

Peak Positioning Technologies Inc.

**Interim Consolidated Financial Statements
For the three-month periods ended
March 31, 2018 and 2017**

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Note to reader: The Interim Consolidated Financial Statements have not been reviewed by the auditor

Peak Positioning Technologies Inc.

Consolidated Statements of Comprehensive Loss

For the three-month periods ended March 31, 2018 and 2017

(In Canadian dollars, except weighted average number of outstanding shares)

(Unaudited)

	2018	2017
	\$	\$
Revenues		
Sales	5,147	7,324,999
Expenses		
Costs of materials	–	7,288,643
Salaries and fringe benefits	205,547	156,768
Board remuneration	31,395	12,433
Sales taxes and additions	–	129
Consulting	80,312	114,205
Management fees to officers and directors	64,987	13,320
Professional fees	73,701	99,024
Public relations	95,133	30,404
Office supplies, stationery and utilities	4,424	14,160
Hardware and software	1,758	
Rental expenses	19,791	11,754
Telecommunications	297	841
Insurance	6,456	10,415
Finance costs (Note 10)	227,746	30,117
Server hosting and network fees	1,500	1,500
Website	5,000	–
Travel and entertainment	63,005	23,821
Stock exchange costs	5,500	1,833
Transfer agent costs	6,886	3,346
Press releases	1,712	7,143
Other	1,440	134
Depreciation of property and equipment	20	19
Amortization of intangible assets - technology platforms	132,834	191,912
Amortization of initial costs	17,659	–
Loss (gain) on foreign exchange	13,813	(1,106)
	<u>1,060,915</u>	<u>8,010,814</u>
Loss before income taxes	(1,055,768)	(685,815)
Income tax recovery (expense)		380
Net loss	(1,055,768)	(685,435)
Item that will be reclassified subsequently to profit or loss		
Currency translation adjustment	94,956	(24,312)
Total comprehensive loss	<u>(1,150,724)</u>	<u>(661,123)</u>
Weighted average number of outstanding shares	<u>647,309,056</u>	<u>423,163,969</u>
Basic and diluted loss per share	<u>(0.002)</u>	<u>(0.002)</u>

The accompanying notes are an integral part of the consolidated financial statements.

Peak Positioning Technologies Inc.
Consolidated Statements of Changes in Equity

For the three-month periods ended March 31, 2018 and 2017

(In Canadian dollars)

(Unaudited)

	Capital stock		Contributed surplus	Equity component of convertible debentures	Accumulated other comprehensive income	Deficit	Shareholders' equity (deficiency)
	Number of common shares	Amount					
		\$	\$	\$		\$	\$
Balance as of January 1, 2018	629,659,055	20,550,873	7,477,763		220,481	(17,062,100)	11,187,017
Reclassification other comprehensive income					(129,906)	129,906	-
Issuance of shares	5,000,000	325,000					325,000
Exercise of warrants	20,000,000	995,038	(226,772)				768,266
Issuance costs	2,100,000	(20,000)					(20,000)
Share-based compensation			122,920				122,920
Transactions with owners	656,759,055	21,850,911	7,373,911		90,575	(16,932,194)	12,383,203
Net loss						(1,055,768)	(1,055,768)
Other comprehensive loss					(94,956)		(94,956)
Total comprehensive loss for the year	-	-	-	-	(94,956)	(1,055,768)	(1,150,724)
Balance as of March 31, 2018	656,759,055	21,850,911	7,373,911		(4,381)	(17,987,962)	11,232,479
Balance as of January 1, 2017	419,918,564	11,576,483	4,091,124	157,110	(598)	(13,474,095)	2,350,024
Issuance of shares	1,533,666	128,104	101,878				229,982
Exercise of warrants	9,953,150	268,829					268,829
Exercise of options	700,000	70,000					70,000
Conversion of convertible debentures	2,882,440	144,122					144,122
Share-based compensation			68,710				68,710
Transactions with owners	434,987,820	12,187,538	4,261,712	157,110	(598)	(13,474,095)	3,131,667
Net loss						(685,435)	(685,435)
Other comprehensive loss					24,910		24,910
Total comprehensive loss for the year	-	-	-	-	24,910	(685,435)	(660,525)
Balance as of March 31, 2017	434,987,820	12,187,538	4,261,712	157,110	24,312	(14,159,530)	2,471,142

The accompanying notes are an integral part of the consolidated financial statements.

Peak Positioning Technologies Inc.

Consolidated Statements of Cash Flows

For the three-month periods ended March 31, 2018 and 2017

(In Canadian dollars)

(Unaudited)

	2018	2017
	\$	\$
OPERATING ACTIVITIES		
Net loss	(1,055,768)	(685,435)
Non-cash items		
Depreciation of property and equipment	20	19
Amortization of intangible assets - technology platform	132,834	191,912
Amortization of initial cost debenture	11,480	-
Share-based compensation	122,921	68,710
Accretion of convertible debentures	125,959	2,578
Interest charges	102,081	27,460
Interest paid	(82,267)	(14,161)
Net changes in working capital items		
Debtors	(74,758)	(337,251)
Prepaid expenses	(188,675)	405,502
Accounts payable and accrued liabilities	(37,707)	84,941
Cash flows from operating activities	<u>(943,881)</u>	<u>(255,725)</u>
INVESTING ACTIVITIES		
Term deposit	1,200,000	-
Debtors (note 3 and 12)	(4,384,574)	-
Cash flows from investing activities	<u>(3,184,574)</u>	<u>-</u>
FINANCING ACTIVITIES		
Debenture subscription received	3,000,000	-
Issuance of shares	230,000	568,889
Cash flows from financing activities	<u>3,230,000</u>	<u>568,889</u>
IMPACT OF FOREIGN EXCHANGE	<u>(94,956)</u>	<u>24,908</u>
Net increase in cash	<u>(993,411)</u>	<u>338,072</u>
Cash, beginning of period	<u>2,471,683</u>	<u>159,462</u>
Cash, end of period	<u><u>1,478,272</u></u>	<u><u>497,534</u></u>

The accompanying notes are an integral part of the consolidated financial statements.

Peak Positioning Technologies Inc.

Consolidated Statements of Financial Position

March 31, 2018 and December 31, 2017

(In Canadian dollars)

(Unaudited)

	<u>2018-03-31</u>	<u>2017-12-31</u>
	\$	\$
ASSETS		
Current		
Cash	1,478,272	2,471,683
Term deposit, 0,90%	–	1,200,000
Debtors (Note 3 and 12)	10,925,092	9,465,760
Prepaid expenses	468,045	279,370
Deferred financing cost	<u>295,547</u>	<u>295,547</u>
	13,166,956	13,712,360
Property and equipment	289	309
Intangible assets - Technology platforms (Note 4)	<u>1,894,879</u>	<u>2,027,713</u>
	<u>15,062,124</u>	<u>15,740,382</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 5)	<u>196,559</u>	<u>289,452</u>
	196,559	289,452
Debentures (Note 6)	<u>3,633,086</u>	<u>4,263,913</u>
	<u>3,829,645</u>	<u>4,553,365</u>
SHAREHOLDERS' DEFICIENCY		
Capital stock	21,850,911	20,550,873
Contributed surplus	7,373,911	7,477,763
Accumulated other comprehensive income	(4,381)	220,481
Deficit	<u>(17,987,962)</u>	<u>(17,062,100)</u>
	<u>11,232,479</u>	<u>11,187,017</u>
	<u>15,062,124</u>	<u>15,740,382</u>

The accompanying notes are an integral part of the consolidated financial statements.

On behalf of the Board,

/S/ Johnson Joseph
Director

/S/ Laval Bolduc
Director

Peak Positioning Technologies Inc.

Notes to Consolidated Financial Statements

for the three-month ended March 31, 2018 and 2017

(In Canadian dollars)

1 - GOVERNING STATUTES, NATURE OF OPERATIONS AND GENERAL INFORMATION

Peak Positioning Technologies Inc. (hereinafter the "Company") was incorporated pursuant to the provisions of the Business Corporations Act (Alberta) on May 13, 2008, and continued under the Canada Business Corporations Act on April 4, 2011. Peak Positioning Technologies Inc.'s executive offices are located at 550 Sherbrooke Street West, Suite 265, Montréal, Quebec, Canada. Its shares are traded on the Canadian Stock Exchange (CSE) under the symbol "PKK". Its shares are quoted in the U.S. on the OTC Market's Groups "Pink Sheet": PKKFF.

Peak 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.

The consolidated financial statements include the accounts of Peak Positioning Technologies Inc. and its wholly-owned subsidiaries. The following entities have been consolidated within these consolidated financial statements:

Entities	Registered	% of ownership and voting right	Principal activity	Functional Currency
Peak Positioning Technologies Inc.	Canada		Holding and parent company	Canadian dollar
Asia Synergy Limited	Hong Kong	100%	Holding	HongKong dollar
Asia Synergy Holdings	China	100%	Holding Raw material commerce or	Renminbi
Asia Synergy Technology Inc.	China	100%	supply chain facilitator commerce	Renminbi
Asia Synergy data Solutions			Fintech	Renminbi

The unaudited interim condensed consolidated financial statements (the "consolidated interim financial statements") are in compliance with the International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"). Since they are condensed financial statements, certain information and footnote disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), have been voluntarily omitted or summarized.

Peak Positioning Technologies Inc.

Notes to Consolidated Financial Statements

for the three-month ended March 31, 2018 and 2017

(In Canadian dollars)

1 - GOVERNING STATUTES, NATURE OF OPERATIONS AND GENERAL INFORMATION (cont'd)

The preparation of financial statements in accordance with IAS 34 requires the use of certain accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements have been set out in note 5 of the Company's consolidated financial statements for the year ended December 31, 2017. There has not been any significant change in judgments, estimates or assumptions since then. These consolidated interim financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2017.

The consolidated interim financial statements were prepared using the same accounting policies and methods as those used in the Company's consolidated financial statements for the year ended December 31, 2017.

The interim consolidated financial statements for the three-month period ended March 31, 2018 (including comparative figures) were approved by the Board of Directors on May 24, 2018.

2 - GOING CONCERN ASSESSMENT

These interim consolidated financial statements have been prepared on the basis of the going concern assumption meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

The level of revenues currently being generated is not presently sufficient to meet the working capital requirements. The Company's ability to continue as a going concern is dependent upon its ability to raise additional financing. Even if the Company has been successful in the past in doing so, there is no assurance that it will manage to obtain additional financing in the future. Also, the Company incurred a net loss of \$1,150,724 for the three-month period ended March 31, 2018 (\$661,123 for 2017), it has an accumulated deficit of \$17,987,962 as at March 31, 2018 (\$17,062,100 as at December 31, 2017) and it has not yet generated positive cash flows from operations. These material uncertainties cast significant doubt regarding the Company's ability to continue as a going concern.

The interim consolidated financial statements do not include any adjustments or disclosures that may be necessary should the Company not be able to continue as a going concern. If this were the case, these adjustments could be material.

Peak Positioning Technologies Inc.

Notes to Consolidated Financial Statements

for the three-month ended March 31, 2018 and 2017

(In Canadian dollars)

3 - DEBTORS

	2018-03-31	2017-12-31
	\$	\$
Sales tax receivable	103,321	93,938
Other Taxes receivable	65,375	–
Secured advance (a)	4,113,276	–
Advances to a company, 1.5% to 1.65%	643,120	371,822
Subscription receivable (Note 12)	6,000,000	9,000,000
	<u>10,925,092</u>	<u>9,465,760</u>

a) the secured advanced is guaranteed by a three-party collateral agreement

4 - INTANGIBLE ASSETS - TECHNOLOGY PLATFORMS

	Gold River \$	Cubeler Interface \$	Total \$
Gross carrying amount			
Balance as at December 31, 2017	2,461,348	181,702	2,643,050
Acquisition	–	–	–
Balance as at March 31, 2018	<u>2,461,348</u>	<u>181,702</u>	<u>2,643,050</u>
Accumulated amortization			
Balance as at December 31, 2017	615,337	–	615,337
Amortization	123,067	9,766	132,834
Balance as at March 31, 2018	<u>738,404</u>	<u>9,766</u>	<u>748,171</u>
Net carrying amount as at March 31, 2018	<u>1,722,944</u>	<u>171,936</u>	<u>1,894,879</u>
Gross carrying amount			
Balance as at January 1, 2017	3,838,248	–	3,838,248
Acquisition	–	181,702	181,702
Reversal of trade payable (a)	(1,376,900)	–	(1,376,900)
Balance as at December 31, 2017	<u>2,461,348</u>	<u>181,702</u>	<u>2,643,050</u>
Accumulated amortization			
Balance as at January 1, 2017	191,912	–	191,912
Amortization	423,425	–	423,425
Balance as at December 31, 2017	<u>615,337</u>	<u>–</u>	<u>615,337</u>
Net carrying amount as at December 31, 2017	<u>1,846,011</u>	<u>181,702</u>	<u>2,027,713</u>

Peak Positioning Technologies Inc.

Notes to Consolidated Financial Statements

for the three-month ended March 31, 2018 and 2017

(In Canadian dollars)

5 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2018-03-31	2017-12-31
	\$	\$
Company held by an officer and a director	–	32,827
Trade accounts payable and accruals	196,559	256,625
	<u>196,559</u>	<u>289,452</u>

6 - DEBENTURES

a) Debenture issuance of December 15, 2017

On December 15, 2017, the Company has placed a total of 1,200 units of debenture at \$10,000 par unit for a gross proceeds of \$12,000,000. Each unit sold is comprised of \$10,000 face value debenture plus 200,000 common share purchase warrants.

Debentures are secured by a pledge on the aggregate assets of the Company, maturing on December 15, 2019, bearing interest at a nominal rate of 8% payable monthly. The Company used the residual value method to allocate the principal amount of the debenture between the liability and the contributed surplus. Under this method, an amount of \$2,721,260 (net of transaction costs) related to the warrants issued was applied to the contributed surplus. The fair value of the liability component was \$9,005,148 computed as the present value of future principal and interest payments discounted at a rate of 25%. The debentures allow their subscribers to surrender part or all of the amount invested in the debentures to exercise their warrants and purchase common shares of the Company any time prior to maturity, subject to certain terms and conditions, at a price of \$0.05 per common share. The units contain a "forced warrant conversion" feature under which 50% of the face value of the debenture will automatically be surrendered to exercise 50% of the warrants if the Company common shares trade at \$0.15 or more for 3 consecutive trading days, and 100% if the Company's common shares trade at \$0.20 or more for 3 consecutive days.

Peak Positioning Technologies Inc.

Notes to Consolidated Financial Statements

for the three-month ended March 31, 2018 and 2017

(In Canadian dollars)

6 - DEBENTURES (Continued)

a) Debenture issuance of December 15, 2017 (Continued)

	<u>2018-03-31</u>	<u>2017-12-31</u>
	\$	\$
Balance, beginning of year	4,263,913	–
Addition	–	12,000,000
Accretion of debentures	125,959	22,833
Equity component of debentures	–	(2,721,260)
Surrendering of debentures for exercise of warrants (a)	(756,786)	(4,764,068)
Issuance cost (b)	–	(273,592)
Balance, end of year	<u>3,633,086</u>	<u>4,263,913</u>

- a) A total of 240,000,000 warrants were included as part of the units debenture. 191,000,000 warrants were transferred from existing warrant holders to the debentures' subscribers in exchange for 2,500,000 stock options and 49,000,000 warrants were newly issued. On the same date, some debentures subscribers surrendered their debentures for a total face value of \$6,350,000 to exercise 127,000,000 warrants at a price of \$0.05.

During the first quarter of 2018, 20,000,000 warrants was exercised at a price of \$0.05 following surrendering of debenture for a total face value of \$1,000,000.

- b) Issuance cost are related to legal expenses, broker commissions and stock option value to directors and officers

Peak Positioning Technologies Inc.

Notes to Consolidated Financial Statements

for the three-month ended March 31, 2018 and 2017

(In Canadian dollars)

7 - SHAREHOLDERS' EQUITY

7.1 Authorized share capital

The share capital of the Company consists of an unlimited number of common shares without par value.

7.2 Descriptions of the shareholders equity operations

- a) In January 2018, the Company closed a private placement financing consisting in the sale of 5,000,000 common shares at a price of \$0.05 per share for gross proceeds of \$250,000. In connection with the private placement, the company paid a cash 8% finder's fees for a total of \$20,000.
- b) In January 2018, the Company issued 1,500,000 common shares as a finder's fee to eligible persons related to a series of private placements conducted in the last quarter of 2017 and
- c) In February 2018, \$1,000,000 of secured debentures was surrendered to exercise share purchase warrants at a price of \$0.05 per share pursuant to the private placement closed in December 2017. The Company therefore issued 20,000,000 common shares at a price of \$0.05 per share to the debenture holder. A corresponding residual value of \$226,772 attributed to warrants was transferred to capital stock.
- d) In March 2018, the Company issued 600,000 common shares to settle \$30,000 of debt related to consulting services received by the Company.

7.3 Warrants

Outstanding warrants entitle their holders to subscribe to an equivalent number of common shares as follows:

	2018-03-31		2017-12-31	
	Number of warrants	Weighted average exercise price \$	Number of warrants	Weighted average exercise price \$
Outstanding, beginning of period	144,773,692	0.059	231,298,100	0.047
Granted	—	—	73,773,692	0.068
Expired	—	—	—	—
Exercised	<u>(20,000,000)</u>	0.050	<u>(160,298,100)</u>	0.045
Outstanding and exercisable, end of period	<u>124,773,692</u>	0.060	<u>144,773,692</u>	0.059

As of March 31, 2018 and December 31, 2017, the number of outstanding warrants which could be

Peak Positioning Technologies Inc.
Notes to Consolidated Financial Statements

for the three-month ended March 31, 2018 and 2017

(In Canadian dollars)

exercised for an equivalent number of common shares is as follows:

	2018-03-31		2017-12-31	
	Number	Exercise price \$	Number	Exercise price \$
Expiration date				
March 2019	1,640,359	0.200	1,640,359	0.200
December 2019	100,000,000	0.050	120,000,000	0.050
June 2022	14,000,000	0.120	14,000,000	0.120
June 2022	3,333,333	0.061	3,333,333	0.061
June 2022	5,800,000	0.057	5,800,000	0.057
	<u>124,773,692</u>		<u>144,773,692</u>	

Peak Positioning Technologies Inc.

Notes to Consolidated Financial Statements

for the three-month ended March 31, 2018 and 2017

(In Canadian dollars)

8 - SHARE-BASED PAYMENTS

The Company has adopted an incentive stock option plan which provides that the Board of Directors of the Company may, from time to time, at its discretion and in accordance with the Exchange requirements, grant to directors, officers, employees and others providing similar services 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 issued and outstanding common shares exercisable for a period of up to 5 years from the date of grant. The options reserved for issuance to any individual director, officer or employee will not exceed 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to others providing services will not exceed 2% of the issued and outstanding common shares. Options may be exercised as of the grant date for a period determined by the Board, but shall not be greater than 5 years from the date of the grant and 90 days following cessation of the optionee's position with the Company. Provided that the cessation of office, directorship or employment or other similar service arrangement was by reason of death (in the case of an individual), the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option.

Peak Positioning Technologies Inc.

Notes to Consolidated Financial Statements

for the three-month ended March 31, 2018 and 2017

(In Canadian dollars)

8 - SHARE-BASED PAYMENTS (continued)

Share options and weighted average exercise prices are as follows for the reporting periods presented :

	2018-03-31		2017-12-31	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Outstanding, beginning of period	35,695,000	0.070	24,045,000	0.070
Granted	—	—	13,675,000	0.090
Expired	—	—	(975,000)	0.100
Exercised	—	—	(1,050,000)	0.100
Outstanding end of period	<u>35,695,000</u>	0.070	<u>35,695,000</u>	0.070
Exercisable end of period	<u>19,835,000</u>	0.068	<u>17,760,000</u>	0.063

The table below summarizes the information related to outstanding share options as at March 31, 2018

Range of exercise price \$	Number of options	Weighted average remaining contractual life (years)
0.100	250,000	2 months
0.050	1,220,000	5 months
0.050	6,900,000	2 years and 2 months
0.050	500,000	2 years and 5 months
0.050	2,500,000	2 years and 9 months
0.050	150,000	3 years and 2 months
0.085	10,500,000	3 years and 3 months
0.105	8,300,000	4 years and 2 months
0.080	5,000,000	4 years and 9 months
0.055	375,000	4 years and 8 months
	<u>35,695,000</u>	

The Company has recorded an expense of \$122,921 in the first quarter of 2018 (\$68,710 in Q1-2017) as stock-based compensation. The offset was credited to contributed surplus.

Peak Positioning Technologies Inc.

Notes to Consolidated Financial Statements

for the three-month ended March 31, 2018 and 2017

(In Canadian dollars)

9 - ENGAGEMENT

In March 2018, the agreement with Cubeler Inc. was amended to adjust the royalty fee payable by Peak to Cubeler Inc. The compensation for the exclusive licence will be between 5% and 3% on a declining scale (between 10% and 5% before the amendment) of gross revenues generated by Cubeler platform.

Cubeler Inc. is a privately held company whose shareholders are also shareholders of the Company.

10 - Finance costs

	<u>2018-03-31</u>	<u>2017-03-31</u>
Interests on debentures	102,081	5,676
Interest on promissory notes	–	21,783
Interest income	(2,456)	–
Accretion on debentures	<u>125,959</u>	<u>2,578</u>
Total interest expense	<u>225,584</u>	<u>30,038</u>
Miscellaneous	2,162	79
	<u><u>227,746</u></u>	<u><u>30,117</u></u>

11 - RELATED PARTY TRANSACTIONS

The Company's related party transactions do not include, unless otherwise stated, special terms and conditions. No guarantees were given or received. Outstanding balances are usually settled in cash.

Transactions with key management personnel, officers and directors

The Company's key management personnel, the Chief Executive Officer and the Chief Executive Officer of the Chinese subsidiaries are members of the Board, and their remuneration includes the following expenses:

	2018-03-31 (3 months)	2017-03-31 (3 months)
	\$	\$
Salaries and fringe benefits	103,343	60,459
Share-based payments	122,921	68,711
Technical and marketing fees to an affiliated company	43,680	–
Management fees to officers and directors	35,333	13,320
Interests on debentures	200	4,475
Total	<u><u>305,477</u></u>	<u><u>146,965</u></u>

Peak Positioning Technologies Inc.

Notes to Consolidated Financial Statements

for the three-month ended March 31, 2018 and 2017

(In Canadian dollars)

12 - SUBSEQUENT EVENTS

In April 2018, the Company received, through its wholly-owned China-based subsidiary Wuxi AoRong Limited ("AoRong"), the equivalent of \$6,000,000 as payment for a subscription receivable related to the private placement financing of units of secured debenture and warrants closed in December 2017. The subscribers were only able to transfer the funds being held on behalf of the Company to AoRong in April 2018 when AoRong's bank account was finally opened and they received instructions from the Company to proceed with the transfer of funds.

In April 2018, \$50,000 of secured debentures was surrendered to exercise share purchase warrants at a price of \$0.05 per share pursuant to the private placement closed in December 2017. The Company therefore issued 1,000,000 common shares at a price of \$0.05 per share to the debenture holder. The total debenture amount outstanding was reduced by that same amount as a result of the transaction.

In April, 2018, the Company granted options to acquire 100,000 common shares at a price of \$0.05 to a certain employee.

At the end of March 2018, the Company advanced funds to a Hong Kong-based company on the condition that its Chinese subsidiary, Wuxi Aorong Ltd., would receive an advance for that same amount that would allow Wuxi Aorong Ltd. to meet its financial obligations for the creation of ASFC. The funds advanced by the Company to the Hong Kong-based company were secured through a three-party collateral agreement whereby one of the Company's shareholders acted as a guarantor for the transaction. Wuxi Aorong Ltd. received the promised advance in mid-April and used the funds for their intended purpose. As per the three-party collateral agreement between the parties, Wuxi Aorong Ltd. will refund the advance within three months of the date it was received when the Company receives the funds it advanced to the Hong Kong-based company back and sends those funds to Wuxi Aorong Ltd.

In May 2018, the Company issued 2,900,000 warrants to certain qualified persons in connection with private placements made in the fourth quarter of 2017 and first quarter of 2018. The warrants were only issued in May 2018 since all the conditions for their issuance had not yet been met until that date.

In May 2018, the Company officially established a licensed financial services subsidiary in China named Asia Synergy Financial Capital ("ASFC").

In May 2018, the Company issued 400,000 common shares to settle \$20,000 of debt related to consulting services received by the Company.