is mainly due to the Company no longer needing human resources recruiting services in China. Such services were used in 2018 and led to the hiring of a key manager in 2018.

Public relations and press release expenses amounted to \$31,317 for the first quarter of 2019 (compared to \$96,845 for the same period of 2018). The significant decrease is due to the fact that certain public relations and investor awareness agreements entered into by the Company with certain service providers in 2018 were not renewed in 2019.

Depreciation of right-of use assets of \$52,791 in the first quarter of 2019 (compared to none in the first quarter of 2018) follows the adoption of IFRS 16 on January 1, 2019, and relates to the depreciation of liability associated with new office lease agreements of the Company's operational subsidiaries in China.

Finance costs include mainly interest charges and accretion of debentures. Those costs amounted to \$231,538 for the three-month period ended March 31, 2019, compared to \$227,746 for the same period in 2018.

Travel and entertainment expenses amounted to \$105,223 in the first quarter of 2019 compared to \$63,005 for the same period in 2018. These expenses are mainly attributed to travel expenses incurred by the Company's Chinese management related to business development initiatives and operations in China.

Amortization of intangible assets amounted to \$187,147 for the three-month period ended March 31, 2019, compared to \$132,834 for the same period in 2018. This increase is due to the amortization of the loan service agreements that accompanied the acquisition by ASCS of Wenyi's business operations on January 1, 2019, which was offset by a reduction of the amortization of the Gold River platform following the partial impairment of Gold River at the end of 2018.

Net Results.

The Company incurred a net loss of \$633,946 in the first quarter of 2019 (compared to a net loss of \$1,055,768 in the corresponding period of 2018).

Summary of Quarterly Results

	March 31, 2019	March 31, 2018	December 31, 2018	December 31, 2017
	Three months	Three months	Three months	Three months
Revenues	\$ 949,511	\$ 5,147	\$ 742,038	\$ 1,622
Expenses (1)	\$ 1,518,290	\$ 1,060,915	\$ 1,697,596	\$ 737,933
Net Loss	\$ (568,779)	\$ (1,055,768)	\$ (955,559)	\$ (736,321)
<i>Net (loss) profit attributable to:</i>				
Non-controlling interest	\$ 113,388	\$ -	\$ 24,705	\$ -
Owners of the parent	\$ (682,167)	\$ (1,055,768)	\$ (980,263)	\$ (736,321)
Earnings per Share (2)	\$ (0.001)	\$ (0.002)	\$ (0.001)	\$ (0.002)

	September 30, 2018	September 30, 2017	June 30, 2018	June 30, 2017
	Three months	Three months	Three months	Three months
Revenues	\$ 709,739	\$ 3,958	\$ 224,611	\$ 144,823
Expenses (1)	\$ 1,335,437	\$ 1,137,647	\$ 1,196,506	\$ 1,046,147
Net Loss	\$ (625,698)	\$ (1,113,680)	\$ (971,895)	\$ (901,324)
<i>Net (loss) profit attributable to:</i>				
Non-controlling interest	\$ 144,324	\$ -	\$ 74,731	\$ -
Owners of the parent	\$ (770,022)	\$ (1,113,680)	\$ (1,046,626)	\$ (901,324)
Earnings per Share (2)	\$ (0.001)	\$ (0.002)	\$ (0.001)	\$ (0.002)

Note (1): Including income tax expenses

Note (2): Earnings per share is calculated using the net loss and the weighted average number of outstanding shares.

Liquidity

The level of revenue currently being generated by the Company is not presently sufficient to meet its working capital requirements. Until that happens, the Company will continue to use financing means to help meet its financial obligations. As of May 23, 2019, the Company's working capital is estimated at approximately \$300,000. The Company closed a private placement financing for gross proceeds of \$305,000 in April 2019. The Company's cash flow position is expected to improve significantly as the other Chinese subsidiaries join ASFC in generating revenue for the Company. These additional revenue streams are expected to eventually allow the Company to meet its working capital needs. However, until that happens, the Company will continue to assess its working capital needs and undertake whatever initiative it deems necessary to ensure that it continues to be in a position to meet its financial obligations. In the opinion of management, the Company's current cash position and its access to additional capital will be sufficient to meet its current obligations and allow it to continue as a going concern for the next 12 months.

Financing

In January 2019, the Company issued 700,000 common shares to settle \$35,000 of debt related to consulting services received by the Company.

On April 26, 2019, the Company closed a private placement consisting of the sale of 30.5 units of unsecured convertible debentures at \$10,000 per unit for gross proceeds of \$305,000. Each unit sold is comprised of \$10,000 face value debentures, maturing on April 26, 2021, bearing interest at a nominal annual rate of 8% payable monthly, plus 200,000 purchase warrants exercisable into Company common share at \$0.10 per share for a period of 24 months from the date of issuance.

In May 2019, the Company issued 1,800,000 common shares to settle \$95,000 of debt related to consulting services received by the Company.

Capital Stock

The Company's capital stock as of March 31, 2019, was \$22,794,673 compared to \$22,759,673 as of December 31, 2018. The variation is explained by the issuance of 700,000 common shares to settle \$35,000 of debt related to consulting services received by the Company.

Common Shares

As of May 23, 2019, the Company had 677,642,135 common shares outstanding. The following table summarizes the changes in shares outstanding from January 1, 2011, until May 23, 2019.

Date	Description	Number	Cumulative number
Dec 31, 2010	Outstanding as of December 31, 2010	10,000,000	10,000,000
February 8, 2011	Acquisition of Peak Corp	30,000,000	40,000,000
2011	Issuance 2011	27,481,335	67,481,335
2012	Issuance 2012	11,325,800	78,807,135
2013	Issuance 2013	9,831,834	88,638,969
2014	Issuance 2014	43,747,920	132,386,889
2015	Issuance 2015	60,212,625	192,599,514
2016	Issuance 2016	227,319,050	419,918,564

2017	Issuance 2017	209,740,491	629,659,055
January 2018	Private placement	5,000,000	634,659,055
January 2018	Shares for debt	1,500,000	636,159,055
February 2018	Surrender of Debenture	20,000,000	656,159,055
March 2018	Shares for debt	600,000	656,759,055
April 2018	Surrender of Debenture	1,000,000	657,759,055
May 2018	Shares for debt	400,000	658,159,055
June 2018	Surrender of Debenture	10,000,000	668,159,055
July 2018	Shares for debt	700,000	668,859,055
July 2018	Shares for debt	250,000	669,109,055
July 2018	Shares for debt	640,000	669,749,055
August 2018	Shares for debt	393,080	670,142,135
August 2018	Surrender of Debenture	5,000,000	675,142,135
January 2019	Shares for debt	700,000	675,842,135
May 2019	Shares for debt	1,800,000	677,642,135
Total		677,642,135	

Share Purchase Options

As of May 23, 2019, the Company had 46,950,000 common share purchase options outstanding. The following table summarizes the options outstanding as of May 23, 2019.

Date of grant	Optionee	Number	Exercise Price	Expiration
May 2015	Employees	2,000,000	\$0.05	May 2020
May 2015	Board members	750,000	\$0.05	May 2020
May 2015	Investor relation consultants	1,000,000	\$0.05	May 2020
May 2015	Consultants	550,000	\$0.05	May 2020
September 2015	Consultants	500,000	\$0.05	September 2020
November 2015	Employees	2,000,000	\$0.05	November 2020
November 2015	Board members	600,000	\$0.05	November 2020
December 2015	Consultant	2,500,000	\$0.05	December 2020
May 2016	Consultant	150,000	\$0.05	May 2021
July 2016	Board members and officers	10,500,000	\$0.085	July 2021
June 2017	Consultant	350,000	\$0.105	June 2022
June 2017	Board members and officers	7,950,000	\$.105	June 2022
November 2017	Officer	375,000	\$0.055	November 2022
December 2017	Board members and officers	5,000,000	\$0.08	December 2022

Date of grant	Optionee	Number	Exercise Price	Expiration
April 2018	Employee	100,000	\$0.05	April 2023
June 2018	Board members and officers	7,175,000	\$0.05	June 2023
June 2018	Consultants	400,000	\$0.05	June 2023
January 2019	Consultants	300,000	\$0.10	January 2024
February 2019	Officer	750,000	\$0.05	November 2023
May 2019	Consultant	1,000,000	\$0.05	May 2024
May 2019	Consultant	3,000,000	Variable	May 2024
May 2019	Board members, officers and employees	8,950,000	\$0.05	May 2024
	Total outstanding	55,900,000		

Share Purchase Warrants

As of May 23, 2019, the Company had 120,795,000 common share purchase warrants outstanding. The following table summarizes the changes in warrants outstanding as of May 23, 2019:

Date	Description	Number	Exercise Price	Expiration
June 2016	Warrants issued to subscribers in connection with private placement	199,000,000	\$ 0.050	June 2018
Fiscal year 2017	Exercise of Warrants	(1,000,000)	\$ 0.050	N/A
December 2017	Transfer to debenture holders and extension	(198,000,000)	\$ 0.050	N/A
March 2017	Warrants issued to subscribers in connection with private placement	1,640,359	\$ 0.200	March 2019
June 2017	Warrants issued to subscribers in connection with private placement	14,000,000	\$ 0.120	June 2022
August 2017	Warrants issued to subscribers in connection with private placement	3,333,333	\$ 0.061	June 2022
August 2017	Warrants issued to subscribers in connection with private placement	5,800,000	\$ 0.0567	June 2022
December 2017	Warrants transferred to debenture holders	191,000,000	\$ 0.050	December 2019

Date	Description	Number	Exercise Price	Expiration
December 2017	Extension of warrants	7,000,000	\$ 0.050	December 2019
December 2017	Warrants issued to debenture holders	49,000,000	\$ 0.050	December 2019
December 2017	Exercise of warrants to surrender the debentures	(127,000,000)	\$ 0.050	N/A
January 2018	Exercise of warrants to surrender the debentures	(20,000,000)	\$ 0.050	N/A
April 2018	Exercise of warrants to surrender the debentures	(1,000,000)	\$ 0.050	N/A
May 2018	Warrants issued to subscribers in connection with private placement	2,900,000	\$ 0.100	May 2020
June 2018	Exercise of warrants to surrender the debentures	(10,000,000)	\$ 0.050	N/A
August 2018	Exercise of warrants to surrender the debentures	(5,000,000)	\$ 0.050	N/A
December 2018	Warrants issued to subscribers in connection with private placement	510,000	\$ 0.100	December 2020
December 2018	Warrants issued to subscribers in connection with private placement	210,000	\$ 0.050	December 2020
December 2018	Warrants issued to subscribers in connection with private placement	3,866,667	\$ 0.050	June 2022
March 2019	Expiration of March 2017 issuance	(1,640,359)	\$ 0.200	N/A
April 2019	Warrants issued to subscribers in connection with private placement	6,100,000	\$ 0.100	April 2021
April 2019	Warrants issued to subscribers in connection with private placement	75,000	\$ 0.050	April 2021
Total		120,795,000		

Segment reporting

The Company presents and discloses segmental information, as disclosed in Note 16 of the Company's Interim Consolidated Financial Statements for the three months ending March 31, 2019, based on information that is regularly reviewed by the chief operating decision maker who has been identified as the Company's senior management team, which makes strategic and operational decisions.

Debentures

As of May 23, 2019, the Company had debentures outstanding as described in the notes to the interim consolidated financial statements for the three-month ended March 31, 2019.

Escrowed shares

As of May 23, 2019, the Company had no escrowed shares.

Related Party Transactions

Salaries paid to officers amounted to \$85,500 in the first quarter of 2019 compared to \$85,500 for the same period in 2018.

Share-based payments associated with salaries, management fees and board members amounted to \$73,094 in the first quarter of 2019 compared to \$122,920 in the first quarter of 2018.

During the period ended March 31, 2019, the Company incurred management fees of \$8,325 as remuneration to a company held by a director (compared to \$35,333 during the same period in 2018).

During the first quarter of 2019, the Company incurred no technical support and marketing support expenses from an affiliated company related to the Cubeler fintech platform, compared to expenses of \$43,680 for the same period in 2018. As at March 31, 2019, an advance to the same affiliated company, made in part for future development work to be performed, amounted to \$72,000 (compared to no such advances as at March 31, 2018). The development work in question is estimated to be completed on or prior to June 30, 2019, at which point most of the advanced amount will be reimbursed to the Company.

During the period ended March 31, 2019, the Company made interest payments totalling \$200 on promissory notes and debentures held by officers and directors of the Company (the same \$200 amount was paid during the same period in 2018).

Off-Balance-Sheet Arrangements

The Company has not entered into any off-balance sheet financing arrangements.

Accounting policies

The unaudited Interim Consolidated Financial Statements have been prepared in accordance with the same accounting policies used by the Company in the preparation of its recently filed annual financial statements for the year ended December 31, 2018, with the exception of the implementation of IFRS 16 during the preparation of the unaudited Interim Consolidated Financial Statements.

Legal proceedings

As of May 23, 2019, there were no legal proceedings against the Company.

Financial Instruments

The Company has classified its financial instruments as described in the note 4.10 of the audited Consolidated Financial Statements for the period ending December 31, 2018. The Company is exposed to various risks as described in the note 18.3 of the audited Consolidated Financial Statements as of December 31, 2018.

RISKS AND UNCERTAINTIES

Risk factors that may adversely affect or prevent the Corporation from carrying out all or portions of its business strategy are discussed in the Corporation's Filing Statement dated January 6, 2011, available on SEDAR at www.sedar.com. Other risks include:

Liquidity Risk

The Company does not have a long history of operations, is in the early stage of development and has just begun to generate operational revenue through its subsidiaries. As such, it is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personal, financial and other resources and the lack of revenue. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations.

Additional Financing

The Company may require additional financing in order to repay its creditors or other debts, make further acquisitions, investments or take advantage of unanticipated opportunities. The ability of the Company to arrange such financing in the future will depend upon prevailing capital market conditions, and the business success of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on satisfactory terms. If additional financing is raised by the issuance of shares from the treasury, control of the Company may change and shareholders may suffer additional dilution. If adequate funds are not available, or are not available on acceptable terms, the Company may not be able to take advantage of opportunities, or otherwise respond to competitive pressures and remain in business.

Patents

As of the date of this MD&A, the Company had no patents granted or pending. It should be noted, however, that being granted patent protection on its technology is not a prerequisite to the commercialization of the Company's product offerings, and should have no material impact on the Company's short-term performance.

Foreign Jurisdiction Risks

The Company has made significant investments in the pursuit of business opportunities in China, which exposes it to different considerations and other risks not typically associated with companies in Canada.

FURTHER INFORMATION

Additional information about the Company can be found at www.sedar.com

May 23, 2019

(s) Jean Landreville

Jean Landreville, Chief Financial Officer

(s) Johnson Joseph

Johnson Joseph, President & CEO