TENET FINTECH GROUP 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 Tenet Fintech Group Inc. on a consolidated basis, for the three-month and six-month periods ended June 30, 2023 (fiscal 2023) and June 30, 2022 (fiscal 2022).

Unless otherwise indicated or unless the context requires otherwise, all references in this MD&A to "Tenet", the "Company", "we", "us", "our" or similar terms refer to Tenet Fintech Group Inc. on a consolidated basis. This MD&A is dated August 28, 2023 and should be read in conjunction with the Audited Consolidated Financial Statements and the notes thereto for the year ended December 31, 2022. Unless specified otherwise, all amounts are in Canadian dollars.

The financial information contained in this MD&A relating to the Unaudited Condensed Interim Consolidated Financial Statements for the six-month periods ended June 30, 2023, and June 30, 2022, has been prepared in accordance with International Financial Reporting Standards (IFRS).

The Unaudited Condensed Interim Consolidated Financial Statements and MD&A have been reviewed by our Audit and Risk Management Committee and approved by our Board of Directors as of August 28, 2023.

Forward Looking Information

Certain statements included in this MD&A constitute "forward-looking statements" under Canadian securities law, including statements based on management's assessment and assumptions and publicly available information with respect to the Company. By their nature, forward-looking statements involve risks, uncertainties and assumptions. The Company cautions that its assumptions may not materialize and that current economic conditions render such assumptions, although reasonable at the time they were made, subject to greater uncertainty. Forward-looking statements may be identified by the use of terminology such as "believes," "expects," "anticipates," "assumes," "outlook," "plans," "targets", or other similar words.

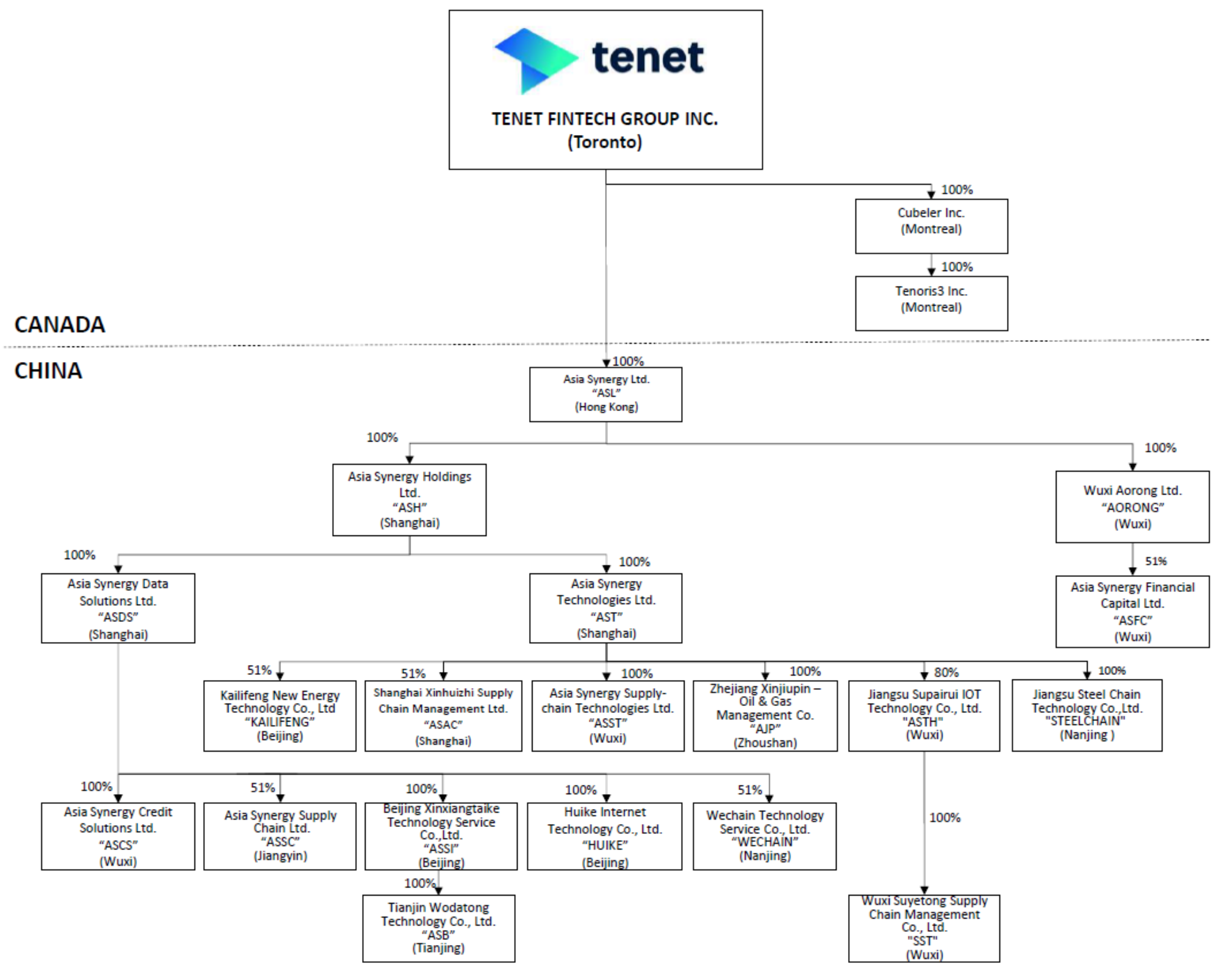
Forward-looking statements are not guarantees of future performance and involve risks, uncertainties and other factors which may cause actual results, performance or achievements of the Company to be materially different from the outlook or any future results, performance or achievements implied by such statements. Accordingly, readers are advised not to place undue reliance on forward-looking statements. Important risk factors that could affect the forward-looking statements in this document include, but are not limited to, liquidity and capital resources; holding company with significant operations in China; regulatory permissions; repatriation of profits or transfer of funds from China to Canada; operations in foreign jurisdictions and possible exposure to corruption, bribery or civil unrest; bankruptcy, dissolution or liquidation of Chinese subsidiaries; uncertainties regarding the growth and sustained profitability of e-commerce in China; illegality of digital asset transactions in China; increases in labor costs in China; regulation and censorship of information distribution over the internet in China; oversight of The China Securities Regulatory Commission and other Chinese government agencies over foreign investment in China-based issuers; failure to make adequate contributions to various mandatory social security plans as required by Chinese regulations; Chinese labor contract law; uncertainties under the Chinese Enterprise Income Tax Law; Chinese governmental control of currency conversion; repatriation of funds from our Chinese operating subsidiaries; unauthorized use of the chops of our Chinese subsidiaries; difficulties for overseas regulators conducting investigations or collecting evidence within China; service of legal process, enforcing foreign judgments, or bringing actions in China; COVID-19; risks relating to auditor oversight; and other risks detailed from time to time in reports filed by the Company with securities regulators in Canada, the United States or other jurisdictions. 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 statements reflect information as of the date on which they are made. The Company assumes no obligation to update or revise forward-looking statements to reflect future events, changes in circumstances, or changes in beliefs, other than as required by applicable securities laws.

Certain forward-looking statements contained in the Company's Q4-2022 Investor Presentation related to expected annual growth rates of the Company's revenues in each of the next two years (2023 and 2024) were based on the assumptions that certain events were going to happen in 2023, but those events did not happen during the year. For instance, the Company was expecting to be able to raise a substantial amount of capital during the first quarter of 2023 through a short form prospectus offering to be able to continue to grow its operations in China and be able to launch its data-driven products in North America by the end of the second quarter of 2023. The Company therefore no longer believes that its annual revenue growth rate will exceed 50% in 2023 and 2024. While the Company has determined it appropriate to withdraw this particular forward-looking information contained in its Q4-2022 Investor Presentation, the Company reiterates that it assumes no obligation to update or revise forward-looking statements to reflect future events, changes in circumstances, or changes in beliefs, in the future other than as required by applicable securities laws. In the event the Company does update any forward-looking statement, including the forward statement related to its revenue growth rate contained in its Q4-2022 Investor Presentation, no inference should be made that the Company will make additional updates with respect to that statement, related matters, or any other forward-looking statement.

Structure

The following chart summarizes the corporate structure of the Company as of August 28, 2023.



BUSINESS OVERVIEW

Tenet (CSE: PKK) (OTC PINK: PKKFF), is the parent company of a group of innovative financial technology (Fintech) and artificial intelligence (AI) companies. Tenet's subsidiaries provide various analytics and AI-based services to businesses and financial institutions through the Cubeler® Business Hub, a global ecosystem where analytics and AI are used to create opportunities and facilitate B2B transactions among its members.

OPERATING HIGHLIGHTS FOR THE QUARTER

Canadian Operations

During the second quarter of 2023, the Company held its annual shareholder meeting on June 27, 2023 (the "Meeting"). Prior to the Meeting date, Johnson Joseph's position as Chief Executive Officer (CEO) was terminated effective April 28, 2023 and he was ultimately succeeded by Carole Penhale as interim CEO. The Meeting was contested, with management nominating Carole Penhale, Dylan Tinker and Paul Gibbons, three incumbent directors (the "Incumbent Directors"), for election as directors at the Meeting and certain shareholders of the Company, who were concerned by the actions of the board of directors (the "Board"), led by the Incumbent Directors following the termination of Mr. Joseph as CEO and prior to the date of the Meeting, and the impact of those actions on the Company (the "Concerned Shareholders"), nominated Johnson Joseph, Liang Qiu (both incumbent directors) and Mayco Quiroz for election as directors at the Meeting. Immediately prior to the Meeting, each of the Incumbent Directors resigned and withdrew their candidacies for re-election as directors of the Company at the Meeting and as a result, the Concerned Shareholders' nominees were elected (or re-elected, as the case may be) unopposed at the Meeting. Shortly following the Meeting, the Board reinstated Mr. Joseph as the Company's CEO, and ultimately added a new independent director, Jean Leblond, to the Board. In addition, the Board reinstated Jean Landreville as Chief Financial Officer, Claude Theroux as Chief Technology Officer and Dr. Luis Rocha as Chief Analytics Officer, each of whom had departed the Company during the period following the termination of Mr. Joseph as CEO. The Company's Chief Legal Officer resigned following the Meeting and the position currently remains vacant.

During the second quarter of 2023, the Incumbent Directors, following the termination of Mr. Joseph's employment as CEO, proceeded, to either ask to resign, lay off, or terminate most of the Company's employees in Canada, including senior managers and executives such as the Company's Chief Financial Officer, Chief Technology Officer, Chief Analytics Officer and HR Director, in a sweeping cost saving measure to reflect the Incumbent Directors view of the direction for the Company. As a result, very little business development and operational progress was made by the Company in Canada during the second quarter of 2023. The development and completion of the Networking, Advertising and Insights pillars needed to finalize the Company's Cubeler® Business Hub in Canada was halted for much of the quarter, as well as most of the work related to the development of the Company's first data-driven products through its Tenoris3 subsidiary. The Company immediately began to take measures to reinstate its development and analytics staff following the Meeting and reinstatement of Mr. Joseph as CEO. As of the date of this MD&A, approximately 40% of the Company's previous development team had returned to the Company.

Chinese Operations

The Incumbent Directors' cost cutting during the second quarter also had significant impacts on the Company's Chinese operations. This affected the Company's ability to begin new projects aimed primarily at covering and servicing a wider spectrum of the Chinese economy. But although industrial diversification was put on pause during the quarter, the level of activity in the industrial sectors already being serviced by the Company began to rebound during the quarter following successive quarters of declining activity due to COVID-19 restrictions in the country. Services provided to the country's supply chain participants once again accounted for the majority of the Company's revenue during the quarter at $12,057,432, representing 72% of total revenue. In comparison, revenue generated from businesses operating in the supply chain sector accounted for 94% of Tenet's total revenue in the second quarter of 2022. This relative decrease in the percentage of total revenue contributed by supply chain members is an indication that the Company's industrial diversification and expansion plan into a broader range of industrial sectors, to better serve its developing data-driven product offering and provide a better pulse on the overall Chinese economy, is making notable progress.

The Company saw an increase in the percentage of total revenue contributed by some non-supply chain businesses in Q2-2023 compared to Q2-2022, but by far the biggest such increase came from businesses operating in the insurance sector. Revenue generated from transactions facilitated by the Company's Heartbeat insurance brokerage platform, whether through SaaS service fees or fees directly related to the sale of insurance policies from the platform's various programs, rose from $575,102 in the second quarter of 2022, representing about 2% of total revenue, to $3,411,374 in the second quarter of 2023, accounting for about 20% of Tenet's total revenue.

Overall, the Company generated $16,776,715 in revenue from its Chinese operations during the quarter compared to $32,432,229 for the same period in 2022. While year over year revenue was down significantly compared to the previous year, the Company can draw on some positive elements that occurred during the quarter that it believes are of importance to the Company's short and long-term future. With increased industrial diversification in its service offering, Tenet continues to put its finger on the pulse of economic activity in more and more industrial sectors of China's economy. Furthermore, although the transactional and service fee model through which Tenet's revenue is generated in China is expected to account for a progressively declining percentage of the Company's total revenue once Tenet launches its data-driven product offering, the Company continues to be increasingly more efficient at providing the services through which those revenues are generated, which the Company believes moves Tenet's Chinese operations closer to profitability. The Company's Chinese operations lost $1,336,682 during the second quarter of 2023 compared to a net loss of $2,515,791 during the first quarter of 2023.

For additional information about corporate law and governance in China, see "Corporate Law and Governance in China" below.

BUSINESS PLAN AND OUTLOOK FOR REMAINDER OF 2023

North American Operations

For the eight quarters preceding the second quarter of 2023, the Company believes access to timely capital has been the single most important element affecting the Company's ability to deliver and execute its business plan. A variety of factors, including the decline of the Company's market capitalization during that span, have contributed to the Company's difficulties in raising capital in a timely fashion. The Company's management estimates that approximately $20,000,000 will be required to put Tenet in a position to achieve its objectives through the end of the first quarter of 2024 and has determined to raise the estimated necessary funds by the end of 2023. There can be no assurances that the Company will be successful in raising all, some or any of the necessary capital. Please see "Risk Factors" below.

As of the date of this MD&A, the Company has secured $10,223,000 through the closing of the first half of a private placement financing of units consisting of unsecured convertible debenture and warrants. Of the total amount closed, $9,100,000, was awaiting transfer to the Company's Canadian bank account while being held in a bank account in China under the control of the Company's Asia Synergy Holdings subsidiary.

The Company expects to have to work extremely hard throughout the balance of 2023 to make up for the time lost caused by the contested Meeting and other events during the quarter, as set out above. The loss of momentum in developing the Company's Cubeler® Business Hub in Canada during the time that staff at the Company's Canadian offices was being laid off or terminated has made the completion and delivery of all four pillars of the Cubeler® Business Hub in Canada by the end of 2023 highly unlikely. However, the Company is optimistic that it will be able to deliver the Networking and Advertising pillars in addition to the already operational Financing pillar by the end of the first quarter of 2024 and is targeting delivery of the fourth and final Insights pillar during the second quarter of 2024.

With only one of four pillars (Financing) live and having decided to limit marketing and promotional activities until at least the launch of the Networking pillar, the Cubeler® Business Hub in Canada is focussing on collecting data on SMEs in all ten (10) Canadian provinces from a range of industries. As of the end of April 2023 after less than six months since going "live" with the Financing pillar in Canada, the Cubeler® Business Hub already had enlisted SME members operating in 15 of the 20 North American Industry Classification System (NAICS) codes. The table below indicates the specific industries in which Cubeler® Business Hub members in Canada were operating as of the date of this MD&A.

North American Industry Classification System			
11-Agriculture, Forestry, Fishing and Hunting	**41-42-Wholesale Trade**	**53-Real Estate and Rental and Leasing**	62-Health Care and Social Assistance
21-Mining, Quarrying, and Oil and Gas Extraction	**44-45-Retail Trade**	**54-Professional, Scientific, and Technical Services**	**71-Arts, Entertainment, and Recreation**
22-Utilities	**48-49-Transportation and Warehousing**	**55-Management of Companies and Enterprises**	**72-Accommodation and Food Services**
23-Construction	**51-Information and Cultural Industries**	**56-Administrative and Support and Waste Management and Remediation Services**	**81-Other Services (except public administration)**
31-33-Manufacturing	52-Finance and Insurance	**61-Educational Services**	91-92-Public Administration

Note: shaded areas indicate industries with Cubeler® Business Hub members

The Company's Canadian operations are expected to focus on two main areas for the balance of 2023: 1) the delivery of the Cubeler® Business Hub's pillars; and 2) the launch of the Company's first data-driven product offering, ie-Pulse (Industrial and Economic Pulse). With the delivery of each new pillar, Tenet plans to also launch specific marketing campaigns aimed at accelerating SME membership growth on the platform. The Company expects to be gathering data on a sufficient number of SMEs by the end of 2023 to be in position to launch its ie-Pulse product offering.

Chinese Operations

Through its Cubeler® Business Hub and connected platforms such as Heartbeat, Link Steel, Yun Fleet and Gold River in China, the Company has been gathering, and continues to accumulate, transactional and financial data in near-real-time on thousands of companies operating in various industries, such as manufacturing, distribution, retail, and transportation, industries known to be excellent barometers of economic activity. The Company plans to utilize this information to develop and commercialize its ie-Pulse product offering, which is designed to provide monthly data plan subscribers with a near-real-time pulse on economic activity in the countries where the Cubeler® Business Hub operates. As the Company's Canadian operations develop the intellectual property related to ie-Pulse, the final application will also be ported to China. The Chinese version of ie-Pulse is designed to provide subscribers with an indication of how the Chinese economy is performing sector by sector and generally in near-real time. The Company intends to market ie-Pulse to economists, financial analysts, governments, global assets managers, mutual fund and hedge fund managers and other capital markets professionals.

The Company believes that revenue generated from its AI and data-driven products such as ie-Pulse and Equity Insider (expected in 2024) in China and around the world is the future of the Company and will eventually exceed revenue generated from the service-fee revenue model that produced all of the Company's Chinese revenue since the launch of the Cubeler® Business Hub in 2018. However, the Company will continue to work towards making its transactional service fee revenue model in China profitable during the remainder of 2023. Tenet will not only look to achieve industrial diversification of its service offering to eventually provide a better picture of the Chinese economy, but will also explore projects and opportunities where the costs of providing the services are relatively low compared to the revenue generated. One area in particular where such opportunities may exist in 2023 is in the clean energy sector. The Company is therefore hopeful that it will be in a position to leverage its i3060 Clean Energy platform to bring in a new revenue stream to Tenet by the end of 2023.

Selected Quarterly Information

	June 30, 2023 Three months	June 30, 2022 Three months	June 30, 2023 Six months	June 30, 2022 Six months
Revenues	$16,776,714	$32,432,228	$26,270,518	$67,173,688
Expenses before finance costs, tax, depreciation and amortization	$20,725,470	$35,731,655	$36,187,817	$71,439,351
EBITDA (1)	**($3,948,756)**	**($3,299,427)**	**($9,917,299)**	**($4,265,663)**
Change in fair value of contingent consideration payable	$303,981	$303,448	$379,801	$701,479
Change in fair value of debentures conversion rights	($15,093)	$ –	($15,093)	$ –
Loss on investment in associate company	$15,129	$ –	$33,158	$ –
Adjusted EBITDA (2)	**($3,644,739)**	**($2,995,979)**	**($9,519,433)**	**($3,564,184)**
Finance costs, tax, depreciation, amortization, change in fair value of contingent consideration payable, change in fair value of debentures conversion rights, loss on investment in associate company	$2,808,818	$3,336,693	$5,638,809	$6,128,089
Net loss	**($6,453,557)**	**($6,332,672)**	**($15,158,242)**	**($9,692,273)**
Net profit (loss) attributable to:				
Non-controlling interest	($315,381)	$136,306	($584,909)	$158,976
Owners of parent	($6,138,176)	($6,468,978)	($14,573,333)	($9,851,249)
Basic and diluted loss per share	($0.059)	($0.065)	($0.143)	($0.100)

(1) EBITDA is a non-IFRS financial measure provided to assist readers in determining the Company's ability to generate cash-flows from operations and to cover finance charges. It is also widely used for business valuation purposes. This measure does not have a standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies.

EBITDA equals the results before income taxes, depreciation of property and equipment, depreciation of right-of-use assets, amortization of intangible assets, amortization of financing issuance costs and finance costs, as defined in Note 18.4 of the Unaudited Condensed Interim Consolidated Financial Statements for the three-month and six-month periods ended June 30, 2023.

(2) Adjusted EBITDA equals EBITDA as described above adjusted for change in fair value of contingent consideration payable, change in fair value of debentures conversion rights and loss on investment in associate company.

Reconciliation of EBITDA to net profit (loss)	June 30, 2023 Three months	June 30, 2022 Three months	June 30, 2023 Six months	June 30, 2022 Six months
Net loss for the period	**($6,453,557)**	**($6,332,672)**	**($15,158,242)**	**($9,692,273)**
Add:				
Income tax	($52,857)	$1,253,276	($23,641)	$1,957,458
Finance costs	$215,658	$46,128	$550,893	$95,080
Depreciation of property and equipment	$50,744	$21,437	$77,462	$42,988
Depreciation of right-of-use assets	$196,753	$142,752	$395,501	$252,534
Amortization of intangible assets	$2,077,625	$1,562,827	$4,172,315	$3,065,174
Amortization of financing issuance costs	$16,878	$6,825	$68,413	$13,376
EBITDA	**($3,948,756)**	**($3,299,427)**	**($9,917,299)**	**($4,265,663)**
Add (less):				
Change in fair value of contingent consideration payable	$303,981	$303,448	$379,801	$701,479
Change in fair value of debentures conversion rights	($15,093)	$ –	($15,093)	$ –
Loss on investment in associate company	$15,129	$ –	$33,158	$ –
Adjusted EBITDA	**($3,644,739)**	**($2,995,979)**	**($9,519,433)**	**($3,564,184)**

	June 30, 2023	June 30, 2022
Total assets	$128,853,972	$183,395,094
Total liabilities	$25,320,854	$26,443,317
Long-term liabilities	$7,513,681	$9,930,476
Total equity	$103,533,118	$156,951,777
To Non-controlling interest	$14,256,143	$14,725,256
To Owners of parent	$89,276,975	$142,226,521

Results of Operations

Revenue for the three-month period ended June 30, 2023

The Company generated $16,776,714 in revenue during the three-month period ended June 30, 2023, compared to $32,432,228 for the same period in 2022.

Supply-chain services still led all segments, accounting for approximately 71.9% of Tenet's revenue for the three-month period ended June 30, 2023 compared to 93.6% for the same period in 2022.

The decrease in supply-chain revenues continued to be impacted by the lower transactional volume and demand (ASST) caused by overall market conditions in China and internal liquidity constraints that limit the Company's ability to leverage the capital that is lent by financial institutions to SMEs which help generate transactions on the GoldRiver platform.

Despite the above-mentioned financial and economic constraints, the Company continued to benefit from the Steelchain acquisition that took place in the last quarter of 2022, which generated approximately $5.8 million in supply-chain related revenues during the three-month period ended June 30, 2023.

Non-supply-chain related services, including but not limited to loans made by the Company's ASFC financial services subsidiary (ASFC) and insurance related services from the Heartbeat acquisition, combined generated $4,719,283 in revenue compared to $2,082,562 for the same period in 2022, representing about 28.1% of Tenet's revenue during the second quarter of 2023 and a 127% increase compared to 2022.

Revenue for the six-month period ended June 30, 2023

The Company generated $26,270,518 in revenue during the six-month period ended June 30, 2023, compared to $67,173,688 for the same period in 2022. The significant change in Revenue from 2022 to 2023 is largely due to the widespread COVID-19 related government lockdowns in China which were in effect in the latter part of 2022. Those lockdowns had significant negative impacts on the business operations of most of the SMEs serviced by the Company in China, thereby considerably limiting the Company's ability to generate revenue. While the lockdowns began to ease during the fourth quarter of 2022, the brunt of their impact on the Company's revenue was felt most during the first and second quarter of 2023.

Supply-chain services led all segments, accounting for approximately 70.5% of Tenet's revenue for the six-month period ended June 30, 2023 compared to 94.2% for the same period in 2022.

Non-supply-chain related services, combined generated $7,750,642 in revenue compared to $3,893,577 for the same period in 2022, representing about 29.5% of Tenet's revenue during the first half year of 2023 and a 99% increase compared to 2022.

Total expenses before taxes

The following schedule summarizes the Company's total expenses before taxes:

	June 30, 2023 Three months	June 30, 2022 Three months	June 30, 2023 Six months	June 30, 2022 Six months
Cost of service	$11,182,615	$28,535,008	$17,151,328	$57,996,607
Software delivery services	$1,255,207	$583,043	$2,019,412	$985,398
Salaries and fringe benefits	$3,446,632	$2,734,471	$7,661,445	$5,079,739
Service fees	$1,322,515	$133,069	$2,448,776	$396,906
Board remuneration	$206,774	$151,080	$302,766	$343,004
Consulting fees	($46,386)	$381,325	($19,876)	$737,027
Outsourced services, software and maintenance	$1,227,723	$802,873	$2,338,219	$1,000,158
Professional fees	$1,058,150	$863,605	$1,787,128	$1,698,784
Marketing, public relations and press releases	$83,398	$201,164	$462,543	$517,236
Office supplies, software and hardware	$110,725	$339,018	$519,880	$516,076
Lease expenses	$46,287	$25,648	$94,064	$85,809
Insurance	$336,002	$316,735	$684,888	$648,381
Finance costs	$215,658	$46,128	$550,893	$95,080
Expected credit loss	$80,672	$101,555	$102,373	$189,173
Travel and entertainment	$51,841	$95,734	$114,052	$174,219
Stock exchange and transfer agent costs	$94,106	$114,545	$126,447	$159,577
Translation cost and others	($44,104)	$57,171	($32,972)	$83,191
Depreciation of property and equipment	$50,744	$21,437	$77,462	$42,988
Depreciation of right-of-use assets	$196,753	$142,752	$395,501	$252,534
Amortization of intangible assets	$2,077,625	$1,562,827	$4,172,315	$3,065,174
Amortization of financing issuance costs	$16,878	$6,825	$68,413	$13,376
Change in fair value of contingent consideration payable	$303,981	$303,448	$379,801	$701,479
Change in fair value of debentures conversion rights	($15,093)	$ –	($15,093)	$ –
Loss on investment in associate company	$15,129	$ –	$33,158	$ –
Gain(loss) on foreign exchange	$9,296	($7,837)	$29,478	$126,587
Total expenses before income tax	**$23,283,128**	**$37,511,624**	**$41,452,401**	**$74,908,503**

Expenses for the three-month period ended June 30, 2023

Cost of service from supply-chain services amounted to $11,182,615 for the three-month period ended June 30, 2023 compared to $28,535,008 in the same period of fiscal 2022. The decrease is mostly due to the reduction of revenues generated from the supply-chain businesses. The ratio of those expenses to revenue specifically generated from the supply-chain services slightly decreased and continued to improve but remained variable due to the worldwide political-economic situation where transportation costs (mostly energy related) have been more expensive.

Software delivery services amounted to $1,255,207 compared to $583,043 for the same period ended June 30, 2022. The increase for the three-month period ended June 30, 2023 is mostly attributable to the increased revenues generated by the Heartbeat business (ASSI & Huike).

Salaries and fringe benefits amounted to $3,446,632 for the three-month period ended June 30, 2023, compared to $2,734,471 for the same period in 2022. Despite the reduction of labor costs during the second quarter of 2023 for Canada, the increase in salary expenses for the three-month period ended June 30, 2023 is attributable to an overall higher number of employees since the beginning of 2022 and the addition of new subsidiaries in China. The share-based remuneration that is included within this caption amounted to $167,748 for the three-month period ended June 30, 2023, compared to $392,566 for the same period in 2022.

Service fees relate to consulting and business development services provided to mostly four of the Company's subsidiaries (ASFC, ASCS, ASSI and Huike) by third-party companies and amounted to $1,322,515 in the second quarter of fiscal 2023 compared to $133,069 for the same period in 2022 mostly due to a higher level of combined revenue in the above-mentioned subsidiaries.

Board remuneration refers to share-based and attendance fee remuneration received by members of the Company's board of directors and amounted to $206,774 in the second quarter of 2023 compared to $151,080 for the same period in 2022. Within this caption, shared-based remuneration amounted to $41,552 in the three-month period ended June 30, 2023, compared to $138,391 for the same period in 2022.

Consulting fees amounted to a recovery of $46,386 during the three-month period ended June 30, 2023 compared to an expense of $381,325 in the same period of 2022. The recovery of consulting fees in the period is isolated in nature and is due to a specific vendor cost reversal. The expenses for the same period in 2022 are mainly related to capital markets consulting fees which were no longer incurred in 2023. The Company planned to list its securities on the London Stock Exchange and to access the European capital markets as part of a long-term global capital markets strategy being developed and implemented with the assistance of European advisors and consultants. Share-based remuneration expenses related to consultants amounted to $14,647 in the three-month period ended June 30, 2023 compared to $39,746 for the same period of fiscal 2022.

Outsourced services, software and maintenance costs amounted to $1,227,723 in the second quarter of 2023 compared to $802,873 for the same period of fiscal 2022. These expenses are mostly research and maintenance costs paid to third-party providers for the delivery of various modules and interfaces in ASDS, Huike, and Cubeler.

Professional fees totalled $1,058,150 for the three-month period ended June 30, 2023, compared to $863,605 for the same period in 2022. The increase is mainly due to a higher demand for legal related professional services that are variable in nature.

Marketing, public relations and press release expenses amounted to $83,398 in the second quarter of 2023 compared to $201,164 for the same period in 2022. The costs in this category for fiscal 2023 are related to several marketing activities in connection to the promotion of the Company's Cubeler® Business Hub platform in Canada while the costs for fiscal 2022 were mainly due to the upgrade of the Tenet and Cubeler websites that were subsequently launched in 2022.

Office supplies, software and hardware expenses amounted to $110,725 in the second quarter of 2023 compared to $339,018 for the same period in 2022. The decrease is mainly driven by tighter expense control of office related purchases and software subscriptions.

Insurance expenses amounted to $336,002 in the second quarter of 2023 compared to $316,735 for the same period in 2022 and is mainly attributable to maintaining the directors and officers' (D&O) insurance coverage.

Finance costs totalled $215,658 for the three-month period ended June 30, 2023, compared to $46,128 for the same period in 2022. The increase is mainly due to the interest expense on convertible debentures that were issued during December 2022 and January 2023 and the interest of lease liabilities.

Expected credit loss of $80,672 for the second quarter of fiscal 2023 compared to $101,555 for the same period in fiscal 2022 is related to the variation in allowance for expected credit loss on ASFC's loan balance for the period and in overall Debtors as described respectively in Notes 5 and 6 of the Company's Unaudited Condensed Interim Consolidated Financial Statements for the three-month periods ended June 30, 2023 and June 30, 2022.

Travel and entertainment amounted to $51,841 in the second quarter of 2023 compared to $95,743 for the same period in 2022. The decrease is mainly driven by recent expense reductions in both Canada and China.

Translation costs and others amounted to a recovery of $44,104 during the three-month period ended June 30, 2023, compared to an expense of $57,171 in the same period of 2022. The recovery of translation costs and others during the period is due to a sales tax adjustment.

Depreciation of right-of use assets of $196,753 in the second quarter of 2023 compared to $142,752 for the same period of fiscal 2022 follows the adoption of IFRS 16 on January 1, 2021, and relates to the depreciation of right-of-use assets associated with new office lease agreements of the Company's operating subsidiaries in Canada and China. The increase is mainly driven by the steady increase in the number of employees in both countries which requires an increase in rented commercial space.

Amortization of intangible assets amounted to $2,077,625 for the three-month period ended June 30, 2023, compared to $1,562,827 for the same period in 2022. The increase is due to several capitalized costs for different business platform improvements (Cubeler® Business Hub, Gold River, and others) and the amortization of the acquired platforms during the second half of 2022.

Change in fair value of contingent consideration payable amounted to a loss of $303,981 in the second quarter of 2023 compared to $303,448 for the same period in 2022. The change in the fair value of contingent consideration payable is driven by the variations of the estimated expected financial performance of the SteelChain and Heartbeat acquisitions.

The Company reported, in other comprehensive income, a currency translation adjustment loss of $5,300,418 for the three-month period ended June 30, 2023 (compared to a loss of $1,600,876 for the same period in 2022) reflecting the variation of the Chinese Renminbi against the Canadian Dollar during the year. This adjustment represents a theoretical gain or loss that would only be realized in the event of a material transaction involving the underlying assets to which the gain or loss is attributed, in this case, if the Company's subsidiaries were sold or otherwise disposed of.

<u>Expenses for the six-month period ended June 30, 2023</u>

Cost of service from supply-chain services amounted to $17,151,328 for the six-month period ended June 30, 2023 compared to $57,996,607 in the same period of fiscal 2022. The decrease is mostly due to the reduction of revenue generated from the supply-chain businesses.

Software delivery services amounted to $2,019,412 compared to $985,398 for the same period ended June 30, 2022. The increase for the six-month period ended June 30, 2023 is mostly attributable to the increased revenues generated by the Heartbeat business (ASSI & Huike).

Salaries and fringe benefits amounted to $7,661,445 for the six-month period ended June 30, 2023, compared to $5,079,739 for the same period in 2022. The share-based remuneration that is included within this caption amounted to $330,509 for the six-month period ended June 30, 2023, compared to $759,854 for the same period in 2022.

Service fees relate to consulting and business development services provided to mostly four of the Company's subsidiaries (ASFC, ASCS, ASSI and Huike) by third-party companies and amounted to $2,448,776 in the six-month period ended June 30, 2023 compared to $396,906 for the same period in 2022 mostly due to a higher level of combined revenues in the above-mentioned subsidiaries.

Board remuneration refers to share-based and attendance fee remuneration received by members of the Company's board of directors and amounted to $302,766 in the first two quarters of 2023 compared to $343,004 for the same period in 2022. Within this caption, shared-based remuneration amounted to $86,563 in the six-month period ended June 30, 2023, compared to $277,814 for the same period in 2022.

Consulting fees amounted to a recovery of $19,876 during the six-month period ended June 30, 2023 compared to an expense of $737,027 in the same period of 2022. The recovery of consulting fees in the period is isolated in nature and is due to a specific vendor cost reversal. Share-based remuneration expense related to consultants amounted to $29,296 in the six-month period ended June 30, 2023 compared to $74,634 for the same period of fiscal 2022.

Outsourced services, software and maintenance costs amounted to $2,338,219 in the first two quarters of 2023 compared to $1,000,158 for the same period of fiscal 2022. These expenses are mostly research and maintenance costs paid to third-party providers for the delivery of various modules and interfaces in ASDS, Huike, and Cubeler.

Professional fees totalled $1,787,128 for the six-month period ended June 30, 2023, compared to $1,698,784 for the same period in 2022.

Marketing, public relations and press release expenses amounted to $462,543 in the first two quarters of 2023 compared to $517,236 for the same period in 2022.

Insurance expenses amounted to $684,888 in the first two quarters of 2023 compared to $648,381 for the same period in 2022 and is mainly attributable to maintaining the directors and officers (D&O) insurance coverage.

Finance costs totalled $550,893 for the six-month period ended June 30, 2023, compared to $95,080 for the same period in 2022. The increase is mainly due to the interest expense on convertible debentures that were issued during December 2022 and January 2023 and the interest of lease liabilities.

Expected credit loss of $102,373 for the first two quarters of fiscal 2023 compared to $189,173 for the same period in fiscal 2022 is related to the variation in allowance for expected credit loss on ASFC's loan balance for the period and in overall Debtors as described respectively in Notes 5 and 6 of the Company's Unaudited Condensed Interim Consolidated Financial Statements for the six-month periods ended June 30, 2023 and June 30, 2022.

Travel and entertainment amounted to $114,052 in the first two quarters of 2023 compared to $174,219 for the same period in 2022.

Translation costs and others amounted to a recovery of $32,972 during the six-month period ended June 30, 2023 compared to an expense of $83,191 in the same period of 2022.

Depreciation of right-of use assets of $395,501 in fiscal 2023 compared to $252,534 for the same period of fiscal 2022 follows the adoption of IFRS 16 on January 1, 2021, and relates to the depreciation of right-of-use assets associated with new office lease agreements of the Company's operating subsidiaries in Canada and China.

Amortization of intangible assets amounted to $4,172,315 for the six-month period ended June 30, 2023, compared to $3,065,174 for the same period in 2022. The increase is due to several capitalized costs for different business platform improvements (Cubeler® Business Hub, Gold River, and others) and the amortization of the acquired platforms during the second half of 2022.

Change in fair value of contingent consideration payable amounted to a loss of $379,801 in the first two quarters of 2023 compared to $701,479 for the same period in 2022. The change in the fair value of contingent consideration payable is driven by the variations of the estimated expected financial performance of the SteelChain and Heartbeat acquisitions.

The Company reported, in other comprehensive income, a currency translation adjustment loss of $5,172,985 for the six-month period ended June 30, 2023 (compared to a loss of $2,361,477 for the same period in 2022) reflecting the variation of the Chinese Renminbi against the Canadian Dollar during the year. This adjustment represents a theoretical gain or loss that would only be realized in the event of a material transaction involving the underlying assets to which the gain or loss is attributed, in this case, if the Company's subsidiaries were sold or otherwise disposed of.

<u>Net Results</u>

The Company incurred a net loss of $6,453,557 in the second quarter of 2023 compared to a net loss of $6,332,672 in the corresponding period of 2022.

For the six-month period ending June 30, 2023, the Company incurred a net loss of $15,158,242 compared to a net loss of $9,692,273 for the corresponding period of 2022.

Summary of Quarterly Results

	June 30, 2023 Three months	June 30, 2022 Three months	March 31, 2023 Three months	March 31, 2022 Three months
Revenues	$16,776,714	$32,432,228	$9,493,804	$34,741,460
Expenses (1)	$23,230,271	$38,764,900	$18,198,489	$38,101,061
Net Profit (loss)	($6,453,557)	($6,332,672)	($8,704,685)	($3,359,601)
Net profit (loss) attributable to:				
Non-controlling interest	($315,381)	$136,306	($269,528)	$22,670
Owners of the parent	($6,138,176)	($6,468,978)	($8,435,157)	($3,382,271)
Earnings per Share (2)	($0.059)	($0.065)	($0.085)	($0.045)

	December 31, 2022 Three months	December 31, 2021 Three months	September 30, 2022 Three months	September 30, 2021 Three months
Revenues	$21,119,569	$33,048,249	$21,585,258	$25,695,570
Expenses (1)	$56,725,273	$83,042,872	$29,300,467	$24,169,284
Net Profit (Loss)	($35,605,703)	($49,994,623)	($7,715,209)	$1,526,286
Net profit (loss) attributable to:				
Non-controlling interest	($156,780)	$333,791	$77,064	$169,752
Owners of the parent	($35,448,923)	($50,328,414)	($7,792,273)	$1,356,534
Earnings per Share (2)	($0.356)	($0.776)	($0.078)	$0.017

Note (1): Including income tax expenses.

Note (2): Earnings per share is calculated using the net profit (loss) and the weighted average number of outstanding shares. Basic and diluted earnings (loss) per share are equivalent.

<u>Second Quarter Ended June 30, 2023</u>

Liquidity

The level of revenue currently being generated by the Company is not presently sufficient to meet its working capital requirements and investing activities. Until that happens, the Company will continue to require financing to help meet its financial obligations. As of August 28, 2023, the cash available to manage the Company's operations and meet its obligations amounted to approximately $1,400,000 and an additional $10,000,000 that is in a bank account in China under the control of the Company's Asia Synergy Holdings subsidiary. Please see "Risks and Uncertainties - Repatriation of Profits or Transfer of Funds from China to Canada" below. The Company's cash flow position is expected to improve as its operating subsidiaries grow their business and generate new revenue streams and eventual profits for the Company. However, until that happens, the Company will continue to assess its capital needs and undertake whatever initiative it deems necessary to ensure that it continues to meet its financial obligations. The Company will require additional capital to permit it to continue as a going concern for the next 12 months. There can be no assurances that such capital will be available, either on terms favourable to the Company or at all.

Deposits made for transactions on platforms

Deposits made for transactions on platforms amounted to $24,293,487 as of June 30, 2023, and originate from subsidiaries of the Company in mainland China which mainly offer supply chain related services.

The deposits help secure capital support from financial institutions that provide financing solutions to the Company's customers to fund transactions on the GoldRiver platform and operational expenses related to the expansion and set-up of their supply chain network.

Through different supply chains facilitated by the GoldRiver platform, the Company generates revenues by providing customers with a bundle of three supply chain services as described in note 4.7 of the Audited Consolidated Financial Statements for the period ended December 31, 2022.

The total balance of deposits as at the end of each reporting period is mostly related to the volume of business transactions on the platforms.

Depending on the nature of the transaction, as collateral and in the event of default, the Company obtains a contractual right to claim 10% to 20% of the majority of the merchandise transacted on the platform or a guarantee on the pool of accounts receivable balances from downstream corporate operators and distributors that are related to business transactions on the GoldRiver platform.

Financing Activities

From January 1, 2023 to August 28, 2023, the Company placed a total of 10,574 units comprised of convertible debentures and warrants for gross proceeds of $13,733,000**.** Please refer to the **"Debentures"** section further down below in this MD&A for more details.

On June 1, 2023, the Company announced that it intended to complete a non-brokered private placement financing of units of the Company for proceeds of up to $3,000,000, conducted in tranches of a minimum of $300,000 per tranche over a period of six months. Each Unit to be sold in this financing was comprised of one common share of the Company and one common share purchase warrant to purchase one Common Share at a price per share that will be determined at each tranche offering, any time prior to two years following the closing of each tranche offering, subject to certain terms and conditions.

On June 7, 2023 the Company issued the first tranche of 2,142,858 common shares at $0.14 and common share purchase warrant at $0.175 per share for a total cash consideration of $300,000. Consequently $146,814 was credited to contributed surplus and $153,186 was credited to capital stock in the consolidated statement of changes in equity.

On June 22, 2023 the Company issued the second tranche of 4,291,846 common shares at $0.1165 and common share purchase warrant at $0.155 per share for a total cash consideration of $500,000. Consequently $299,943 was credited to contributed surplus and $200,057 was credited to capital stock in the consolidated statement of changes in equity.

On June 29, 2023, the Company announced that it did not intend to proceed with closing additional rounds of the $3,000,000 financing.

During the six-month period ended June 30, 2023, the Company issued 100,000 common shares at an average exercise price of $0.175 per share for total proceeds of $17,500 upon the exercise of common share purchase warrants. An amount of $13,418 related to exercised warrants was transferred from contributed surplus to share capital in the consolidated statements of changes in equity.

On June 27, 2023, 2,042,858 warrants were exercised at a price of $0.175 per share for total proceeds of $357,500.

Capital Stock

The Company's capital stock as of June 30, 2023, was $215,680,139 compared to $211,232,131 as of December 31, 2022.

The variation is explained by the fair market value allocated to the common shares issued in connection with the non-brokered private placement financings that occurred on June 7 and 22, 2023 totalling $353,243, the exercise price plus the fair market value (per grant date) of the warrants exercised during the first semester of 2023 totalling $30,918 and the amortized cost of the debentures converted (including the conversion option) during the same period totalling $4,063,847.

Common Shares

As of August 28, 2023, the Company had 113,978,646 common shares outstanding. The following table summarizes the changes in shares outstanding from January 1, 2023, until August 28, 2023.

Balance outstanding as of December 31, 2022			99,544,183
Date	**Description**	**Number**	**Cumulative number**
April 2023	Conversion of convertible debentures	2,816,901	102,361,084
May 2023	Conversion of convertible debentures	3,040,000	105,401,084
June 2023	Issuance of shares	6,434,704	111,835,788
June 2023	Exercise of warrants	100,000	111,935,788
July 2023	Exercise of warrants	2,042,858	113,978,646

Share Purchase Options

As of August 28, 2023, the Company had 3,509,295 common share purchase options outstanding. The following table summarizes the options outstanding as of August 28, 2023.

Balance outstanding as of December 31, 2022			3,871,025	
Date of grant	**Optionee**	**Number**	**Exercise Price**	**Expiration**
February 2023	Forfeited	(12,337)	$5.60	N/A
February 2023	Employee	47,257	$0.95	February 1, 2028
March 2023	Employee	44,762	$0.84	March 1, 2028
April 2023	Forfeited	(1,517)	$1.65	N/A
April 2023	Forfeited	(669)	$1.32	N/A
April 2023	Forfeited	(1,198)	$7.50	N/A
April 2023	Forfeited	(9,018)	$2.08	N/A
April 2023	Forfeited	(3,915)	$1.87	N/A
April 2023	Expired	(5,000)	$1.00	N/A
May 2023	Forfeited	(4,585)	$7.50	N/A
May 2023	Forfeited	(4,209)	$0.85	N/A
May 2023	Forfeited	(5,409)	$1.02	N/A
May 2023	Forfeited	(1,353)	$2.08	N/A
May 2023	Forfeited	(2,941)	$3.59	N/A
May 2023	Forfeited	(724)	$4.16	N/A
May 2023	Forfeited	(3,834)	$5.13	N/A
May 2023	Forfeited	(13,755)	$5.60	N/A
June 2023	Expired	(288,750)	$1.00	N/A
July 2023	Forfeited	(242)	$4.16	N/A
July 2023	Forfeited	(4,792)	$7.50	N/A
July 2023	Forfeited	(1,278)	$5.13	N/A
August 2023	Forfeited	(1,295)	$5.60	N/A
August 2023	Forfeited	(2,774)	$7.50	N/A

August 2023	Forfeited	(451)	$2.08	N/A
August 2023	Forfeited	(20,094)	$0.95	N/A
August 2023	Forfeited	(44,762)	$0.84	N/A
August 2023	Forfeited	(536)	$5.13	N/A
August 2023	Forfeited	(202)	$3.59	N/A
August 2023	Forfeited	(1,103)	$2.55	N/A
August 2023	Forfeited	(489)	$1.91	N/A
August 2023	Forfeited	(5,000)	$4.80	N/A
August 2023	Forfeited	(10,472)	$1.24	N/A
August 2023	Forfeited	(1,046)	$1.18	N/A

Share Purchase Warrants

As of August 28, 2023, the Company had 52,214,996 common share purchase warrants outstanding. The following table summarizes the changes in warrants outstanding as of August 28, 2023.

	Balance outstanding as of December 31, 2022			**17,748,213**
Date	**Description**	**Number**	**Exercise Price**	**Expiration**
January 2023	Issuance of warrants	3,510,000	$2.00	January 31, 2025
January 2023	Issuance of warrants	221,250	$2.00	January 31, 2025
May 2023	Expiration	(3,000)	$2.00	N/A
May 2023	Expiration	(13,328)	$1.00	N/A
June 2023	Issuance of warrants	2,142,858	$0.18	June 7, 2025
June 2023	Issuance of warrants	4,291,846	$0.16	June 22, 2025
June 2023	Exercise of warrants	(100,000)	$0.18	N/A
June 2023 (1)	Exercise of warrants	(2,042,858)	$0.18	N/A
July 2023	Expiration	(14,471,985)	$3.50	N/A
August 2023 (2)	Issuance of warrants	10,392,000	$0.50	August 1, 2025
August 2023	Issuance of warrants	40,000	$0.50	August 1, 2025
August 2023 (2)	Issuance of warrants	30,500,000	$0.50	August 18, 2025

(1) On June 27, 2023, 2,042,858 warrants were exercised at an exercise price of $0.175 per share and the shares were issued on July 7, 2023.

(2) As at the date of this MD&A 36,400,000 warrants were in the process of being issued to the subscribers of convertible debentures placed during August, 2023**.** Please refer to the **"Debentures"** section further down below in this MD&A for more details.

Segment Reporting

The Company presents and discloses segmental information, as disclosed in Note 20 of the Company's Unaudited Condensed Interim Consolidated Financial Statements for the period ended June 30, 2023, 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

On January 31, 2023, the Company placed 351 units of convertible debentures for gross contractual proceeds of $3,510,000. Each unit sold comprised of $10,000 face value debentures, maturing on January 1, 2025, bearing interest at a nominal rate of 10% payable monthly, plus 3,510,000 purchase warrants exercisable into Company common shares at $2.00 per share for a period of 24 months from the date of issuance.

During the period ended June 30, 2023, the Company received the remaining proceeds from the December 2022 subscription receivable of convertible debentures amounting to $2,010,000.

On April 24, 2023, the Company amended the conversion terms of its private placement of non-secured convertible debentures closed on December 23, 2022, and January 31, 2023, allowing the holder of the convertible debentures to convert the face value of the Debentures into Shares at the price to be determined under the next transaction or series of directly related transactions in the course of which the Corporation issues and sells common shares or units for aggregate net proceeds of not less than $5,000,000.

As of June 30, 2023, Convertible debentures amounting to $5,040,000 were converted into 5,856,901 Company common shares. The Company had debentures outstanding as described in Note 12 of the Unaudited Condensed Interim Consolidated Financial Statements for the period ended June 30, 2023.

On August 1, 2023, the Company placed 2,598 units of convertible debentures for gross contractual proceeds of $2,598,000. Each unit sold comprised of $1,000 face value debentures, maturing on August 1, 2026, bearing interest at a nominal rate of 10% payable monthly, plus 10,392,000 purchase warrants exercisable into Company common shares at $0.50 per share for a period of 24 months from the date of issuance.

On August 18, 2023, the Company placed 7,625 units of convertible debentures for gross contractual proceeds of $7,625,000. Each unit sold comprised of $1,000 face value debentures, maturing on August 18, 2026, bearing interest at a nominal rate of 10% payable monthly, plus 30,500,000 purchase warrants exercisable into Company common shares at $0.50 per share for a period of 24 months from the date of issuance.

Of the total amount closed through the combined private placements of August 1, 2023 and August 18, 2023, $9,100,000, was awaiting transfer to the Company's Canadian bank account while being held in a bank account in China under the control of the Company's Asia Synergy Holdings subsidiary**.**

Bonds

On May 29, 2020, the Company placed 400 units of secured corporate bonds at $1,000 per unit, redeemable on June 10, 2023. As the bonds have expired and are in default as at the date of this MD&A, the Company is in the process of negotiating an extension with the bondholders. While the Company expects to be able to extend the maturity date of these bonds, there can be no assurances it will be able to do so.

Escrowed Shares

As of August 28, 2023, 3,879,249 shares of the Company were held in escrow by TSX Trust Company (Escrow Agent) in accordance with the terms of the Security Escrow Agency Agreement dated October 1, 2021, between the Escrow Agent, the Company, and securityholders of Cubeler Inc. (Cubeler). Cubeler securityholders agreed to deposit with the Escrow Agent 11,133,012 shares in the Company and received a partial consideration for the sale by said securityholders of the issued and outstanding shares of Cubeler. On February 2, 2022, 3,374,514 shares of the Company were released by the Escrow Agent and an additional 3,879,249 shares on October 1, 2022. The remaining 3,879,249 shares held in escrow are scheduled to be released on October 1, 2023.

Related Party Transactions

Salaries paid and accrued to officers and directors amounted to $359,932 and $722,856 during the three and six-months respectively of fiscal 2023 compared to $340,013 and $540,210 for the same periods in fiscal 2022.

During the three and six-month period ended June 30, 2023, share-based expenses associated with officers and board members amounted to $132,828 and $269,116 respectively compared to $408,797 and $821,848 for the same periods of 2022.

The officers and directors included in the above are Johnson Joseph, CEO, Jean Landreville, CFO, Liang Qiu, China Operations CEO, Carol Penhale, Chair of the Board (resigned on June 26, 2023), Dylan Tinker, Board Member (resigned on June 26, 2023) and Paul Gibbons, Board Member (resigned on June 26, 2023),

Mayco Quiroz and Jean Leblond were elected or appointed, as the case may be, as Directors of the Company, respectively on June 27, 2023 and July 4, 2023.

In December 2021, Tenet's previous Chairman, Charles-Andre Tessier and Tenet's CEO, Johnson Joseph both exercised stock options to acquire common shares of the Company. While processing those transactions, the Company was required to remit withholding taxes on behalf of these individuals. Those withholding taxes amounted to $40,400 for Mr. Tessier and $72,793 for Mr. Joseph. On December 15, 2021 those amounts were recorded as loans to those individuals by the Company maturing December 15, 2022.

On June 3, 2022, an additional loan was issued to another Director of the Company (Liang Qiu) of $130,462, maturing on December 31, 2022. The loan was made to cover personal capital gains taxes triggered following an exchange of free trading securities of the Company for restricted securities issued as part of a private placement in order to help fund the Company's operations.

All of the above-mentioned loans bear interest at the quarterly prescribed variable rate.

As at June 30, 2023, the aggregate outstanding amount due for said loans including accrued unpaid interest is $252,989 (December 31, 2022 - $247,425). In August 2022, Mr. Tessier, owing the Company a balance of $42,049 as at June 30, 2023, resigned from his role of Chair and Director and ceased to be a related party. As such, the total outstanding amount due for said loans including accrued unpaid interest specifically with related parties as at June 30, 2023 is $210,940 (December 31, 2022 - $206,300).

During the three-month and six-month periods of fiscal 2023, the Company charged interest revenue on promissory notes to Directors of $3,108 and $5,564 respectively ($392 and $675 for the three-month and six-month period ended June 30, 2022 respectively).

As the loans have expired, the Company was still in the process of negotiating repayment terms to be agreed upon with each current and past director.

During the first semester of 2023, Liang Qiu loaned $857,750 to a subsidiary of the Company, through a personal holding Company to help fund the Company's operations. As at June 30, 2023, the aggregate outstanding principal amount due by a subsidiary of the Company regarding this loan is $857,750 (December 31, 2022 - $Nil) and bears no interest given the fact that only licensed lenders are allowed to charge interest on loans granted to corporative borrowers as per the laws in mainland China.

Off-Balance-Sheet Arrangements

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

Accounting Policies

The principal IFRS accounting policies set out in Note 4 of the Audited Consolidated Financial Statements for the year ended December 31, 2022, have been consistently applied to all periods presented in such financial statements including the Unaudited Condensed Interim Consolidated Financial Statements for the three and six-month periods ended June 30, 2023.

Legal Proceedings

As of August 28, 2023 the following legal proceedings have been instituted against the Company:

A putative class action lawsuit has been brought against Tenet and two of its executives in the United States District Court for the Eastern District of New York (originally captioned Bram Van Boxtel v. Tenet Fintech Group Inc., et al., now captioned Alejandro Handal and Donald Dominique v. Tenet Fintech Group Inc., et al.). The case was brought on behalf of Tenet shareholders who traded securities of Tenet between September 2, 2021, and October 13, 2021, on the NASDAQ. The complaint alleges, among other things, that the defendants violated the Securities Exchange Act of 1933 and the Securities Exchange Act of 1934 by making false or misleading statements regarding (i) Tenet's ownership interest in Asia Synergy Financial Capital Ltd. through a subsidiary, Wuxi Aorong Ltd., (ii) Tenet's acquisitions of Huayan the Heartbeat insurance platform, and Cubeler, (iii) Tenet's listing on Nasdaq, (iv) Tenet's Form 40-F submission to the SEC, and (v) statements published about Tenet by Grizzly Reports. On February 10, 2022, the court appointed a lead plaintiff and lead counsel. An amended complaint was filed on April 2022. The Company has retained external counsel and is defending itself vigorously against all claims. The Company filed a motion to have the case dismissed on August 8, 2022, and briefing on the motion to dismiss was completed on Monday, October 24, 2022. To date, no oral argument has been scheduled and there has been no ruling on the motion to dismiss.

Financial Instruments

For the period ended June 30, 2023, the Company has classified its financial instruments as described in Note 4.11 of the Audited Consolidated Financial Statements for the period ended December 31, 2022. For the period ended June 30, 2023, the Company is exposed to various risks as described in Note 21.3 of the Audited Consolidated Financial Statements for the period ended December 31, 2022.

Governance

To better equip the Company with better protocols and policies and procedures to manage the current growth of its business and to properly pursue its strategic plan, the Company has taken steps to bolster its governance measures. These steps include: (i) the creation of a new position of Chief Legal Officer (currently vacant), (ii) the adoption of revised human resources policies, with respect to discrimination and harassment, health and safety, and personal data, (iii) the re-calibration of the corporate governance charter and the adoption of a corporate whistleblower policy and a delegation of authorities, and (iv) the Company retained Richter LLP in Canada and Ernst & Young in China to help implement general internal controls over its processes and operations, as well as to carry out a Sarbanes Oxley compliance review and diagnostic, both of which were still ongoing as of the date of this MD&A. The Company aims to continue to improve upon its corporate governance throughout 2023 to align with best practices.

RISKS AND UNCERTAINTIES

Risk factors that may adversely affect or prevent the Corporation from carrying out all or portions of its business strategy include the following:

Liquidity and Capital Resources

The Company will require financing in order to meet its longer-term business objectives and there can be no assurances that such financing sources will be available as and when needed. Historically, capital requirements have been primarily funded through the sale of common shares. Recently with the inability to finalize a prospectus for common shares under the OSC, the Company has achieved financing with private placements. Factors that could affect the availability of financing include, but are not limited to, evidence of continued demand for the Company's services, the Chinese geopolitical climate, the Company's ability to expand its services beyond China, the ongoing investigation by the AMF of Mr. Joseph, the state of international debt and equity markets, and investor perceptions and expectations of the fintech space. There can be no assurance that such financing will be available in the amount required at any time or for any period or, if available, that it can be obtained on terms satisfactory to the Company.

Holding Company with Significant Operations in China

As a holding company that is currently dependent on the operations of its subsidiaries in China, Tenet is subject to risks that could cause the value of its common shares to significantly decline. Chinese laws and regulations governing its current business operations are sometimes vague and uncertain, and they present legal and operational risks which may result in material changes in the operations of the Company's Chinese subsidiaries or a significant depreciation in the value of its common shares. Recently, the Chinese government adopted a series of regulatory actions and issued statements to regulate business operations in China, including cracking down on illegal activities in the securities market, adopting new measures to extend the scope of cybersecurity reviews, and expanding the efforts in anti-monopoly enforcement. Nevertheless, to the Company's knowledge, neither it nor any of its Chinese subsidiaries have been involved in any investigations on cybersecurity review initiated by any Chinese regulatory authority, nor have any of them received any inquiry, notice or sanction from the Chinese government.

Regulatory Permissions

To operate its business as currently conducted in China, each of the Company's subsidiaries in China are required to obtain a business license from local authorities. Each such Chinese subsidiary has obtained a valid business license, and no application for any such license has been denied or revoked. If any of the business licenses of the Company's subsidiaries are revoked, this would hinder the ability to operate the business, which could materially and adversely affect the business, financial condition, and results of operations.

Repatriation of Profits or Transfer of Funds from China to Canada

As of the date of this MD&A, all the Company's operating subsidiaries are located in China, except Cubeler Inc. (Canada), Tenoris3 Inc. (Canada) and Asia Synergy Ltd. (Hong Kong). Accordingly, the repatriation of any profits generated by the Company, which the Company might want to repatriate from China to Canada, or the transfer any funds that the Company might want to transfer to its Chinese subsidiaries, is subject to the rules and regulations established by the Chinese government that restrict the flow of funds between China and foreign jurisdictions, including the transfer of funds between Chinese subsidiaries and their foreign parent companies. Although the Company has taken steps to comply with regulations established by the Chinese government to be able to transfer funds from its subsidiaries to Canada, there can be no assurances that the Company will remain in compliance with those rules and regulations in the future. The Company may therefore not be able to repatriate profits or transfer funds from its Chinese holding or operating subsidiaries to its head office in Canada, including part or all of the funds raised in China through its most recent convertible debenture private placement financing, which would potentially prevent the Company from paying dividends to its shareholders or otherwise adversely impact the Company in the future.

Operations in Foreign Jurisdictions and Possible Exposure to Corruption, Bribery or Civil Unrest

The Company operates in a foreign jurisdiction (China) where the laws governing corporations differ from the laws of Canada. Chinese laws require each of the Company's subsidiaries located therein to have a legal representative to which certain roles, powers and responsibilities are ascribed. The legal representative's functions and powers are prescribed by state laws, regulations and the articles of association of the entity for which he or she is the legal representative. The legal representative is the person authorized to represent the entity in all legal matters between the government and such entity and to sign legally binding contracts on behalf of such entity. Unlike Canadian laws, which limit liability for individuals involved in corporations and limited liability or registered business entities, Chinese laws make no distinction between the liability of a legal representative versus the liability of the entity he or she represents. The legal representative is responsible for any offence, whether corporate, criminal, civil or other, committed by the entity and must bear any fine, punishment or consequences resulting from the offence.

Companies in China need the signed consent of a majority (over 50%) of its shareholders in order to remove a legal representative. If a company wants to change its legal representative, it first needs to provide written notice to that effect to the legal representative. The company must then go to the China Industry and Commerce Bureau with written proof of majority shareholder consent to make the change and submit the appointment document of the new legal representative. Similarly, the removal of any officer or director of a company requires the consent of the company's shareholders. Such consent must formally be given by a majority (over 50%) of shareholders with a signed resolution of the shareholders at a general meeting of the shareholders. The company must then submit a copy of the resolution along with the required supporting documents (application form, copy of business license, ID card of the individual being removed and copy of amendment of article of association reflecting the change) to the China Industry and Commerce Bureau.

Given the onerous responsibilities and risks associated with the position of legal representative for companies operating in China, the Company may have difficulty in the future to find individuals willing to act as its subsidiary's legal representatives. There can be no assurances that the Company will always have legal representatives for its subsidiaries. Since every company must have a legal representative under Chinese laws, not being able to have a legal representative may force the Company to suspend temporarily or permanently some of its operations in China, which would adversely affect the Company's operations, revenue and profits.

Certain individuals in China may perceive the Company as a potential bribery target. As such, the Company may be approached by local individuals in China, whether businessmen, government officials or others, to offer the Company certain favors that would advance the Company's business interests in exchange for cash, other forms of compensation, or threaten to hinder the Company's progress unless compensated in cash or by other means, all of which would be contrary to Chinese laws and/or Canadian law. The Company's employees or other agents may, without its knowledge and despite its efforts, engage in prohibited conduct under the Company's policies and procedures and anti-bribery laws for which the Company may be held responsible. The Company's policies mandate compliance with these anti-corruption and anti-bribery laws. However, there can be no assurance that the Company's internal control policies and procedures will always protect it from recklessness, fraudulent behavior, dishonesty or other inappropriate acts committed by its affiliates, employees, contractors or agents. If the Company's employees or other agents are found to have engaged in such practices, the Company could suffer severe penalties and other consequences that may have a material adverse effect on its business, financial condition and results of operations.

As a Canadian entity operating in China, the Company is exposed to the state of relations between China and Canada. There are political and/or cultural tensions between these two that may impact international commerce. If that happens, clients may decide to no longer buy the Company's services and partners may decide to cut ties with the Company, all of which would negatively impact the Company's operations, revenue and profits.

Bankruptcy, Dissolution or Liquidation of Chinese Subsidiaries

The Chinese Enterprise Bankruptcy Law provides that an enterprise may be liquidated if the enterprise fails to settle its debts as and when they fall due and if the enterprise's assets are, or are demonstrably, insufficient to clear such debts. Our Chinese subsidiaries hold certain assets that are important to our business operations. If any of our Chinese subsidiaries undergo a voluntary or involuntary liquidation proceeding, unrelated third-party creditors may claim rights to some or all of these assets, thereby hindering our ability to operate our business, which could materially and adversely affect our business, financial condition, and results of operations.

Uncertainties Regarding the Growth and Sustained Profitability of E-Commerce in China

The continued growth in our revenue and profit substantially depends upon the widespread acceptance and use of the Internet as a medium for commerce by businesses in China and elsewhere. In particular, rapid growth in the use of and interest in the Internet and other online services is still a relatively recent phenomenon in China, and we cannot assure you that this acceptance and use will continue to develop or that a sufficiently broad base of customers will adopt, and continue to use, the Internet as a medium of commerce in China. A decline in the popularity of purchasing on the Internet in general, or any failure by us to adapt our platform and improve the experience of our customers in response to trends and consumer requirements, will adversely affect our revenues and business prospects. Moreover, concerns about fraud, privacy, lack of trust and other problems may discourage businesses from adopting the Internet as a medium of commerce. In addition, if a well-publicized breach of Internet security or privacy were to occur, general Internet usage could decline, which could reduce the use of our services and impede our growth. As a result, growth in our customer base depends on attracting customers who have historically used traditional channels of commerce to conduct the types of transactions facilitated by our platform. For our Company to be successful, these customers must accept and adopt new ways of conducting business and exchanging information.

Illegality of Digital Asset Transactions in China

In 2013, financial regulators in China, including the People's Bank of China (the "PBOC") banned banks and payment companies from providing bitcoin related services. In 2017, the PBOC, Ministry of Industry and Information Technology, State Administration for Industry and Commerce, China Banking Regulatory Commission, China Securities Regulatory Commission and China Insurance Regulatory Commission issued "Announcement on Preventing Token Fundraising Risks", prohibiting all organizations and individuals from engaging in initial coin offering transactions. On May 21, 2021, the Financial Stability and Development Committee of the State Council in China called for the need to resolutely control financial risks and crack down on bitcoin mining and trading activities. On June 21, 2021, the PBOC was reported to have held interviews with certain financial institutions in China, and stressed that banks and other financial institutions in China shall strictly implement the "Guarding Against Bitcoin Risks" and the "Announcement on Preventing Token Fundraising Risks" and other regulatory requirements, diligently fulfill their customer identification obligations, and shall not provide account opening, registration, trading, clearing, settlement and other services related to blockchain and cryptocurrency business. On September 24, 2021, all digital asset transactions were banned in China. Ten Chinese government agencies, including the central bank and banking, securities and foreign exchange regulators, reportedly have vowed to work together to root out "illegal" cryptocurrency activity with the PBOC reportedly stating that it was illegal to facilitate cryptocurrency trading and that it planned to severely punish anyone doing so, including those working for overseas platforms from within China. While we are not engaged in digital asset transactions, the crackdown on such transactions may result in volatility in the fintech sector and may result in increased scrutiny of any financial platforms or financial transactions, which could have a material adverse effect on our business, prospects or operations.

Increases in Labor Costs in China

China's economy has experienced increases in labor costs in recent years. China's overall economy and the average wage in China are expected to continue to grow. We expect that our labor costs, including wages and employee benefits, will continue to increase. Unless we are able to pass on these increased labor costs to our customers by increasing prices for our products or services, our profitability and results of operations may be materially and adversely affected.

Regulation and Censorship of Information Distribution Over the Internet in China

China has recently enacted laws and regulations governing Internet access and the distribution of products, services, news, information, audio-video programs and other content through the Internet. The Chinese government has prohibited the distribution of information through the Internet that it deems to be in violation of Chinese laws and regulations. If any of the content on our online platform were deemed to violate any content restrictions by the Chinese government, we would not be able to continue to display such content and could become subject to penalties, including confiscation of income, fines, suspension of business and revocation of required licenses, which could materially and adversely affect our business, financial condition and results of operations. We may also be subject to potential liability for any unlawful actions or for content we distribute that is deemed inappropriate. It may be difficult to determine the type of content that may result in liability to us, and if we are found to be liable, we may be prevented from operating our website in China.

Oversight of the China Securities Regulatory Commission (the “CSRC”) and Other Chinese Government Agencies over Foreign Investment in China-Based Issuers

Although we are incorporated and based in Canada, with operations in China, Chinese authorities may consider us to be a China-based company. In 2021, the General Office of the Communist Party of China Central Committee and the General Office of the State Council jointly issued a document to prevent illegal activities in the securities market and to promote the high-quality development of their capital markets, which, among other things, requires the relevant governmental authorities to strengthen cross-border oversight of law-enforcement and judicial cooperation, to enhance supervision over

China-based companies listed overseas, and to establish and improve the system of extraterritorial application of Chinese securities laws. Since this document is relatively new, uncertainties still exist in relation to how soon legislative or administrative regulation-making bodies will respond and what existing or new laws or regulations or detailed implementations and interpretations will be modified or promulgated, if any, and the potential that any impact such modified or new laws and regulations will have on our future business operations. Therefore, the CSRC and other Chinese government agencies may exert more oversight and control over foreign investment in China-based issuers or perceived China-based issuers, especially those in the technology field such as us. Additional compliance procedures may be required in connection with our business operations, and, if required, we cannot predict whether we will be able to obtain the approval of any compliance requirements. As a result, we face uncertainty about future actions by the Chinese government that could cause the value of our common shares to significantly decline.

Failure to Make Adequate Contributions to Various Mandatory Social Security Plans as Required by Chinese Regulations

Under the Chinese Social Insurance Law and the Administrative Measures on Housing fund, we are required to participate in various government sponsored employee benefit plans, including certain social insurance, housing funds and other welfare-oriented payment obligations, and contribute to the plans in amounts equal to certain percentages of salaries, including bonuses and allowances, of our employees up to a maximum amount specified by the local government from time to time at locations where we operate our businesses. The requirement of employee benefit plans has not been implemented consistently by the local governments in China given the different levels of economic development in different locations. If the local governments deem our contribution to be not sufficient, we may be subject to late contribution fees or fines in relation to any underpaid employee benefits, our financial condition and results of operations may be adversely affected. As the interpretation of implementation of labor-related laws and regulations are still involving, we cannot assure you that our practice in this regard will not be violate any labor-related laws and regulations regarding including those relating to the obligations to make social insurance payments and contribute to the housing funds and other welfare-oriented payments. If we are deemed to have violated relevant labor laws and regulations, we could be required to provide additional compensation to our employees and be subject to penalties, and our business, financial condition and results of operations will be adversely affected.

Chinese Labor Contract Law

Pursuant to the Chinese labor contract law, employers are subject to stricter requirements in terms of signing labor contracts, minimum wages, paying remuneration, determining the term of employees' probation, and unilaterally terminating labor contracts. In the event that we decide to terminate some of our employees or otherwise change our employment or labor practices, the Chinese labor contract Law and its implementation rules may limit our ability to effect those changes in a desirable or cost-effective manner, which could adversely affect our business and results of operations. As the interpretation and implementation of labor-related laws and regulations are still evolving, we cannot assure you that our employment practices do not and will not violate labor-related laws and regulations in China, which may subject us to labor disputes or government investigations and potentially penalties. If we are deemed to have violated relevant labor laws and regulations, we could be required to provide additional compensation to our employees and our business, financial condition and results of operations could be materially and adversely affected.

Uncertainties Under the Chinese Enterprise Income Tax Law (the “EIT Law”)

Under the Chinese EIT Law and its implementation rules, the profits of a foreign invested enterprise generated through operations, which are distributed to its immediate holding company outside China, will be subject to a withholding tax rate of 10%. Pursuant to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion on Income (or the "Double Tax Avoidance Arrangement"), a withholding tax rate of 10% may be lowered to 5% if the Chinese enterprise is at least 25% held by a Hong Kong enterprise for at least 12 consecutive months prior to distribution of the dividends and is determined by the relevant Chinese tax authority to have satisfied other conditions and requirements under the Double Tax Avoidance Arrangement and other applicable Chinese laws. However, based on the Circular on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties, or the "SAT Circular 81," which became effective in 2009, if the relevant Chinese tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such Chinese tax authorities may adjust the preferential tax treatment. According to Circular on Several Issues regarding the "Beneficial Owner" in Tax Treaties, which became effective in 2018, when determining an applicant's status as the "beneficial owner" regarding tax treatments in connection with dividends, interests, or royalties in the tax treaties, several factors will be taken into account. Such factors include whether the business operated by the applicant constitutes actual business activities, and whether the counterparty country or region to the tax treaties does not levy any tax, grant tax exemption on relevant incomes, or levy tax at an extremely low rate. This circular further requires any applicant who intends to be proved of being the "beneficial owner" to file relevant documents with the relevant tax authorities. We own majority stakes in our Chinese subsidiaries through our Hong Kong subsidiary. However, we cannot assure you that our determination regarding our qualification to enjoy the preferential tax treatment will not be challenged by the relevant Chinese tax authority, or we will be able to complete the necessary filings with the relevant Chinese tax authority and enjoy the preferential withholding tax rate of 5% under the Double Tax Avoidance Arrangement with respect to dividends to be paid by our Chinese subsidiaries to our Hong Kong subsidiary, in which case we would be subject to the higher withdrawing tax rate of 10% on dividends received.

Chinese Governmental Control of Currency Conversion

The Chinese government imposes control on the convertibility of its currency, the Renminbi, into foreign currencies and, in certain cases, the remittance of currency out of China. We receive a majority of our revenues in Renminbi, which currently is not a freely convertible currency. Restrictions that the Chinese government imposes on currency conversion may limit our ability to use revenues generated in Renminbi to fund our expenditures denominated in foreign currencies or our business activities outside China. Under China's existing foreign exchange regulations, Renminbi may be freely converted into foreign currency for payments relating to current account transactions, which include, among other things, dividend payments and payments for the import of goods and services, by complying with certain procedural requirements. To date, our Chinese subsidiaries have been able to pay a management fee in foreign currencies to Tenet without prior approval from China's State Administration of Foreign Exchange ("SAFE"), by complying with such procedural requirements. Our Chinese subsidiaries may also retain foreign currency in their respective bank accounts for use in payment of international current account transactions. We cannot assure you, however, that the Chinese government will not, at its discretion, take measures in the future to restrict access to foreign currencies for current account transactions. Conversion of Renminbi into or from foreign currencies such as the Canadian dollar for payments relating to capital account transactions, including investments and loans, generally requires the approval of SAFE and other relevant Chinese governmental authorities. Restrictions on the convertibility of the Renminbi for capital account transactions could affect the ability of our Chinese subsidiaries to make investments overseas or to obtain foreign currency through debt or equity financing, including by means of loans or capital contributions from us. If we fail to receive any such required approvals, our ability to use our revenues and to capitalize our Chinese operations may be impeded, which could adversely affect our liquidity and our ability to fund and expand our business.

Repatriation of Funds from our Chinese Operating Subsidiaries

While we generated a profit for the first time in our history in the second quarter of 2021, substantial doubt remains as to our ability to continue as a going concern. Moreover, even if we achieve sustained profitability, Chinese government restrictions surrounding the transfer of funds outside of the country, as discussed above, could restrict our ability to have timely access to profits or cash flows generated by our subsidiaries to meet our financial obligations outside of China and could threaten our ability to continue as a going concern.

Unauthorized Use of the Chops of our Chinese Subsidiaries

In China, a company chop or seal serves as the legal representation of the company towards third parties even when unaccompanied by a signature. Each legally registered company in China is required to maintain a company chop, which must be registered with the local public security bureau. In addition to this mandatory company chop, companies may have several other chops which can be used for specific purposes. The chops of our Chinese subsidiaries are generally held securely by personnel designated or approved by us in accordance with our internal control procedures. To the extent those chops are not kept safe, are stolen or are used by unauthorized persons or for unauthorized purposes, the corporate governance of these entities could be severely and adversely compromised and those corporate entities may be bound to abide by the terms of any documents so chopped, even if they were chopped by an individual who lacked the requisite power and authority to do so. If any of our authorized personnel obtains, misuses or misappropriates our chops for any reason, we could experience disruptions in our operations. We may also have to take corporate or legal action, which could require significant time and resources to resolve while distracting management from our operations. Any of the foregoing could adversely affect our business and results of operations. Please see “Chops” below for more information.

Difficulties for Overseas Regulators Conducting Investigations or Collecting Evidence within China

Shareholder claims or regulatory investigations that are common in Canada or the United States generally are difficult to pursue as a matter of law or practicality in China. For example, in China, there are significant legal and other obstacles to providing information needed for regulatory investigations or litigations initiated outside China. Although the authorities in China may establish a regulatory cooperation mechanism with the securities regulatory authorities of another country or region to implement cross-border supervision and administration, such cooperation with the securities regulatory authorities in Canada or the United States may not be efficient in the absence of mutual and practical cooperation mechanism. Furthermore, according to Article 177 of the Chinese Securities Law, no overseas securities regulator is allowed to directly conduct investigation or evidence collection or other similar activities within the Chinese territory. No entity or individual may provide documents or information related to securities business activities to overseas entities without prior consent of the competent Chinese securities regulatory authority. While detailed interpretation of or implementation rules under Article 177 have yet to be promulgated, the inability for an overseas securities regulator to conduct investigation or evidence collection activities directly within China may further increase the difficulties shareholders face in protecting their interests.

Service of Legal Process

We are a Canadian company and conduct substantially most of our operations in China, and substantially most of our assets are located in China. Certain of our officers and directors reside in China. As a result, it may be difficult or impossible for you to effect service of process upon us or those persons inside mainland China. It may also be difficult or impossible for you to enforce in U.S. or Canadian court judgments obtained in U.S. or Canadian courts against us and our officers and directors. In addition, there is uncertainty as to whether the courts of China would recognize or enforce judgments of U.S. or Canadian courts against us or such persons predicated upon the civil liability provisions of the securities laws of the United States, Canada or any other state. If you are unable to bring a U.S. or Canadian claim or collect on a U.S. or Canadian judgment, you may have to rely on legal claims and remedies available in China or other overseas jurisdictions where we maintain assets. The claims and remedies available in these jurisdictions are often significantly different from those available in the United States and Canada and difficult to pursue. The recognition and enforcement of foreign judgments are provided for under the Chinese Civil Procedures Law. Chinese courts may recognize and enforce foreign judgments in accordance with the requirements of the Chinese Civil Procedures Law based either on treaties between China and the country where the judgment is made or on principles of reciprocity between jurisdictions. China does not have any treaties or other forms of written arrangement with the United States that provide for the reciprocal recognition and enforcement of foreign judgments. In addition, according to the Chinese Civil Procedures Law, the Chinese courts will not enforce a foreign judgment against us or our directors and officers if they decide that the judgment violates the basic principles of Chinese laws or national sovereignty, security, or public interest. As a result, it is uncertain whether and on what basis a Chinese court would enforce a judgment rendered by a court in the United States or Canada.

COVID-19

Since the outbreak of the COVID-19 global pandemic, many businesses around the world have seen their operations negatively impacted by the health and safety measures, including limitations on the movement of goods and individuals, put into place by local governments to help control the spread of the outbreak. Although those measures have been relaxed in recent months in most of the world, there still remains a great deal of uncertainty as to the extent and duration of the future impact of COVID-19 on global commerce and the Company's business. Moreover, China, in particular, has taken strong measures from time to time to try to curb the spread of the virus and protect its citizens and, in doing so, there has been an impact on the economic activities of many of its regions. Given that the Company has significant operations in China, any such measures may have an adverse impact on the Company's revenues and cash resources, ability to expand its business, access to suppliers, partners, and customers, and ability to carry on its day-to-day operations without interruption.

Risks relating to auditor oversight

The Company operates in a foreign jurisdiction (China) where the laws governing corporations differ from the laws of Canada. Even though the Company is audited annually by independent auditors, the Canadian Public Accountability Board's (CPAB), inspection activity of reporting issuers with foreign operations is often limited to engagement files accessible only in Canada as it currently has no legal means to compel access to work completed by component auditors that are located in China. Without access to component auditor working papers in foreign jurisdictions, CPAB is restricted in fulfilling its mandate. CPAB inspects selected high-risk sections of public accounting firm audit engagement files and evaluates the quality management systems of those firms. Investors should be concerned when foreign laws and regulations impede or reduce the level of auditor oversight that they have come to expect in Canada. Certain countries, including China, continue to prevent CPAB from inspecting the audit work of Canadian public companies conducted in their jurisdictions. CPAB has Memorandums of Understanding (MOUs) with audit regulators in nine countries, however, even with the MOU agreements currently in place, CPAB has no legal authority to compel cooperation from foreign audit regulators or component auditors.

CORPORATE LAW AND GOVERNANCE IN CHINA

Legal Representatives

The laws of the People's Republic of China ("PRC" or "China") require that each of the Company's Chinese subsidiaries have a legal representative to whom certain roles, powers and responsibilities are ascribed. The legal representative's functions and powers are prescribed by state laws, regulations and the articles of association of the pertinent entity. The legal representative is the person authorized to represent the company in all legal matters between the government and the company and to sign legally binding contracts on behalf of the company. Unlike Canadian law, which limits liability for individuals involved in corporations and limited liability or registered business entities, Chinese law makes no liability distinction between the legal representative and the company. The legal representative is responsible for any offense, whether corporate, criminal, civil or other, committed by the company and must bear any fine, punishment or consequences resulting from the offence. The legal representative may be held personally accountable for actions carried out by the applicable Chinese company. The legal representative is exposed to personal risks for acts and omissions, either individually or by the company and its employees. Such risks include civil, administrative, or criminal liability. The following persons are the legal representatives of the Company's Chinese subsidiaries:

No.	Subsidiary Name	Legal Representative
1.	Asia Synergy Holdings Ltd.	Liang Qiu
2.	Asia Synergy Technologies Ltd.	Bin Xu
3.	Asia Synergy Supply-chain Technologies Ltd	Bin Xu
4.	Zhejiang Xinjiupin Oil & Gas Management Co., Ltd	Bin Xu
5.	Asia Synergy Data Solutions Ltd.	Liang Qiu
6.	Asia Synergy Credit Solutions Ltd.	Jian'gang Qiu
7.	Asia Synergy Supply Chain Ltd.	Bin Xu
8.	Beijing Xinxiangtaike Technology Service Co., Ltd.	Zheyuan Zhang
9.	Wuxi Aorong Ltd.	Liang Qiu
10.	Asia Synergy Financial Capital Ltd	Kelong Chen
11.	Huike Internet Technology Co., Ltd.	Kai Cui
12.	Wechain Technology Service Co., Ltd.	Xiaojun Hu
13.	Kailifeng New Energy Technology Co., Ltd.	Liang Qiu
14.	Shanghai Xinhuizhi Supply Chain Management Ltd.	Bin Xu
15.	Jiangsu Supairui IOT Technology Co., Ltd.	Yifei Zhang
16.	Tianjin Wodatong Technology Co., Ltd.	Zheyuan Zhang
17.	Wuxi Suyetong Supply Chain Management Co. Ltd.	Chaohao Chen
18.	Jiangsu Steel Chain Technology Co., Ltd.	Bin Xu

The articles of the subsidiaries do not provide for any variation to the role, powers and responsibilities of the legal representative, other than those as typically provided under Chinese law. The legal representative represents the company and is responsible for performing duties and powers on behalf of the company in accordance with applicable Chinese laws and the company's articles of association ("AoA"). Most company registration or change filing-related formalities require the wet signature of the legal representative, however the legal representative also is typically provided a personal seal which serves as a formal signature for some other authorities or bank formalities. The legal representative's name is recorded on the company's business license, which is publicized online.

There are certain procedures to be followed to legally remove a legal representative, directors and officers of an entity under Chinese law. If the chairman of the board or executive director of the company concurrently serve as the legal representative according to the company's AoA, the shareholders of the company are entitled to re-appoint a new chairman of the board or executive director to replace the prior legal representative by shareholder resolution. If the general manager concurrently serves as the legal representative according to a company's AoA, the board or executive director is entitled to re-appoint a new general manager to replace the prior legal representative by resolution. Upon appointment, the newly appointed person will automatically serve as the legal representative pursuant to the AoA. In addition, the company shall prepare application documents related to the change of legal representative and submit them to the local company registration authority where the company is domiciled. Local company registration authorities will then issue a new business license, which contains the name of new the legal representative.

Supervisors

According to Chinese laws, a limited liability entity shall have a board of supervisors, which shall comprise not less than three members, or one to two supervisors instead of establishing a board of supervisors, if it has relatively fewer shareholders or a relatively smaller scale. Each of the above-mentioned entities has one supervisor.

Minute Books, Corporate Seal and Corporate Records

The locations of the minute books, corporate seal and corporate records of each entity are as follows:

No.	Entity	Minute Books	Corporate Seals	Corporate Records
1.	Asia Synergy Holdings Ltd.	Share Service Center of Finance (Asia Synergy Supply-chain Technologies Ltd.)	Share Service Center of Finance (Asia Synergy Supply-chain Technologies Ltd.)	Share Service Center of Finance (Asia Synergy Supply-chain Technologies Ltd.)
2.	Asia Synergy Technologies Ltd.	Share Service Center of Finance (Asia Synergy Supply-chain Technologies Ltd.)	Share Service Center of Finance (Asia Synergy Supply-chain Technologies Ltd.)	Share Service Center of Finance (Asia Synergy Supply-chain Technologies Ltd.)
3.	Asia Synergy Supply- chain Technologies Ltd.	Share Service Center of Finance (Asia Synergy Supply-chain Technologies Ltd.)	Share Service Center of Finance (Asia Synergy Supply-chain Technologies Ltd.)	Share Service Center of Finance (Asia Synergy Supply-chain Technologies Ltd.)
4.	Zhejiang Xinjiupin-Oil & Gas Management Co.	Share Service Center of Finance (Asia Synergy Supply-chain Technologies Ltd.)	Share Service Center of Finance (Asia Synergy Supply-chain Technologies Ltd.)	Share Service Center of Finance (Asia Synergy Supply-chain Technologies Ltd.)
5.	Asia Synergy Data Solutions Ltd.	Share Service Center of Finance (Asia Synergy Supply-chain Technologies Ltd.)	Share Service Center of Finance (Asia Synergy Supply-chain Technologies Ltd.)	Share Service Center of Finance (Asia Synergy Supply-chain Technologies Ltd.)
6.	Asia Synergy Credit Solutions Ltd.	Asia Synergy Credit Solutions Ltd.	Asia Synergy Credit Solutions Ltd.	Asia Synergy Credit Solutions Ltd.
7.	Asia Synergy Supply Chain Ltd.	Asia Synergy Supply Chain Ltd.	Asia Synergy Supply Chain Ltd.	Asia Synergy Supply Chain Ltd.
8.	Beijing Xinxiangtaike Technology Service Co., Ltd.	Beijing Xinxiangtaike Technology Service Co., Ltd.	Beijing Xinxiangtaike Technology Service Co., Ltd.	Beijing Xinxiangtaike Technology Service Co., Ltd.
9.	Wuxi Aorong Ltd.	Share Service Center of Finance (Asia Synergy Supply-chain Technologies Ltd.)	Share Service Center of Finance (Asia Synergy Supply-chain Technologies Ltd.)	Share Service Center of Finance (Asia Synergy Supply-chain Technologies Ltd.)
10.	Asia Synergy Financial Capital Ltd.	Asia Synergy Financial Capital Ltd.	Asia Synergy Financial Capital Ltd.	Asia Synergy Financial Capital Ltd.
11.	Huike Internet Technology Co., Ltd.	Huike Internet Technology Co., Ltd.	Huike Internet Technology Co., Ltd.	Huike Internet Technology Co., Ltd.
12.	Wechain Technology Service Co., Ltd.	Wechain Technology Service Co., Ltd.	Wechain Technology Service Co., Ltd.	Wechain Technology Service Co., Ltd.
13.	Kailifeng New Energy Technology Co., Ltd.	Share Service Center of Finance (Asia Synergy Supply-chain Technologies Ltd.)	Share Service Center of Finance (Asia Synergy Supply-chain Technologies Ltd.)	Share Service Center of Finance (Asia Synergy Supply-chain Technologies Ltd.)

No.	Entity	Minute Books	Corporate Seals	Corporate Records
14.	Shanghai Xinhuizhi Supply Chain Management Co., Ltd.	Shanghai Xinhuizhi Supply Chain Management Co., Ltd.	Shanghai Xinhuizhi Supply Chain Management Co., Ltd.	Shanghai Xinhuizhi Supply Chain Management Co., Ltd.
15.	Jiangsu Supairui IOT Technology Co., Ltd.	Jiangsu Supairui IOT Technology Co., Ltd.	Jiangsu Supairui IOT Technology Co., Ltd.	Jiangsu Supairui IOT Technology Co., Ltd.
16.	Tianjin Wodatong Technology Co., Ltd.	Tianjin Wodatong Technology Co., Ltd.	Tianjin Wodatong Technology Co., Ltd.	Tianjin Wodatong Technology Co., Ltd.
17.	Wuxi Suyetong Supply Chain Management Co., Ltd.	Wuxi Suyetong Supply Chain Management Co., Ltd.	Wuxi Suyetong Supply Chain Management Co., Ltd.	Wuxi Suyetong Supply Chain Management Co., Ltd.
18.	Jiangsu Steel Chain Technology Co., Ltd.	Jiangsu Steel Chain Technology Co., Ltd.	Jiangsu Steel Chain Technology Co., Ltd.	Jiangsu Steel Chain Technology Co., Ltd.

Chops

Under current PRC laws and also as a PRC traditional practice, chops are used very frequently and in a large scale, both in daily life and in official occasions. Chops serve as the symbol of the authenticity and credibility of a person or a company in many ways, especially in business operations. In general, as to a company established and existing under PRC laws, certain chops are required in its business operation, although the signature of the legal representative or the authorized representative of a company will also be acceptable in many cases. Stamping a seal by chops on a document will be deemed as a promise to perform the rights or obligations provided in the document, which means from the legal perspective that a company shall be responsible for its behaviors or promises as its chops are stamped on the document.

Each of the above entities holds a Company Chop, Finance Chop, Invoice Chop, Legal Representative Chop and Contract Chop, except that Asia Synergy Credit Solutions Ltd. and Tianjin Wodatong Technology Co., Ltd. have no Contract Chop. The specified purposes of the types of chops are detailed below:

1. **Company Chop**. The Company Chop is used by an authorized person at the company and is required for the daily operations of the entity. It is required when any important document is signed and is also used to provide legal authority when opening a bank account. All letters, official documents, contracts, and introduction letters issued in the name of the company, certificates, or other company materials can use the official chop, which will legally bind the company. Under Chinese laws, the use of the Company Chop alone or the signature of the parties to the contract alone is sufficient to bind a Chinese entity.

2. **Financial Chop**. The Financial Chop is used for opening a bank account, issuing checks, authenticating financial documents, such as tax filings and compliance documents, and for most bank-related transactions by the financial controller / officer of the company.

3. **Invoice Chop**. The Invoice Chop is used by the company to issue invoices to its customers in China.

4. **Legal Representative Chop**. The Legal Representative Chop is evidence of the Legal Representative’s signature and may be used in place of a signature, or alongside the Legal Representative’s actual signature.

5. **Contract Chop**. The Contract Chop is used by the company to sign contracts with its employees or execute agreements between salespeople and clients. It grants less authority than the Company Chop.

Currently, all the corporate chops are kept by the Issuer's Chinese subsidiaries themselves. All the chops are physically safeguarded and kept in a strongbox or by a designated person.

In order to maintain the physical security of the chops, as of the date of this MD&A, the Company was in discussions with a local custodian to hold and safeguard all of the chops of the Company's Chinese subsidiaries. Pursuant to such custodian arrangement, the custodian would maintain the chops at its office and each use of the chops would be granted and supervised by a dedicated representative of the custodian.

The corporate chops of each of the Issuer's China entities are under the control of each person listed opposite each such entity's name:

No.	Entity	Company Chop	Finance Chop	Invoice Chop	Legal Representative Chop	Contract Chop
1.	Asia Synergy Holdings Ltd.	HR Manager (Huan XIONG)	Finance Assistant (Minyue QIU)	Finance Assistant (Minyue QIU)	Finance Assistant (Minyue QIU)	Finance Assistant (Minyue QIU)
2.	Asia Synergy Technologies Ltd.	HR Manager (Huan XIONG)	Accountant (Zhengting QI)	Accountant (Zhengting QI)	Accountant (Zhengting QI)	Accountant (Zhengting QI)
3.	Asia Synergy Supply-chain Technologies Ltd.	HR Manager (Huan XIONG)	Accountant (Zhengting QI)	Accountant (Zhengting QI)	Accountant (Zhengting QI)	Accountant (Zhengting QI)
4.	Zhejiang Xinjiupin-Oil & Gas Management Co.	HR Manager (Huan XIONG)	Accountant (Zhengting QI)	Accountant (Zhengting QI)	Accountant (Zhengting QI)	Accountant (Zhengting QI)
5.	Asia Synergy Data Solutions Ltd.	HR Manager (Huan XIONG)	Finance Assistant (Minyue QIU)	Finance Assistant (Minyue QIU)	Finance Assistant (Minyue QIU)	Finance Assistant (Minyue QIU)
6.	Asia Synergy Credit Solutions Ltd.	Director of Finance (Yushu WEI)	Finance Manager (Wenjing YU)	Finance Manager (Wenjing YU)	Finance Manager (Wenjing YU)	N/A
7.	Asia Synergy Supply Chain Ltd.	Chop Manager (Yu ZHONG)	Chop Manager (Yu ZHONG)	Chop Manager (Yu ZHONG)	Chop Manager (Yu ZHONG)	Chop Manager (Yu ZHONG)
8.	Beijing Xinxiangtaike Technology Service Co., Ltd.	Administrative Specialist (Li ZHAO)	Cashier (Jingjing WANG)	Cashier (Jingjing WANG)	Administrative Specialist (Li ZHAO)	Administrative Specialist (Li ZHAO)
9.	Wuxi Aorong Ltd.	HR Manager (Huan XIONG)	Accountant (Minyue QIU)	Accountant (Minyue QIU)	Accountant (Minyue QIU)	Accountant (Minyue QIU)
10.	Asia Synergy Financial Capital Ltd.	HR Manager (Ruiyun WU)	HR Manager (Ruiyun WU)	HR Manager (Ruiyun WU)	HR Manager (Ruiyun WU)	HR Manager (Ruiyun WU)

No.	Entity	Company Chop	Finance Chop	Invoice Chop	Legal Representative Chop	Contract Chop
11.	Huike Internet Technology Co., Ltd.	Administrative Specialist (Li ZHAO)	Cashier (Jingjing WANG)	Cashier (Jingjing WANG)	Administrative Specialist (Li ZHAO)	Administrative Specialist (Li ZHAO)
12.	Wechain Technology Service Co., Ltd.	General Manager (Changshu HU)	Cashier (Duan YANG)	Cashier (Duan YANG)	Cashier (Duan YANG)	Cashier (Duan YANG)
13.	Kailifeng New Energy Technology Co., Ltd.	HR Manager (Huan XIONG)	Finance Assistant (Minyue QIU)	Finance Assistant (Minyue QIU)	Finance Assistant (Minyue QIU)	Finance Assistant (Minyue QIU)
14.	Shanghai Xinhuizhi Supply Chain Management Co., Ltd.	Head of Legal (Jie WANG)	Head of Legal (Jie WANG)	Head of Legal (Jie WANG)	Head of Legal (Jie WANG)	Head of Legal (Jie WANG)
15.	Jiangsu Supairui IOT Technology Co., Ltd.	HR Manager (Xiarong LI)	Finance Specialist (Ping WANG)	Finance Specialist (Ping WANG)	Finance Specialist (Ping WANG)	HR Manager (Xiarong LI)
16.	Tianjin Wodatong Technology Co., Ltd.	Administrative Specialist (Li ZHAO)	Cashier (Jingjing WANG)	Cashier (Jingjing WANG)	Administrative Specialist (Li ZHAO)	N/A
17.	Wuxi Suyetong Supply Chain Management Co., Ltd.	HR Manager (Xiarong LI)	Finance Specialist (Ping WANG)	Finance Specialist (Ping WANG)	Finance Specialist (Ping WANG)	HR Manager (Xiarong LI)
18.	Jiangsu Steel Chain Technology Co., Ltd.	Accountant (Min DENG)	Accountant (Min DENG)	Accountant (Min DENG)	Accountant (Min DENG)	Accountant (Min DENG)

Each of the Issuer's China entities maintains logs to evidence use of each chop. The locations of such logs are as follows:

No.	Entity	Locations of Logs of Use of Chops
1.	Asia Synergy Holdings Ltd.	Share Service Center of Finance (Asia Synergy Supply-chain Technologies Ltd.) Address: Suite 1-1904-1-1910, 8th financial street, Economic Development District, Wuxi, China
2.	Asia Synergy Technologies Ltd.	Share Service Center of Finance (Asia Synergy Supply-chain Technologies Ltd.) Address: Suite 1-1904-1-1910, 8th financial street, Economic Development District, Wuxi, China

No.	Entity	Locations of Logs of Use of Chops
3.	Asia Synergy Supply-chain Technologies Ltd.	Share Service Center of Finance (Asia Synergy Supply-chain Technologies Ltd.) Address: Suite 1-1904-1-1910, 8th financial street, Economic Development District, Wuxi, China
4.	Zhejiang Xinjiupin-Oil & Gas Management Co.	Share Service Center of Finance (Asia Synergy Supply-chain Technologies Ltd.) Address: Suite 1-1904-1-1910, 8th financial street, Economic Development District, Wuxi, China
5.	Asia Synergy Data Solutions Ltd.	Share Service Center of Finance (Asia Synergy Supply-chain Technologies Ltd.) Address: Suite 1-1904-1-1910, 8th financial street, Economic Development District, Wuxi, China
6.	Asia Synergy Credit Solutions Ltd.	Asia Synergy Credit Solutions Ltd. Address: Suite 1-1901-1-1902, 8th financial street, Economic Development District, Wuxi, China
7.	Asia Synergy Supply Chain Ltd.	Asia Synergy Supply Chain Ltd. Address: Oriental Plaza, 777 Changjiang Road, Building 19, Suite 1106, Jiangyin City, Wuxi, China
8.	Beijing Xinxiangtaike Technology Service Co., Ltd.	Beijing Xinxiangtaike Technology Service Co., Ltd. Address: Suite 2144, 2nd Floor, Building No.3, Block No. 18, Keyuan Road, Beijing Economic-Technological Development Area, Daxing District, Beijing, China
9.	Wuxi Aorong Ltd.	Share Service Center of Finance (Asia Synergy Supply-chain Technologies Ltd.) Address: Suite 1-1904-1-1910, 8th financial street, Economic Development District, Wuxi, China
10.	Asia Synergy Financial Capital Ltd.	Asia Synergy Financial Capital Ltd. Address: Suite 6-2708,Hengda Fortune Center B Building,Economic Development District, Wuxi, China
11.	Huike Internet Technology Co., Ltd.	Huike Internet Technology Co., Ltd. Address: Suite 813, 8th Floor, Building No.9, Guanghua Road, Chaoyang District, Beijing, China
12.	Wechain Technology Service Co., Ltd.	Wechain Technology Service Co., Ltd. Address: No.1, Building No.4, No.5, Dayusuo Road, Pukou District, Nanjing, China

No.	Entity	Locations of Logs of Use of Chops
13.	Kailifeng New Energy Technology Co., Ltd.	Share Service Center of Finance (Asia Synergy Supply-chain Technologies Ltd.) Address: Suite 1-1904-1-1910, 8th financial street, Economic Development District, Wuxi, China
14.	Shanghai Xinhuizhi Supply Chain Management Co., Ltd.	Shanghai Xinhuizhi Supply Chain Management Co., Ltd. Address: Suite 901-1994, Building No. 4, No. 2377, Shenkun Road, Minhang District, Shanghai, China
15.	Jiangsu Supairui IOT Technology Co., Ltd.	Jiangsu Supairui IOT Technology Co., Ltd. Address: Suite 1310, Building No. 1, Mingdu Mansion, Huishan District, Wuxi, China
16.	Tianjin Wodatong Technology Co., Ltd.	Tianjin Wodatong Technology Co., Ltd. Address: Suite 1-1603, Building No. 1, Renju Jinyuan, Xiqing District, Tianjin, China
17.	Wuxi Suyetong Supply Chain Management Co., Ltd.	Wuxi Suyetong Supply Chain Management Co., Ltd. Address: Suite 5-1-006, Building No. 5, Chuanhua Highway Port, No. 32, Zhenshi Road, Huishan district, Wuxi, China
18.	Jiangsu Steel Chain Technology Co., Ltd.	Jiangsu Steel Chain Technology Co., Ltd. Address: Suite 1800-04, Jiangsu Gaochun Development Zone Dongba Information New Material Industrial Park, Gaochun District, Nanjing, China

FURTHER INFORMATION

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

August 28, 2023

(s) Jean Landreville ***(s) Johnson Joseph***

Jean Landreville, Chief Financial Officer Johnson Joseph, President & CEO