Ellipsiz Communications Ltd.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL POSITION AND CONSOLIDATED RESULTS OF OPERATIONS

For the Three Months Ended March 31, 2018 and 2017

This MD&A is dated May 29, 2018

All numbers in this MD&A are in US$ except where specified as to the currency in use

Ellipsiz Communications Ltd.

Management Discussion and Analysis for the three months ended March 31, 2018 and 2017

Introduction

This Management's Discussion and Analysis ("MD&A"), dated May 29, 2018 provides a review of the consolidated financial position and the results of operations of Ellipsiz Communications Ltd. (TSXV: ECT) ("Ellipsiz" or the "Company") and constitutes management's review of the factors that affected the Company's financial and operating performance for the three months ended March 31, 2018. This MD&A has been prepared in compliance with the requirements of National Instrument 51- 102 – Continuous Disclosure Obligations. The review is provided to enable the reader to assess the significant changes in the financial condition of the Company as at and for the year ended December 31, 2017. This MD&A should be read in conjunction with the audited Consolidated Financial Statements as at and for the year ended December 31, 2017, and the Audited Consolidated Financial Statements of the Company for the year ended December 31, 2016 (the "Audited Consolidated Financial Statements") together with the notes thereto. The Company's Financial Statements and the financial information reported in this MD&A have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). All amounts presented are stated in United States dollars, unless otherwise indicated. Information contained herein is presented as of May 29, 2018, unless otherwise indicated.

For the purposes of preparing this MD&A, management, in conjunction with the board of directors of the Company (the "Board of Directors"), considers the materiality of information, in accordance with applicable securities laws. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Cautionary Note Regarding Forward-Looking Information

All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements.

This MD&A contains "forward-looking statements" under the meaning of Canadian securities laws, which may include, but is not limited to, statements with respect to:

- financial and other projections as well as statements or information concerning future operation plans, objectives, performance, revenues, growth, profits, working capital requirements or operating expense;
- the use of available funds;
- plans to develop, implement or adopt new technology or products;
- estimates and projections regarding the industry in which the Company operates, including the Taiwanese telecommunications industry and the operational support systems ("OSS") industry, and expectations relating to trends and the adoption of technologies;
- warranty claims in the future;
- demand of its products and services by existing customers;
- the availability of future funds through past sources of funds;
- anticipated tax refunds and the tax rates applicable to the Company;
- strategies and objectives;
- research and development;
- requirements for additional capital and future financing options;
- general business and economic conditions;
- distributions and dividends to shareholders;
- plans to expand the customer base and enter into new markets;
- expansion and acceptance of the Company's services in other markets;
- plans to identify, pursue, negotiate and/or complete strategic acquisitions;
- availability of qualified employees;
- marketing plans; and
- other expectations of the Company.

Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", “continues”, "forecasts", “projects”, “predicts”, "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

All statements other than statements of historical fact are forward-looking statements. Such statements, made as of the date hereof, reflect the Company’s current views with respect to future events and are based on information currently available to the Company and are subject to and involve certain known and unknown risks, uncertainties, assumptions and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed in or implied by such forward-looking statements. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected. These risks, uncertainties, assumptions and other factors should be considered carefully and prospective investors should not place undue reliance on the forward-looking statements.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company’s ability to predict or control. These risks and uncertainties include, but are not limited to, the risk factors described in this MD&A below under the heading "Risk Factors" and the risk factors contained in the Company's continuous disclosure record. Some of these risk factors as summarized as follows: risks posed by the economic and political environments in Taiwan; the dependence on a small number of significant customers for a large portion of revenue; risks related to rapid technological change, research and development activities and the ability to offer new products and services; risks associated with the development and expansion of business in emerging markets, particularly Southeast Asia; increased competition; a potential decrease in the demand for the Company's services; highly volatile revenues and expenses and lengthy sales cycle; reliance on industry suppliers; the failure to adequately protect intellectual property; credit risk; interest risk; liquidity risk; foreign currency and exchange risk; potential conflicts between laws that are applicable to the Company; potentially inadequate insurance coverage; a failure to adequately manage future growth; the impact of changing tax rates on revenues; adverse market conditions; failure to satisfy ongoing regulatory requirements; the dependence on a number of key personnel; possible conflicts of interest of directors and officers of the Company; lack of foreseeable dividend payments; the potential inability to raise additional funds; potential dilution of shareholders; and the volatility of the market price of the Shares.

Although the forward-looking information contained in this MD&A reflect the current estimates, expectations and projections of management of the Company, readers are cautioned against placing reliance on this information since actual results may vary from the forward-looking information. These forward-looking statements are made as of the date of this MD&A, and, except as may expressly be required by law, the Company disclaim any obligation or undertaking to publicly release any updates or revisions to any forward-looking statements contained herein to reflect any change in expectations, estimates and projections with regard thereto or any changes in events, conditions or circumstances on which any statement is based, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law. Readers should not place undue importance on forward-looking statements and should not rely upon this information as of any other date. In addition to the disclosure contained herein, for more information concerning the Company’s various risks and uncertainties, please refer to the Company’s periodic public filings available under its profile on SEDAR at www.sedar.com.

Background

The Company was amalgamated under the Ontario Business Corporation Act ("OBCA") on January 1, 2006. The fiscal year end of the Company is December 31.

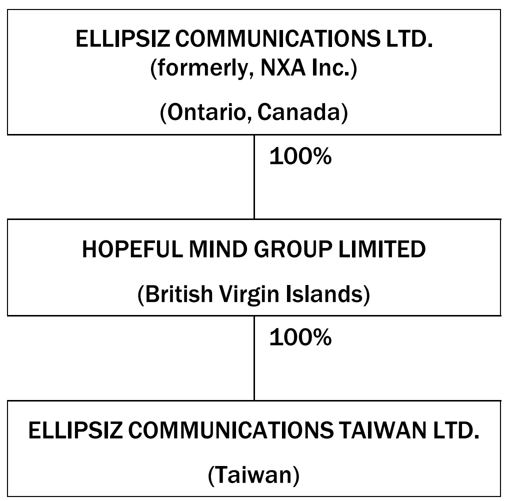
The Company was formerly engaged in the exploration of base materials and precious metals. Thereafter, from 2010 to 2015, the Company was engaged in evaluating potential business opportunities and was otherwise inactive. The common shares of the Company (the Shares) were delisted from the TSX Venture Exchange ("TSXV") and were listed on the NEX Board of the Exchange on April 23, 2015.

On November 4, 2015, the Company completed the acquisition (the "Transaction") of Ellipsiz Communications Ltd. BVI ("ECBVI"), a British Virgin Island corporation that owned all of the outstanding shares of its operating subsidiary Ellipsiz Communications Taiwan Ltd. ("ECTW"), a private company incorporated under the laws of Taiwan.

As a result of the Company's completion of the Transaction, the Company met the listing conditions of its common shares on the TSXV and commenced trading on November 26, 2015 under the ticker symbol "ECT".

ECTW was incorporated on November 21, 2007 as a company limited by shares and registered under the Ministry of Economic Affairs, Republic of China (R.O.C.). The address of ECTW's registered office is 8F, No.96, Sec. 1, Jianguo N. Rd., Zhongshan Dist., Taipei City 104, Taiwan, R.O.C. ECTW is primarily involved in setting up the OSS, being systems which control and monitor network activities, for many telecommunication service providers in Taiwan.

The corporate structure, including the percentage of voting shares owned and the jurisdiction of incorporation is set out in the diagram below.



Summary of the Business of the Company

The Company, through its indirect operating subsidiary ECTW, focuses on setting up OSS, being systems which control and monitor network activities, for many communication service providers ("Telcos"), including mobile network providers, fixed line telephone operators, cable operators and internet service providers (ISPs) in Taiwan. ECTW tailors a unique solution for each client depending on its particular needs for network management and network probe monitoring and analysis, which involves setting up, customizing and integrating a combination of third party hardware and OSS software platform.

The primary purpose of any OSS is to control network activities to ensure that the Telco is able to provide high quality and uninterrupted services to its large subscriber bases. The OSS within a network can also include systems designed to enable Telcos to collect valuable user data (which, for example, can be used to generate new revenue streams) and deliver better services to their subscribers (for example, to provide customized services and quick detection and recovery of down times in services). In addition to setting up OSS, ECTW provides active managed services to Telcos, managing and maintaining the network once an OSS has been set up. Depending on the client, the package of managed services can include maintaining and updating OSS and hardware, interfacing with OSS providers to consider new OSS solutions for the network, and managing issues that arise on the network.

Beyond integrating and customizing third party OSS solutions from multiple vendors of OSS solutions ("OSS Vendors"), ECTW is also involved in research and development to create its own OSS solutions. Currently, ECTW's research and development activities are limited, and they are conducted by a small number of in-house personnel at its Taipei office. To date, ECTW has developed a big data solution that can be offered as a stand-alone product to clients or that can complement, and be integrated with, other OSS Vendors' solutions. The solution utilizes the data generated by the OSS and analyzes the data to gain key insights into the network's business and its customers. The Big Data solution allows the user to quickly search the useful information from the huge structured or unstructured data. ECTW's ongoing research and development efforts are currently focused on and limited to enhancing its big data solution to help Telcos better understand their customers and create new revenue streams through differentiated and targeted service offerings. ECTW expects to develop additional OSS solutions and products in the future. During year ended December 31, 2017, the Company incurred $13,802 in research and development activities.

Summary of the Transaction

Pursuant to the Transaction, Ellipsiz Communications Ltd., a company incorporated pursuant to the laws of the British Virgin Islands ("ECBVI") and Hopeful Mind Group Limited, a wholly owned subsidiary of NXA ("NXABVI"), merged (the "Merger") on November 4, 2015 with and into NXABVI, after which the separate existence of ECBVI ceased, and NXABVI remained as the surviving entity ("Mergeco"). Immediately upon the merger, each issued and outstanding share of ECBVI (the "ECBVI Shares") were automatically cancelled and the holders of ECBVI Shares received post-Consolidation (as described below) Shares on the basis of 143 post-Consolidation Shares for each one (1) ECBVI Share outstanding immediately prior to the closing of the Transaction.

As a condition to closing the Transaction, ECBVI completed a private placement (the "ECBVI Financing") of 112,900 subscription receipts (the "Subscription Receipts") at a price of US$11.00 per Subscription Receipt for aggregate gross proceeds of US$1,241,900. Immediately before the closing of the Transaction, each outstanding Subscription Receipt was automatically converted and immediately there upon cancelled, without any further action by the holder of such Subscription Receipt (the "ECBVI Investor"), and for no additional consideration, into one ECBVI Share.

Further, in connection with the Transaction, the Company, immediately prior to closing of the Transaction, consolidated the Shares on the basis of one (1) post-consolidation Share for every ten (10) pre-consolidation Shares (the "Consolidation"). Following the completion of the Transaction, the Company owns all of the issued and outstanding shares of Mergeco (the surviving company formed pursuant to the Merger of NXABVI and ECBVI through a merger under the Laws of BVI) and, as such, Mergeco is a wholly-owned subsidiary of the Company and ECTW is an indirect wholly-owned subsidiary of the Company.

Description of NXA

NXA Inc. ("NXA") was formerly engaged in the exploration of base materials and precious metals. Since 2010 until completion of the Transaction, NXA was engaged in evaluating potential business opportunities and was otherwise inactive.

Immediately prior to the completion of the Transaction, NXA had one wholly-owned subsidiary, NXABVI, which was acquired by NXA and set-up as wholly owned subsidiary solely for the purposes of merging with ECBVI, pursuant to the Laws of BVI, and completing the Transaction, and has not carried on any active business. The full corporate name of NXABVI is "Hopeful Mind Group Limited" and it was incorporated under the laws of BVI on July 1, 2015. The head and registered office of NXABVI is located at 3rd Floor, J & C Building, P.O. Box 933, Road Town, Tortola, British Virgin Islands, VG1110.

Description of ECBVI and ECTW

Prior to the Completion of the Transaction, ECBVI, the parent holding company of ECTW, is a private BVI company which was incorporated on July 8, 2013 as a BVI Business

On the closing date of the Merger, the Company indirectly acquired 100% of the issued and outstanding shares of ECTW as part of reorganization to facilitate the completion of the Transaction and the ECBVI Financing.

ECTW, the operating subsidiary of Mergeco, is a private Taiwanese company which was incorporated on November 21, 2007 under the laws of the R.O.C. as a company limited by shares and registered under the Ministry of Economic Affairs, R.O.C. The full legal name of ECTW is "Ellipsiz Communications Taiwan Ltd.".

ECTW focuses on setting up operations support systems ("OSS"), being systems which control and monitor network activities, for many communication service providers ("Telcos"), including mobile network providers, fixed line telephone operators, cable operators and internet service providers (ISPs) in Taiwan. ECTW tailors a unique solution for each client depending on its particular needs, which involves setting up, customizing and integrating a combination of third party hardware and OSS software.

The primary purpose of any OSS is to control network activities to ensure that the Telco is able to provide high quality and uninterrupted services to its large subscriber bases. The OSS within a network can also include systems designed to enable Telcos to collect valuable user data (which, for example, can be used to generate new revenue streams) and deliver better services to their subscribers (for example, to provide customized services and quick detection and recovery of down times in services).

In addition to setting up OSS, ECTW provides active managed services to Telcos, managing and maintaining the network once an OSS has been set up. Depending on the client, the package of managed services can include maintaining and updating OSS and hardware, interfacing with OSS providers to consider new OSS solutions for the network, and managing issues that arise on the network.

Reverse Takeover Transaction ("RTO")

On November 4, 2015, Ellipsiz Communications Ltd. (formerly NXA Inc.) ("NXA") acquired 100% of the issued and outstanding common shares of ECBVI in exchange for 159,144,700 post-Consolidation Shares issued by the Company. The resulting post-Transaction issued and outstanding common shares amounted to 161,385,300 common shares were held by shareholders as follows:

Former ECBVI shareholders held 159,144,700 Shares and
NXA shareholders held 2,240,600 Shares.

As a result of this share issuance, the shareholders of ECBVI prior to the Transaction obtained 98.61% of the post-consolidation Shares of NXA, and consequently, control of NXA. In accordance with IFRS 3 Business Combinations, ECBVI was deemed to be the accounting acquirer, and NXA, the accounting acquiree. However, at the time of the Transaction, NXA's assets consisted primarily of cash, sales taxes receivable, loan receivable and current liabilities and it did not have any processes capable of generating outputs; therefore, NXA did not meet the definition of a business.

Accordingly, as NXA did not qualify as a business in accordance with IFRS 3, the Transaction did not constitute a business combination; however, by analogy it has been accounted for as a reverse takeover. Therefore, ECBVI the legal subsidiary has been treated as the accounting parent company, and NXA, the legal parent, has been treated as the accounting subsidiary in the Audited Consolidated Financial Statements. As ECBVI was deemed to be the acquirer for accounting purposes, its assets, liabilities, and operations since incorporation are included in these Audited Consolidated Financial Statements at their historical carrying values. NXA's results of operations have been included from November 2, 2015, the date of the completion of the Transaction.

These unaudited Consolidated Financial Statements have been prepared on the basis that the Transaction constituted the issuance of shares by ECBVI as consideration for NXA's net assets in accordance with IFRS 2 Share-based Payment, followed by a recapitalization of ECBVI. As a result, the Transaction was accounted for by ECBVI as the issuance of its shares at fair value for the net assets of NXA and a listing expense, which reflects the difference between the fair value of the ECBVI common shares deemed to have been issued to NXA's shareholders and NXA's net assets acquired. In accordance with IFRS 2, the excess of the fair value of the deemed shares issued over the net assets acquired is recognized in the consolidated statements of income (loss) and comprehensive income (loss) as a listing expense. The fair value of the 2,240,600 common shares deemed to be issued to the shareholders of NXA was estimated to be $170,196 based on the share market price of NXA shares.

All figures as to the numbers of common shares, as well as earnings (loss) per share in these Audited Consolidated Financial Statements have been retroactively restated to reflect the legal capital of NXA at an exchange ratio of 1 ECBVI common share to 143 common shares of NXA. The number of ECBVI common shares at June 30, 2015 and 2014 have been restated from 1,000,000 to 143,000,000, following the issuance of 143 NXA common shares for each outstanding common share of ECBVI.

The excess of the fair value of the consideration received by the pre-Transaction shareholders of the Company over the fair value of the identifiable net assets of the Company on the closing date of the Transaction was calculated as follows:

Identifiable net assets of the Company acquired by ECBVI	
Cash and funds held in trust	$ 126,248
Other current assets	46,989
Accounts payable and accrued liabilities	(471,487)
Loan payable	(210,600)
	(508,850)
Less: Consideration –Shares	170,208
Transaction costs	$ 679,058

The consideration and allocation to the identifiable net assets of the Company at the date of Transaction initially represented management's best estimates and assumptions after taking into account all available information.

Going public and related costs incurred in the six months ended December 31, 2015 include transaction costs of $679,058, representing excess of consideration paid to the legal acquirer, the Company, over the fair value of assets acquired by the accounting acquirer, resulting from the Transaction. In accordance with IFRS 3, these transaction costs have been expensed immediately and are included in the going public and related costs. Included in the going public costs and related costs are legal and listing costs amounting to $502,915 incurred during the period from November 4, 2015 to December 31, 2015. These costs were deemed to represent costs of the Transaction and not costs incurred for the issuance of Share consideration, and accordingly, were charged to income. Total going public costs expensed during the period ended December 31, 2015 included the above noted listing costs amounted to $1,181,973.

All figures as to the numbers of common shares, as well as earnings (loss) per share in the unaudited Condensed Interim Consolidated Financial Statements and this MD&A, have been retroactively restated to reflect the legal capital of the Company.

Had the Transaction been completed on July 1, 2015, the incremental revenue and net loss for the six-month period ended December 31, 2015 representing pro-forma results would have been as follows:

Period ended December 31, 2015	As Stated ($)	Transaction ($)	2015 Pro-Forma ($)
Revenue	**3,903,951**	**-**	**3,903,951**
Net loss	**(1,151,253)**	**(251,993)**	**(1,403,246)**

Results of operations and selected financial information

A summary of selected financial information of the Company for recently completed periods is provided below:

Selected information for the three months ended March 31, 2018 and 2017

	Three months ended March 31, 2018	Three months ended March 31, 2017
Revenue	$815,059	$1,655,700
Cost of sales	(441,197)	(1,264,310)
Gross profit	373,862	391,389
Gross margin percentage	45.87%	23.64%
Operating expenses	(538,523)	(422,639)
Income (loss) from operations	(164,661)	(31,249)
Net income (loss)	(182,448)	21,246
Net comprehensive income (loss)	(218,400)	161,218
Basic & diluted earnings (loss) per share	(0.001)	0.000

Selected Financial Information	Three months ended March 31, 2018	Year ended December 31, 2017
Cash and cash equivalents	$710,406	$1,133,084
Trade and notes receivable	1,989,952	1,630,360
Total assets	4,260,430	4,992,949
Trade payable and accrued liabilities	2,064,692	2,625,435
Total shareholders’ equity	$944,933	$1,163,333

An analysis of the above is covered in the various sections below:

Consolidated Operating Results

This section should be read in conjunction with the unaudited Condensed Interim Consolidated Statements of Comprehensive Income (loss) for the three months ended March 31, 2018 and 2017 and the notes to the unaudited Condensed Consolidated Financial statements. The following tables analyze the major revenue generating categories, all of which are attributable to the Company's indirect operating subsidiary, ECTW:

	Three months ended March 31, 2018	Three months ended March 31, 2017
Revenue		
Contract and post contract support services	$815,059	$1,655,700
Sales of goods		
Total Revenue	815,059	1,655,700
Cost of Sales		
Contract and post contract support services	441,197	1,264,310
Sales of goods		
Total cost of sales	441,197	1,264,310
Gross Profit		
Contract and post contract support services	373,862	391,389
Sales of goods	-	-
Total gross profit	373,862	391,389
Gross Margin percentage		
Contract and post contract support services	45.87%	23.64%
Sales of goods		
Total gross margin	45.87%	23.64%

In the three months ended March 31, 2018, the revenue for 2018 fiscal quarter decreased 51% from the three months ended March 31, 2017. The results of this decrease were due to fewer significant contracts in 2018 but with a higher gross margin. The Company is actively seeking new contracts from its main Telecom customer base and in a few cases, they had to supply equipment to get the contracts. The gross margin percentage in contract and post contract services has been improving over previous periods because of higher gross margin from various contracts in the telecom market and fewer contracts in 2018 had a significant portion of the contracts were the supply of equipment with a higher margin than contracts that are mainly development (people) based.

The gross margin on contract and post contract services showed a substantially higher margin 45.87% for the three months ended March 31, 2018 in comparison with comparative period of 23.64%. This resulted from the Company been able to obtain a higher margin in most OSS contracts during the period.

Consolidated Operating Results (continued)

The following table represents the analysis of the operating expenses:

	Three months ended March 31, 2018	Three months ended March 31, 2017
Salaries and benefits	$205,889	$225,860
Travel and entertainment	47,133	56,112
Professional fees	4,842	20,957
Consulting fees	29,355	-
Rent	21,833	23,320
Telecommunications	2,183	1,700
Depreciation	1,323	1,395
Other general and administrative expense	58,093	24,386
Research and development expense	13,802	25,780
Total operating expenses ECTW	$384,453	$379,510
Investor relations, regulatory fees and shareholders' matters	$5,786	$5,400
Travel and entertainment	9,263	-
Professional fees	78,274	19,028
Consulting fees	29,648	11,331
Rent	11,859	4,532
Other general and administrative expense	19,240	2,838
Total Operating expenses ECL	$154,070	$43,129
Total operating expenses for the Company	$538,523	$422,639

Some of the major fluctuations of the above can be explained as follows:

Salaries and benefits: These expenses are that of the administrative staff of ECTW and represent the amounts paid and or accrued for the staff members that are not part of the staff working on revenue generation. The major components of this are salaries, labour, health insurances, retirement benefits and other employee benefits as required in Taiwan. Fluctuations in the comparable periods are as a result of staff levels in the period and annual wage increases. Included in these amounts are that of the Key employees as noted in the related party section below.

Travel and entertainment: The major part of these expenses represent mainly the costs incurred by staff in ECTW promoting and seeking new products and customers and some travel expenses incurred by representatives of the Company in various trips to ECTW.

Professional fees include fees paid to a local firm of auditors to prepare for year-end audit, filing of the related tax returns and prepare audit report for banks. In addition, it includes legal fees incurred by ECTW.

Other general and administrative expenses: these amounts include third party accounting services, general office rent, telecommunications, depreciation and other general and administrative expenses are all normal expenditures for ECTW.

Consolidated Operating Results (continued)

This section covers the operating expenses of ECL:

- **Investor relations, regulators fees and shareholders matters: these fees only apply to the listed entity and represent fees incurred post RTO and expenses related to listing reporting requirements which include Toronto Venture Stock Exchange fees, transfer agent fees and fees relating to the annual general meeting. In March 2018, an investor relations firm was retained to provide select investor relations services focused on Toronto area investor events.**
- **Professional fees are comprised mainly of legal fees and auditors to prepare for year-end audit for the Company.**
- **Consulting fees represent the fees paid to the Company's CFO and other consultants. Refer to related party note below.**
- **Other general and administration expense include rent for an office as the head office and accounting services.**

Selected quarterly information

Income related items

For the three months ended	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017
Revenue	$815,059	$1,670,330	$974,114	$1,088,945
Cost of sales	(441,197)	(1,240,911)	(743,247)	(676,343)
Gross profit	373,862	429,419	230,868	412,603
Gross margin percentage	45.87%	25.71%	23.70%	37.89%
Operating expenses	(538,523)	(469,295)	(506,553)	(548,796)
Income (loss) from operations	(164,661)	(39,876)	(275,686)	(136,194)
Net income (loss)	(182,448)	(134,478)	(235,297)	(141,020)
Net comprehensive income (loss)	(218,400)	(95,120)	(261,033)	(149,780)
Basic & diluted earnings (loss) per share	(0.001)	(0.001)	(0.001)	(0.001)

For the three months ended	March 31, 2017	December 31, 2016	September 30, 2016 (restated)	June 30, 2016 (restated)
Revenue	$1,655,700	$3,504,203	$992,931	$2,396,098
Cost of sales	(1,264,310)	(2,992,823)	(731,125)	(2,071,544)
Gross profit	391,390	511,380	261,806	324,554
Gross margin percentage	23.64%	14.59%	26.37%	13.55%
Operating expenses	(422,639)	(754,081)	(505,842)	(489,956)
Income (loss) from operations	(31,249)	(233,701)	(244,036)	(165,402)
Net income (loss)	21,246	(279,330)	(197,565)	(152,005)
Net comprehensive income (loss)	161,218	(340,443)	(157,708)	(190,707)
Basic & diluted earnings (loss) per share	0.000	(0.002)	(0.001)	(0.001)

Consolidated Operating Results (continued)

Quarterly comparisons of gross margins

Period covered quarter ended March 31, 2018: In the three months ended March 31, 2018 the revenue reduced by 51% and gross margin improved from 26% to 46% over the comparative period for 2017. The Company is actively seeking new contracts from its main Telecom customer base. The gross margin in the current period showed a 20% increase over the prior comparative period due to the general market conditions and better control of gross margin by management. The net comprehensive loss for the period is as a result of foreign exchange loss.

Period covered quarter ended December 31, 2017: In the three months ended December 31, 2017 the revenue reduced by 52% and gross margin improved from 15% to 26% over the comparative period for 2016. The Company is actively seeking new contracts from its main Telecom customer base. The gross margin in the current period showed a 11% increase over the prior comparative period due to the general market conditions and better control of gross margin by management. The net comprehensive loss for the period is as a result of better control over margin on contracts and foreign exchange gain.

Period covered quarter ended September 30, 2017: In the three months ended September 30, 2017 the revenue and gross margin decreased slightly over the comparative period for 2016. The Company is actively seeking new contracts from its main Telecom customer base. The gross margin in the current period showed a 14% decrease over the prior comparative period due to the general market conditions. The net comprehensive loss for the period is as a result of additional legal and audit fee incurred for the period.

Period covered quarter ended June 30, 2017: In the three months ended June 30, 2017 the revenue and gross margin increased over the comparative period for 2016. The Company is actively seeking new contracts from its main Telecom customer base. The gross margin in the current period showed a 14% increase over the prior comparative period due to the Company was able to obtain a higher margin in the four OSS contracts during the period. The operating expenses for the period ended June 30, 2017 is addressed in details above. The net comprehensive loss for the period is as a result of additional legal and audit fee incurred for the period.

Period covered quarter ended March 31, 2017: In the three months ended March 31, 2017 the revenue and gross margin increased over the comparative period for 2016. The Company is actively seeking new contracts from its main Telecom customer base. The gross margin in the current period showed a 3% increase over the prior comparative period due to the efficiencies in managing projects resulting in an improved gross margin. The operating expenses for the period ended March 31, 2017 is addressed in details above. The net comprehensive income for the period is as a result of a foreign currency translation adjustment because of the strengthening of the NTD$ to the US$.

Period covered quarter ended December 31, 2016: In the quarter ended December 31, 2016, service contract revenue increased substantially over the previous quarter and the comparative quarter in 2015 primarily due increase in the number of service contracts for the period primarily due to a few large projects. The overall gross margins were much lower in the quarter ended December 31, 2016 when compared to the quarter ended September 30, 2016 primarily due to a few contracts that have a substantial portion of the contract being the supply of equipment that has a much lower margin than the work performed by staff. Fluctuations in gross margin in various periods is mainly due to changes in the product mix.

Period covered quarter ended September 30, 2016: In the quarter ended September 30, 2016, service contract revenue decreased substantially over the previous quarter and the comparative quarter in 2015 primarily due project implementation schedule. The overall gross margins were higher in the quarter ended September 30, 2016 over the quarter ended June 30, 2016 primarily due to better margins from service contracts involving more staff time which has a higher markup than other components of the contracts. Fluctuations in gross margin in various periods is mainly due to changes in the product mix.

Period covered quarter ended June 30, 2016: In the quarter ended June 30, 2016, service contract revenue increased substantially over the previous quarter. The increase is mainly due to better marketing and increase in business with two of ECTW's large customers in Taiwan (refer to note 17 (3) Major customer information (notes to the interim consolidated financial statements for June 30, 2016). The gross margin decreased over previous quarter, in that equipment, which has a lower gross margin compared to technical work, made up the largest part of the current revenue.

Consolidated Operating Results (continued)

In arriving at the net comprehensive income (loss), the Company incurred the following items:

For the three months ended	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017
Interest income	$45	$384	$59	$187
FX gain (loss)	(21,836)	11,903	25,611	9,638
Finance expense	(5,671)	(6,928)	(5,876)	(7,371)
Income tax recovery (expense)	9,675	2,799	20,548	(7,374)
Foreign currency translation adjustment	(35,952)	39,358	(25,736)	(8,760)
Impairment loss on other assets	-	(95,028)	-	-
Total	($53,739)	($47,512)	$14,606	($13,680)

For the three months ended	March 31, 2017	December 31, 2016	September 30, 2016 (restated)	June 30, 2016 (restated)
Interest income	$180	$273	$295	$1,153
FX gain (loss)	82,298	(2,754)	38,708	4,416
Finance expense	(5,293)	(1,995)	(1,901)	(1,869)
Income tax expense	(32,282)	(41,153)	9,369	9,697
Foreign currency translation adjustment	139,972	(61,113)	39,857	(38,702)
Total	$192,467	($106,742)	$86,328	($25,305)

The majority of the changes quarter to quarter above results from fluctuations between the NTD$ and the US$. In addition, the income tax expense depends on the "profitability" of ECTW for the quarters.

Selected Balance Sheet Data (Selected financial information)

As at	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017
Cash and cash equivalents	$710,406	$1,133,084	$504,500	$806,380
Trade and notes receivable	1,989,952	1,630,360	1,871,090	1,670,866
Unbilled service contract revenue	605,780	1,512,947	1,132,422	1,417,978
Total assets	4,260,430	4,992,949	4,327,644	4,584,627
Trade payable and accrued liabilities	2,064,692	2,625,436	1,796,183	1,919,206
Trade and other payables to related parties	-	-	-	145,418
Total shareholders' equity	944,933	1,163,333	1,050,591	1,311,624

As at	March 31, 2017	December 31, 2016	September 30, 2016 (restated)	June 30, 2016 (restated)
Cash and cash equivalents	$443,234	937,689	$1,419,233	$1,430,004
Trade and notes receivable	2,893,496	2,189,873	1,872,870	2,654,241
Unbilled service contract revenue	1,781,179	2,087,409	337,820	566,369
Total assets	5,656,416	5,657,483	4,168,469	5,110,641
Trade payable and accrued liabilities	2,386,838	3,310,397	1,576,257	2,394,104
Trade and other payables to related parties	353,511	762,050	921,182	902,797
Total shareholders' equity	1,461,404	1,300,186	1,418,753	1,539, 098

Consolidated Operating Results (continued)

The following will address all periods unless specified:

- **Cash and cash equivalents are primarily that of ECTW and fluctuates in the normal course of business. The amount fluctuates based on Collections of receivables, reduction in payables and cash used in operations. Both ECL and Hopeful mind have very little cash on hand.**
- **Trade accounts receivable and unbilled revenues of ECTW: March 31, 2018 was lower than December 31, 2017 by 17%. December 31, 2017 was lower than September 30, 2017 by 12%. September 30, 2017 was higher than June 30, 2017 by 12%. June 30, 2017 was lower than March 31, 2017 by 42%. March 31, 2017 was higher than December 31, 2016 balance by 32% due a higher OSS revenue (primarily a few contracts in the quarter). Normal terms to customers are anywhere between 30 to 60 days. However, some customers may ask for extended terms and ECTW will in most cases grant them.**
- **Unbilled service contract revenue can only be done when a major milestone is achieved based on individual service contracts. Hence the fluctuations are in the normal course of business. This is the work done for customers either waiting for completion of a deliverable in unbilled service contracts and/or waiting for approval and acceptance by customers of deliverables.**
- **Total assets are comprised mainly of Cash and cash equivalents, Trade receivables and unbilled service contract revenue. Taken as a whole the fluctuation is based on OSS work done for customers and the billing cycle, collections of receivables (which has normal terms of 1 to 2 months) and milestones achieved and accepted by the customers.**
- **The main components of trade accounts payable and accrued liabilities are that of ECTW and are normal business fluctuations.**
- **Trade and other payables to related parties (refer to section on related party below).**
- **Shareholders' Equity as at September 30, 2015 represent the Equity of ECTW pre-RTO transaction (explained above section Reverse Takeover Transaction). The Fluctuation during the quarters ended September 30, 2015 and prior are that of ECTW and fluctuate based on profit (loss) net of dividends paid (especially the one paid in Q3 2015). The movements post RTO can be explained as follows: Equity as at December 31, 2015 (post RTO) to March 31, 2016 comprised of a net loss for the period of $5,418 and the impact of share-based compensation of $3,012. The movement March 31, 2016 to June 30, 2016 is comprised of a net loss of $152,005 offset by share-based compensation of $1,448. The movement June 30, 2016 to September 30, 2016 is comprised of a net loss of $197,565 offset share-based compensation of $953. The movement in the period September 30, 2016 to December 31, 2016 is as a result net loss of $279,330 offset by share-based compensation of $258,186. The movement in the period from December 31, 2016 to March 31, 2017 is as a result of a net income for the period of $21,246 and a foreign currency translation adjustment of $139,972. The movement in the period from March 31, 2017 to June 30, 2017 is as a result of a net loss for the period of $141,020 and a foreign currency translation loss of $8,760. The movement in the period from June 30, 2017 to September 30, 2017 is as a result of a net loss for the period of $235,297 and a foreign currency translation loss of $25,736. The movement in the period from September 30, 2017 to December 31, 2017 is as a result of a net loss for the period of $134,478 and a foreign currency translation gain of $39,358. The movement in the period from December 31, 2017 to March 31, 2018 is as a result of a net loss for the period of $182,448 and a foreign currency translation loss of $35,952.**

Income tax expense

Income tax expense (recovery) for the three months ended March 31, 2018 was $9,675 (2017 – recovery of ($32,282)).

As at December 31, 2017, the Company's Canadian non-capital losses carried forward were $3,673,000 ($4,770,000 CAD) which expire between 2027 and 2037. The application of these non-capital losses against future taxable income could result in a benefit of approximately $955,000 ($1,240,000 CAD). No deferred tax assets are recognized on these non-capital losses carried forward, as it is not probable that sufficient future Canadian taxable profit will be available in the carry forward period to realize such assets.

Cash and cash equivalents

The cash and cash equivalents as at March 31, 2018 and December 31, 2017, were $710,406 and $1,133,084, respectively. All of which were held in cash on hand, demand deposits or chequing accounts with major Taiwanese and Canadian financial institutions.

Trade accounts receivable

The trade accounts receivable as at March 31, 2018 and December 31, 2017, were $1,989,952 and $1,630,360, respectively (all applicable to ECTW).

Shareholder's Equity

As at March 31, 2018, the Company's shareholders' equity was $944,933. The change from December 31, 2017 was as a result of the net loss for the period of $182,448, and foreign currency translation loss of $35,952. As at December 31, 2017, the Company's shareholders' equity was $1,163,333.

Consolidated Financial Position

This section should be read in conjunction with the unaudited Condensed Interim Consolidated Statements of Financial Position and the unaudited Condensed Interim Consolidated Statements of Changes in Shareholders' Equity as at March 31, 2018 and the Audited Consolidated Financial Statements as at December 31, 2017.

Consolidated Assets

Consolidated current assets of the Company as at March 31, 2018 and December 31, 2017 were $3,994,691 and $4,747,288, respectively, comprising of cash, trade accounts receivable, sales tax recoverable, unbilled service contract revenue, and other current assets. (refer to notes 4,5,6 and 7 in the Notes to the unaudited Condensed Interim Consolidated Financial Statements). The total consolidated assets as at March 31, 2018 and December 31, 2017 were $4,260,430 and $4,992,949 respectively, which are comprised of current assets as at March 31, 2018 and December 31, 2017 of $3,994,691 and $4,747,288 respectively and non-current assets as at March 31, 2018 and December 31, 2017 of $265,739 and $245,661 respectively. The major items in non-current assets are other non-current assets, property, plant and equipment and deferred income tax assets.

Consolidated Liabilities

Consolidated current liabilities as at March 31, 2018 and December 31, 2017 were $3,315,497 and $3,829,616 respectively, which are comprised largely of trade accounts payable and accrued expenses totaling $2,064,692 and $2,625,436, respectively, deferred revenue at March 31, 2018 and December 31, 2017 of $56,829 and $19,305 respectively; short-term borrowing at March 31, 2018 and December 31, 2017 of $1,183,000 and $1,145,800 respectively; and income tax payable at March 31, 2018 and December 31, 2017 of $10,976 and $39,075, respectively.

Consolidated Cash Flows

The net cash used in operating activities during the three months ended March 31, 2018 was $453,838 and was comprised of a net loss for the period $182,448, after adjustments of income tax expense, depreciation, interest and net changes in operating assets and liabilities of $271,390. For the comparative three months ended March 31, 2017 the cash used in operating activities was $1,113,430. The net income for the period was $21,246, after adjustments of income tax expense, depreciation, interest share-based compensation and net changes in operating assets and liabilities of $1,134,676.

Cash flow used in investing activities for the three months ended March 31, 2018 was $6,767. The investing activities in the three months ended March 31, 2018 was as a result of decrease in pledged assets of $6,767. For the comparative three months ended March 31, 2017 the equivalent amounts used in investing activities were $31,536 respectively.

Cash flow provided by financing activities for the three months ended March 31, 2018 was $63,367. The financing activities in the three months ended March 31, 2018 was as a result of a receipt of funds from short-term borrowing of $34,100 and advance from related parties of $29,267 (For details with respect to the related party loans, see the Related Party Disclosures section below). For the comparative three months ended March 31, 2017, cash flow provided by financing activities were $586,371 respectively.

Liquidity

The Company's activities have been funded to date by its operating subsidiary ECTW, equity financing and borrowings. The Company expects that it will continue to be able to utilize these sources of financing in the future.

As at March 31, 2018 the Company's current assets are comprised of the following: cash and cash equivalents of $710,406; trade and notes receivable of $1,989,952; sales taxes recoverable of $11,845; unbilled service contract revenues of $605,780; other current assets of $676,708.

As at March 31, 2018 the Company's current liabilities are comprised of the following: trade accounts payable of $1,812,116; deferred revenue of $56,829; accrued expenses and other current liabilities of $252,576; short-term borrowing of $1,183,000 and income taxes payable of $10,976.

As at March 31, 2018, the Company had working capital of $679,194 and shareholders' equity of $944,933. The Company has access to additional credit facilities to fund operations as needed and expects that it has sufficient liquidity to settle its liabilities as they come due.

Related Party Disclosures

(1) During fiscal years prior to July 2014, Ellipsiz Ltd. was the ultimate controlling parent of ECTW, through its 70% interest in Ellipsiz Communications Pte. Ltd. ("ECPTE"), therefore, Ellipsiz Ltd. and certain of its affiliates were considered related parties to ECTW. In conjunction with the ultimate listing on the TSX-V, ECPTE sold its interest in ECTW. Prior to that sale, ECPTE was the controlling shareholder of ECTW, and therefore, ECPTE was considered a related party to ECTW. However, ECPTE remained a related party to the Company as ECPTE is owned by a director and officer of the Company who is also a significant shareholder.

(2) Summary of significant transactions with related parties:

A. Purchases and accounts payable

There were no purchases from related parties during the three months ended March 31, 2018 and 2017.

Related Party Disclosures (Continued)

B. Financing

During the year ended June 30, 2015, ECPTE has provided a loan to the Company for operations and the interest rate was 0%. The loan was repaid during the year ended December 31, 2016.

During the year ended December 31, 2016, a director of the Company has provided a loan to the Company for operations and the interest rate was 2%. The loan and interest were repaid in March 2017.

As at March 31, 2018 and December 31, 2017, the outstanding balances of principals and interest payable for the above-mentioned loans were as follows:

	Three Months Ended March 31, 2018			Year Ended December 31, 2017		
	Maximum Balance	Interest expense	Ending balance	Maximum Balance	Interest expense	Ending balance
ECPTE	$ -	$ -	$ -	$ -	$ -	$ -
Due to a director	$ -	$ -	$ -	$ 372,712	$ 1,817	$ -

C. Key management personnel compensation

Key management personnel refer to the executive management team of ECTW and the Company. For the three months ended March 31, 2018 and 2017, their compensation is as follows:

	Three months ended March 31, 2018	Three months ended March 31, 2017
Salaries and other short-term employee benefits for key employees of ECTW	$102,069	$107,729
Consulting fees	17,789	11,326
Retirement benefits for ECTW key employees	2,288	1,449
	$122,146	$120,504

Related Party Disclosures (Continued)

(i) Included as part of salaries and other short-term employee benefits for key employees of ECTW are the following for Mr. Hung-Yu (Hans) Chang, a former director and former CEO of the Company: salary and benefits paid to him for the three months ended March 31, 2018 was $Nil; for the three months ended March 31, 2017 was $44,501, and $580 in retirement benefits.

Included as part of salaries and other short-term employee benefits for key employees of ECTW are the following for Mr. Wen-Kai (Calvin) Hsieh, CEO of the Company, appointed on March 1, 2017, who was a General Manager prior to appointment as CEO: salary and benefits paid to him for the three months ended March 31, 2018 was $28,801, and $2,455 in retirement benefits; for the three months ended March 31, 2017 was $27,196, and $2,318 in retirement benefits.

Included as part of salaries and other short-term employee benefits for key employees of ECTW for the three months ended March 31, 2018 were $48,921 paid to three officers of ECTW, and $447 in retirement benefits; salaries and other short-term employee benefits for key employees of ECTW for the three months ended March 31, 2017 were $40,524 paid to two officers, and $483 in retirement benefits.

(ii) Starting on January 1, 2017 (as noted above) Mr. Chong Gin (Sam), the President and director of the Company is being compensated monthly by ECTW in the amount of SGD$10,000 for services rendered. Included as part of salaries and other short-term employee benefits are the following for Mr. Chong Gin (Sam) Tan, salary and benefits paid to him for the three months ended March 31, 2018 were $24,347, and $Nil in retirment benefits; salary and benefits paid to him for the three months ended March 31, 2017 was $22,991, and which $Nil in retirement benefits.

(iii) Consulting fees for the three months ended March 31, 2018, was $17,789 and for the three months ended March 31, 2017 was $11,326. At March 31, 2018, $10,036 (CAD$12,908) and as at December 31, 2017, - $10,831 (CAD$13,588) were owed to the Company's former CFO and current CFO.

(iv) Share-based compensation represents the completed value of stock options (using the Black-Scholes method) awarded to three directors of ECTW (in equal amounts). One of these individuals is a director and officer of the Company (Note 11).

All related party transactions were in the normal course of operations and are measured at the exchange amount, which is the amount agreed to between the parties.

From time to time ECTW, the operating subsidiary of the Company, obtains lines of credits from local Taiwanese banks. These lines of credit are used to cover any short fall in cash used in the payment of payables that are due. In addition to the guarantees from ECTW the banks require personal guarantees and a director (the President and CEO) of the Company and a director of ECTW gave the required personal guarantees. As at March 31, 2018 the total facility available was $2,443,740 (NTD$72.3) million of which $1,183,000 (NTD$35 million) was drawn down.

Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, funds held in trust, trade and notes receivable, sales taxes receivable, other current assets, trade payable and accrued liabilities and short-term borrowings. Unless otherwise noted, the carrying values of these financial instruments as presented in the unaudited Condensed Interim Consolidated Statement of Financial Position reasonably approximate their fair values due to their short-term nature or their terms and conditions approximate market rates. Details are discussed above.

Outstanding Share Data

Authorized share capital: unlimited common shares without par value.

Total Shares issued and outstanding as at March 31, 2018 were 167,385,300 (December 31, 2017 - 167,385,300).

In accordance with the Company's stock option plan, on December 8, 2015, 150,000 stock options were granted to a consultant, these options expire on December 8, 2017 with an exercise price of $0.08 (CAD$0.10). As at December 31, 2016 these options were fully vested. These stock options expired during the year ended December 31, 2017.

On December 20, 2016, the Company granted 9,683,312 fully vested options to three directors of ECTW at an exercise price of $0.05 (CAD$0.06). These options expire on December 22, 2017. During the year ended December 31, 2017, all the options were expired and there is no outstanding options. These stock options expired during the year ended December 31, 2017.

The total number of diluted securities as at March 31, 2018 and as of the date of this MD&A May 29, 2018 is 167,385,300.

Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the Company operates. Each of the Company's subsidiaries determines its own respective functional currency, and this currency is used to separately measure each entity's financial position and operating results.

When a subsidiary's functional currency differs from the Company's functional currency that subsidiary represents a foreign operation whose financial statements are translated into the Company's functional currency so that they can be included in the unaudited Condensed Interim Consolidated Financial Statements. Assets and liabilities of foreign operations with a different functional currency from that of the Company are translated at the closing rate at the end of each reporting period. Profit or loss items are translated at average exchange rates for all the relevant periods. All resulting translation differences are recognized as a component of other comprehensive income (loss).

The functional currency of the Company is the Canadian dollar and functional currency of ECTW is the New Taiwan dollar. The unaudited Condensed Interim Consolidated Financial Statements and this MD&A are presented in United States dollars ("USD" or "$").

Critical Accounting Judgements and key sources of estimate uncertainty

The preparation of these
financial statements, in conformity with IFRS, requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, reported amounts of revenues and expenses during the reporting period and the related disclosures of contingent assets and liabilities. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenues and expenses and makes revisions as determined necessary. Revisions are recognized in the period in which the estimates are revised. Management uses historical experience and various other factors it believes to be reasonable under the circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

Certain estimates, such as those related to the valuation of any impairment loss on trade receivables, measurement of inventory, recoverability of property, plant and equipment, determination of deferred income tax assets and liabilities and the disclosure of contingent assets and liabilities, depend on subjective or complex judgments about matters that may be uncertain. Changes in those estimates could materially affect the particular assets, liabilities, revenues and expenses.

Significant judgments made by management in the application of IFRS during the preparation of the consolidated financial statements and estimates with a risk of material adjustment are:

- *Percentage of completion* – Service contract revenue is determined based on the percentage-of-completion method. The extent of completion is determined based on contract costs incurred for work performed to date in proportion to the estimated total contract costs. Any change to this estimate would impact service contract revenue, accounts receivable, unbilled service contract revenue and deferred revenues in addition to service contract revenues and net income.

- *Contingencies* - By their nature, contingencies will only be resolved when one or more uncertain future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

- *Trade and other receivables* - These are initially recognized at fair value and thereafter stated at amortized cost using the effective interest method, less allowance for impairment of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment. An impairment loss in respect of trade receivables is reflected in an allowance account against the receivables. When it is determined, a receivable is uncollectible, it is written off from the allowance account. Any subsequent recovery of receivables written off is recorded in the allowance account. Changes in the amount of the allowance account are recognized in profit or loss. Individual significant receivables are assessed for specific impairment. Receivables that are individually insignificant are collectively assessed for impairment by grouping together assets with similar risk characteristics. In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries, and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than those suggested by historical trends.

- *Income taxes* - In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

- *Depreciation for property and equipment* - Depreciation expense is allocated based on assumed asset lives. Should the asset life or depreciation rates differ from the initial estimate, an adjustment would be made in the consolidated statements of income (loss) and comprehensive income (loss).

Critical Accounting Judgements and key sources of estimate uncertainty (continued)

- *OSS service contracts*: - OSS service contracts are composed of service contract revenue. Service contract revenue includes the initial amount agreed in the contracts plus any variations in contract works, claim and incentive payments; to the extent that is probable they will result in revenue and can be measured reliably. If the outcome of a service contract can be estimated reliably, then contract revenue is recognized in profit or loss in proportion to the stage of completion of the contract. The stage of completion is assessed with reference to accumulated costs incurred compared with total estimated costs of the contract and milestones reached. Otherwise, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognized as incurred unless they create an asset related to future contract activity. An expected loss on a contract is recognized immediately in profit or loss.
- *Revenue from the sale of equipment in the course of ordinary activities* – This is separate and apart from being a component of OSS contracts is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably after consideration of discounts that will be granted. Any discounts are recognized as a reduction of revenue as the sales are recognized.
- *Determination of the Company and its subsidiaries' functional currency* - The functional currency of the Company and its subsidiaries is the currency of the primary economic environment and the Company reconsiders the functional currency if there is a change in events and conditions, which determined the primary economic environment.

Share-based payment transactions

The Company has a stock option plan and as of December 31, 2016, 9,833,312 stock options have been granted and are outstanding. In accordance with the Company's stock option plan, on December 8, 2015, 150,000 stock options were granted with an exercise price of $0.08 (CAD$0.10) to an investor relations consultant, these options will expire on December 8, 2017. As at December 31, 2016 these options were fully vested. On December 20, 2016, the Company granted 9,683,312 fully vested options to three directors of ECTW with an exercise price of $0.05 (CAD$0.06). These options expired on December 22, 2017. As of December 31, 2017, there is no outstanding options.

As described above under the heading "Outstanding Share Data". The fair value of stock options granted will be recognized as an expense over the stock options' vesting period with a corresponding increase in equity.

The fair value of share-based payments to employees is measured at the grant date and recognized over the period during which the options vest. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company and its Subsidiaries and consultants. Share-based payments to nonemployees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received.

The fair value of the options granted is measured using the Black Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted with consideration of forfeiture rate to reflect the actual number of share options that are expected to vest.

Taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by tax authorities. Where the final outcome of these tax related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Income tax expense comprises current and deferred taxes.

A. Current income taxes

The tax currently payable is based on taxable income for the year. Taxable income differs from 'income before taxes' as reported in the unaudited Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss) because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

In accordance with the Republic of China ("R.O.C.") Income Tax Act, undistributed earnings from the companies located in the R.O.C., if any, are subject to an additional 10% surtax. The 10% surtax on unappropriated earnings is recognized during the period the earnings arise and adjusted to the extent of actual distributions approved by the stockholders in the following year.

B. Deferred income taxes

Deferred income taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax liabilities are recognized for temporary difference of future taxable income.

Deferred tax assets are recognized for unused tax loss carry forwards, unused tax credits and deductible temporary differences to the extent it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted tax rate on the reporting date. Deferred tax assets and liabilities are offset only if certain criteria are met.

Current and deferred income taxes are recognized in profit or loss, except for taxes relating to items recognized in other comprehensive income.

Accounting Policies Including Initial Adoption

The Company applies IFRS as issued by the IASB. The significant accounting policies and method of computation followed in the Company's unaudited Condensed Interim Consolidated Financial Statements are set out in detail in Note 2 of the unaudited Condensed Interim Consolidated Financial Statements for the three months period ended March 31, 2018.

Change in Accounting Standards

Application of new and revised accounting standards and interpretations

i) Adoption of IFRS 9 - Financial Instruments ("IFRS 9")

Effective January 1, 2018, the Company adopted all the requirements of IFRS 9, issued in July 2014 and the related consequential amendments to IFRS 7 - Financial Instruments: Disclosures. IFRS 9 introduces new requirements for 1) classification and measurement of financial assets and financial liabilities, 2) impairment for financial assets and 3) general hedge accounting, which represent a significant change from IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, such that the Company's accounting policy with respect to financial liabilities is unchanged.

Change in Accounting Standards (Continued)

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost ("AMC"), fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables, and available for sale. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' ("ECL") model. The new impairment model applies to financial assets measured at amortized cost. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

Cash and cash equivalents, trade accounts receivables and unbilled service contract that were classified as loans and receivables under IAS 39 are now classified as amortized cost, because their previous category under IAS 39 was eliminated, with no change in the carrying amounts. There were no further changes to the classification of financial asset and liabilities as a result of the adoption of IFRS 9.

Further, as a result of adoption of IFRS 9, management has not changed its accounting policy for financial assets except for the adoption of the simplified approach to determining expected credit losses for trade accounts receivables and unbilled service contract which had no impact on the carrying value of any financial assets or financial liabilities on the transition date.

In accordance with the transitional provisions in IFRS 9, the Company elected to adopt the new standard using the modified retrospective approach. The Company does not have any hedge accounting relationship, and thus there is no impact on adoption of IFRS 9.

Financial instruments are classified into one of the following categories: FVTPL; financial assets at amortized cost, financial liabilities at amortized cost, and financial assets at FVTOCI. The following table summarizes information regarding the carrying value of the Company's financial instruments:

	December 31, 2017	IAS 39 Classification	IFRS 9 Classification
Cash and cash equivalents	$1,133,084	Loans and receivables	Financial assets at AMC
Trade accounts receivable	1,630,360	Loans and receivables	Financial assets at AMC
Contract assets (unbilled service contract revenue)	1,512,947	Loans and receivables	Financial assets at AMC
Trade accounts payable	2,203,720	Other financial liabilities	Financial liabilities at AMC
Contract liabilities	19,305	Other financial liabilities	Financial liabilities at AMC

ii) Adoption of IFRS 15 – Revenue from Contracts with Customers

Effective January 1, 2018, the Company adopted all the requirements of IFRS 15. IFRS 15 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers, except for contracts that are within the scope of the standards on leases, insurance contracts, and financial instruments. In accordance with the transitional provisions in IFRS 15, the Company elected to adopt the new standard using the modified retrospective approach.

A summary of the impact of adoption of IFRS 15 is as follows:

Change in Accounting Standards (Continued)

Contract assets and liabilities

IFRS 15 distinguishes between contract assets and receivables based on whether receipt of the consideration is conditional on something other than the passage of time. At December 31, 2017 there were unbilled service contract revenues outstanding where the Company's right to consideration was not unconditional (primarily relating to revenues accrued on long term contracts) and have been reclassified as a contract asset under IFRS 15. Further, amounts received from customers before the Company has provided the service are to be presented as contract liabilities. As a result, the amounts previously presented as deferred revenues related to contracts with customers have been reclassified as contract liabilities and amounts not relating to contracts with customers have been reclassified as deferred funding, which are nil. However, there is no
impact on opening retained earnings (no remeasurements) on adoption of IFRS 15.

Practical expedients

The Company has elected to make use of the following practical expedients:

- Completed contracts before the date of transition have not been reassessed;
- Costs incurred to obtain contracts with an amortization period of less than one year have been expensed as incurred;
- No disclosure of information about remaining performance obligations that have original expected durations of one year or less;
- For completed contract with variable consideration, the Company used the transaction price at the date of contract completion rather than estimating variable consideration amounts in the comparative reporting periods;
- Consideration previously recognized was not adjusted for the effects of a significant financing component if the Company expected, at contract inception, that the period between when the Company transfers a promised good or service to the customer and when the customer pays for the good or service was one year or less; and
- For contracts that were modified before the beginning of the earliest period presented, the Company did not retrospectively restate the contract for those contract modifications.

The extract of balance sheet items impacted due to the adoption of IFRS 9 and IFRS 15 are as follows:

	December 31, 2017 as previously reported	Reclassification	January 1, 2018 (as restated)
Unbilled service contract	$1,512,947	(1,512,947)	-
Contract assets	-	1,512,947	1,512,947
Deferred revenue	19,605	(19,305)	-
Contract liabilities	-	19,305	19,305
Deficit	(1,188,183)	-	(1,188,183)

Changes in accounting standards not yet effective

<u>Leases</u>

In January 2016, the IASB issued IFRS 16 – "Leases" ("IFRS 16"), which replaces IAS 17 – "Leases", and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that apply IFRS 15. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

Change in Accounting Standards (Continued)

Changes in accounting standards not yet effective

Income taxes

In January 2016, the IASB issued Recognition of Deferred Tax Assets for Unrealized Losses as an amendment to IAS 12 – Income Taxes. These amendments address the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value. These amendments are effective for annual periods beginning on or after January 1, 2017. There is no impact of the amendments on the Company's consolidated financial statements.

Disclosure initiative (IAS 7)

In January 2016, the IASB issued Disclosure Initiative Amendments to IAS 7 – Statement of Cash Flows also as part of the IASB's Disclosure Initiative. These amendments require entities to provide additional disclosures that will enable consolidated financial statement users to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. These amendments are effective for annual periods beginning on or after January 1, 2017. There is no impact of the amendments on the Company's consolidated financial statements.

Share-based payment

In June 2016, the IASB issued amendments to IFRS 2 – Share-based Payment, clarifying how to account for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, share-based payment transactions with a net settlement feature, and a modification to the terms and conditions that changes the classification of the transactions. These amendments are effective for annual periods beginning on or after January 1, 2018. The Company is currently evaluating the impact the new standard is expected to have on its consolidated financial statements.

Commitments and contingencies

Significant commitments and contingencies for the Company as of March 31, 2018 and December 31, 2017, were as follows:

1) As of March 31, 2018 and December 31, 2017, bank pledges for engaging in construction service contracts amounted to $224,930 and $217,520, respectively.

(2) As of March 31, 2018 and December 31, 2017, the Company had service contracts with a total value of $4,221,603 and $5,448,880, respectively, and the progress billings were $2,392,350 and $3,637,889, respectively.

The Company has entered into several lease agreements for its premises which expire between 2018 and 2019. Minimum lease payments in the aggregate and for each of the next two years are as follows:

	March 31, 2018	December 31, 2017
Year ending December 31, 2018	$53,851	$71,801
Year ending December 31, 2019	$63,408	$63,408
Total	$117,259	$135,209

Capital Management and Resources

The Company manages its capital to ensure it has sufficient financial resources to maintain proper working capital, to invest in capital expenditures and research and development expenses, to repay debts and to distribute dividends in accordance with its plan. The Company considers its total liabilities and equity as its capital and manages its resources accordingly.

	March 31, 2017	December 31, 2017
Total Liabilities	$3,370,602	$3,829,616
Total Equity	$944,933	$1,163,333

Pledged assets

The Company had time deposits pledged for bank loan facilities and performance bonds issuance. These were recorded in the balance sheet of the Company as other non-current assets. The amounts pledged were $224,930 as at March 31, 2018 and $217,520 as at December 31, 2017.

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements at the date of this MD&A.

Management's Responsibility for Financial Statements

The information provided in this MD&A, including the unaudited Condensed Interim Consolidated Financial Statements, is the responsibility of management. In the preparation of these unaudited Condensed Interim Consolidated Financial Statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying unaudited Condensed Interim Consolidated Financial Statements.

Management maintains a system of internal controls to provide reasonable assurance that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

Evaluation of Disclosure Controls and internal Controls over Financial Reporting

Disclosure Controls and Procedures

The Company has disclosure controls procedures in place that are designed to provide reasonable assurance that material information relating to the Company is disclosed on a timely basis. Management has reviewed the Company's disclosure controls and concluded that they were effective during the reporting period.

The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") have evaluated the effectiveness of the Company's disclosure controls and procedures related to the preparation of Management's Discussion and Analysis and the unaudited Condensed Interim Consolidated Financial Statements. They have concluded that the Company's disclosure controls and procedures were effective, at a reasonable assurance level, to ensure that material information relating to the Company and its subsidiaries would be made known to them by others within those entities, particularly during the period in which Management's discussions and analysis and the unaudited Condensed Interim Consolidated Financial Statements contained within or referred to in this report were being prepared.

Internal Control over Financial Reporting

The CEO and the CFO have also designed internal controls over financial reporting ("ICFR"), or have caused them to be designed under their supervision, in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

An evaluation was carried out, under the supervision of the CEO and the CFO, of the design and effectiveness of our ICFR. Based on this evaluation, the CEO and the CFO concluded that the internal controls over financial reporting are effective as at March 31, 2018, using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) on Internal Control – Integrated Framework (2013 Framework). The CEO and CFO expect to certify the Company's annual filings with the Canadian securities regulatory authorities, as required by the Toronto Stock Exchange (TSX–V) and the Ontario Securities Commission's policies regarding their requirements for CEO and CFO certifications in respect of ICFR for emerging market issuers. The Company, under those policy directives is considered by the regulatory authorities to be an emerging market issuer.

<u>Changes in Internal Controls over Financial Reporting</u>

In the course of completing the audit for the year ended December 31, 2016, a control deficiency was identified that was found to be a material weakness. A material weakness is a deficiency, or combined deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our financial statements will not be prevented or detected on a timely basis. It was determined that there was an error in relation to costs that were accrued at each respective year end date associated with OSS and post-contract maintenance service contracts which were not yet incurred as of those dates.

Disclosure Controls and Procedures (Continued)

The Company has considered a remediation plan for the material weakness in ICFR and, as of the date of this MD&A, has implemented controls to remediate the material weakness. Management has made changes to underlying accounting processes and implemented additional related review controls over the accrual of costs to prevent similar errors in the future. Senior management has discussed the aforementioned material weakness with the Audit Committee, and the Board of Directors will continue to review progress on remediation activities on a regular and ongoing basis. No assurance can be provided at this time that the actions and remediation efforts to be taken or implemented will effectively remediate the material weakness described above or prevent the incidence of other material weaknesses in the Company's ICFR in the future.

Risk Factors

The risks and uncertainties anticipated below are not the only ones that the Company (which includes, for greater certainty, its subsidiaries) faces. Additional risks and uncertainties not presently known to the Company or that it currently considers immaterial may also impair the business operations and cause the price of the Shares to decline. If any of the following risks actually occur, the Company's business may be harmed and its financial condition may suffer significantly. In such event, the trading price of the Shares could decline and purchasers of the Shares may lose all or part of their investment. Throughout this section on Risk the ECTW refers to the Company's only operating subsidiary.

Country Risk

The following identifies the economic, political and legal risks related to operations in Taiwan

Substantially all of the Company's assets are located in Taiwan and substantially all of the Company's revenues are derived from its operations in Taiwan. Should the Company expand to other jurisdictions, there may be additional country risks that the Company faces.

As a result, any decline in the Taiwanese economy or a decline in the growth of the population in Taiwan may materially and adversely affect its financial condition, results of operations and prospects. In particular, Taiwan's economy is highly dependent on the technology industry, and any downturn in the global technology industry may have a material adverse effect on Taiwan's economy, which in turn, could adversely affect the demand for the Company's services. As the Company's business is significantly dependent on economic growth, any uncertainty or further deterioration in economic conditions could have a material adverse effect on our financial condition and results of operations.

Furthermore, the business, financial condition and results of operations of the Company and the market price of the Shares may be affected by changes in the Republic of China's (also referred to herein as Taiwan or the R.O.C.), governmental policies, taxation, inflation or interest rates and by social instability and diplomatic and social developments in or affecting Taiwan which are outside of the Company's control.

Taiwan has a unique international political status. Since 1949, Taiwan and the Chinese mainland have been separately governed. The People's Republic of China (PRC) claims that it is the sole government in China and that Taiwan is part of China. Although significant economic and cultural relations have been established between the R.O.D. and the PRC, such as the engagement of the Economic Cooperation Framework Agreement, in 2010, relations may become strained again.

In addition, the PRC government has refused to renounce the use of military force to gain control over Taiwan. Past developments in relations between the R.O.C. and the PRC have on occasion depressed the market prices of the securities of companies in the R.O.C. Relations between the R.O.C. and the PRC and other factors affecting military, political or economic conditions in Taiwan could materially and adversely affect the Company's financial condition and results of operations, as well as the market price and the liquidity of its securities. In addition, the complexities of the relationship between the R.O.C. and PRC require companies involved in cross-strait business operations to carefully monitor their actions and manage their relationships with both R.O.C. and PRC governments. Changes in the relations between the R.O.C. and the PRC could negatively impact the Company's business and its expansion plans.

Country Risk (Continued)

Other regulations may impact or delay the ability of the Company to conduct business in Taiwan and cross-border business. All foreign investors (other than those making portfolio investments in Taiwan under the Regulations Governing Investment in Securities by Overseas Chinese and Foreign Nationals) wishing to make direct investments in the shares of Taiwanese companies are required to obtain foreign investment approval from the Taiwan Investment Commission in accordance with the Statute for Investment by Foreign Nationals. Foreign investors may own 100% shareholding in a Taiwanese company, provided that the business of such a company does not fall within any prohibited sectors set forth in the Negative List for Investment by Overseas Chinese and Foreign Nationals promulgated by the Executive Yuan lastly amended on June 17, 2013, in which foreign ownership may be prohibited or restricted from investment in agriculture, husbandry, fishing, forestry, manufacture of chemical materials, telecommunications, television or radio broadcasting, transportation, and legal and accounting services, etc. Furthermore, according to the Act Governing Relations between the People of the Taiwan Area and the Mainland Area and relevant regulations (the "Taiwan/Mainland Investment Regulations"), investments made by any company incorporated in Taiwan (such as ECTW) in the PRC will be subject to approvals of the Taiwan Investment Commission. The Taiwan/Mainland Investment Regulations also set certain limitations on the amount of investments which will be made to the PRC.

Concentrated Customer Base Accounts for Significant Portion of Revenues

The Company's operating subsidiary depends on a small number of significant customers for a large portion of revenue. The business of ECTW was dependent on five major Taiwanese Telco's for approximately 83% of its revenue in the three months ended March 31, 2018 and same five major Telco's for approximately 47% for the three months ended March 31, 2017. The largest of such customers accounting for 27% during the three months ended March 31, 2018; 21% during the three months ended March 31, 2017.

ECTW expects such demand from a small number of customers to continue to account for a substantial portion of its revenue for the current fiscal year. Sales to major customers are as follows:

For the three months ended	March 31, 2018		March 31, 2017	
	Amount	% of net purchases	Amount	% of net purchases
Customer A	$ 218,088	27%	$ 343,220	21%
Customer B	$ 142,405	17%	$ 43,083	3%
Customer C	$ 132,828	16%	$ 124,614	7%
Customer D	$ 118,862	15%	$ 189,821	11%
Customer E	$ 65,548	8%	$ 78,362	5%
	$ 677,731	83%	$ 779,099	47%

The loss of any significant customer, a significant decrease in business from any such customer or a reduction in customer revenue due to adverse changes in the terms of contractual arrangements or other factors could harm our results of operations and financial condition. Revenue from individual customers may fluctuate from time to time based on, among other things, the commencement and completion of projects, the timing of which may be affected by market conditions. Consolidation among its customers may increase its customer concentration.

Risks Related to Rapid Technological Change, Research and Development Activities, and Ability to Offer New Products and Services

The global telecommunications industry, including the Taiwanese telecommunications industry, has been characterized by rapid increases in the diversity and sophistication of the technologies and services offered. If the ECTW fails to enhance existing, or obtain timely access to new, OSS solutions and product offerings, including software, hardware and processes, it may have difficulty retaining its existing customers and market share and attracting new customers, which will adversely affect is business.

ECTW primarily provides services to the telecommunications industry in Taiwan. ECTW focuses on setting up OSS, being systems which control and monitor network activities, for many Telcos, including mobile network providers and fixed line operators, in Taiwan. ECTW tailors a unique solution for each client depending on its particular needs, which involves setting up, customizing and integrating a combination of third-party OSS software and hardware. ECTW has begun developing its own solutions and expects to expand its research and development efforts going forward. Its research and development efforts have to date been focused on the development of its Big Data Product. There is no guarantee that this and other future product offerings will be completed or commercialized at all or in a timely and cost-effective fashion, function as expected once complete, or be successful in the marketplace. Rapid technological and market changes in the telecommunications industry require significant investments in technological innovation and means that new products may quickly become obsolete and require further innovation to remain competitive. Future products may not satisfy the evolving needs of the communications industry or of other industries that ECTW may serve. If ECTW is unable to anticipate or respond adequately to such needs, due to resource, technological or other constraints, its business and results of operations could be harmed.

The Company competes with other companies who have far greater resources to devote to development initiatives Furthermore, the development and commercialization of technology solutions may also require acceptance by relevant standardization bodies, which introduces additional costs and uncertainties. The failure of the Company research and development efforts to be technically or commercially successful could have material adverse effects on the growth of the business and the operating results and financial condition of the Company.

Risks Associated with the Development and Expansion of Business in Emerging Markets, Particularly Southeast Asia

The Company's business objectives involve the proposed expansion of its target market into Southeast Asia. This expansion presents challenges related to more volatile economic conditions, competition from companies that are already present in the market, the need to identify correctly and leverage appropriate opportunities for sales and marketing, poor protection of intellectual property, inadequate protection against crime (including counterfeiting, corruption and fraud), inadvertent breaches of local laws or regulations and difficulties in recruiting sufficient personnel with appropriate skills and experience. There are also political and economic considerations relating to the provision of cross-border services, such as between the R.O.C. and PRC discussed above.

In addition, local business practices in jurisdictions in which the Company proposes to operate, and particularly in emerging markets, may be inconsistent with international regulatory requirements. It is possible that some of the Company's employees, subcontractors, agents or partners may violate such legal and regulatory requirements, which may expose the Company to criminal or civil enforcement actions. If the Company fails to comply with such legal and regulatory requirements, its business and reputation may be harmed.

Risks Related to Competition

The Company faces significant competition and many of its competitors have greater resources than it will have, and thus it may be unsuccessful in competing against current and future competitors. It may also face competition from new and emerging companies that may enter its existing or future markets. Many of Company's competitors and potential competitors have longer operating histories, greater name recognition, complementary product and service offerings, a larger customer base, longer relationships with customers and distributors, and significantly greater financial, sales, marketing, manufacturing, distribution, technical, and other resources than the Company has. As a result, they may be able to respond more quickly to customer requirements, to devote greater resources to the promotion and sales of its services better than the Company can. These competitors may also be able to adapt more quickly to new or emerging technologies or standards and may be able to deliver services with comparable or superior to that of the Company's services at a lower cost.

Should the Company expand geographically outside Taiwan, they expect to meet new competitors; however, its plan is to expand into new jurisdictions with the backing of its existing customer base and well established partners once those customers and partners expand into foreign jurisdictions.

Risk of Decreased Demand for the Company's Services

Demand for the Company's services depends largely on the development and expansion of the relevant markets in which network operators operate. These market conditions determine the demand for OSS and subsequently the Company's professional services. The size and rate of growth of the market for the Company's professional services may in the future fluctuate significantly based on numerous factors. These factors include the improvement in the OSS solutions developed by vendors as well as the development of an OSS solution that addresses an entire network's OSS needs. Since the Company's business currently relies on integrating OSS solutions, improvements in the compatibility of OSS solutions or the development of a single OSS solution or turnkey OSS environment that can provide an entire network's OSS needs would negatively affect the Company's business.

The Company must anticipate market trends and the price, performance and functionality requirements of current and potential future customers and must successfully adapt its professional service offerings to meet these requirements. Failure to do so will have a negative adverse effect on the Company.

Highly Volatile Revenues and Expenses and Lengthy Sales Cycle

Revenues can be highly volatile in the systems integration business as it is highly dependent on project work. Accordingly, revenues and expenses vary dramatically from month to month and year-to-year. The impact of hardware purchases in a particular period can often overwhelm the more regularly recurring labour costs, creating a very uneven expense pattern. Sales to customers typically involve a mix of hardware, software and services, each of which may generate different margins. For the most part, the Company’s systems integrator business involves the sale of third party products as part of its service offering, which typically have lower margins than if it were selling its own product offerings.

The Company's business is directly affected by the length of its sales cycle. Establishing, integrating and supporting an OSS environment or OSS solution for a Telco can be complex, and the Telco's needs may involve a significant commitment of capital, with attendant delays frequently associated with large capital expenditures within an organization. This may impact the Company in a number of ways, including requiring the Company to acquire hardware and inventory (a large cost outlay) for a project that may not generate revenue for a length of time. As a result, sales and margins in a specific period will be affected by the overall mix of products and services, and changes in the product and service mix and various lengths of the sales cycle may affect the Company's ability to accurately forecast sales and margins and have an impact on the use of cash/liquidity.

The delays inherent in potentially lengthy sales cycles for its professional services raise additional risks of customer decisions to cancel, change or terminate contracts. The Company's business could be materially adversely affected if a significant customer cancels, changes or terminates its contract. Furthermore, the Company's customers are not obligated to renew their contracts or return to the Company for subsequent contracts.

Reliance on Industry Suppliers

In order to continue executing its business strategy and operations as a systems integrator, the Company relies on industry partners including third party OSS Vendors for software and hardware products and solutions. The Company's ability to deliver according to market demands and contractual commitments depends significantly on obtaining a timely and adequate supply of materials, components, production capacity and other vital offerings and solutions on competitive terms.

While the Company has relationships with various suppliers, some product offerings may be specific to a limited number of suppliers, which may expose the Company to supply disruptions and cost increases. If an OSS Vendor fails to meet its contractual obligations to the Company, or if the relationship between the Company and any significant OSS Vendors deteriorates or ceases, the business strategy and operations of the Company may be adversely affected. Finding alternative OSS Vendors to replace components or solutions may take significant time which could cause significant delays or interruptions in the delivery of products and services.

Risk Related to, and Difficulties in Protection of, Intellectual Property

The Company utilizes a combination of trade secrets, confidentiality policies, nondisclosure and other contractual arrangements to protect its intellectual property rights. The Company does not have any registered patents, trademarks or copyrights (or any applications for same), and such protection may not be available or commercially practical to obtain for its proposed and future product offerings, including its pending “big data” analytics solution. The existing measures it uses to protect its intellectual property may not be adequate to prevent or deter infringement or other misappropriation.

Moreover, the Company may not be able to detect unauthorized use or take appropriate and timely steps to establish and enforce its proprietary rights. Existing legal systems of some countries in which the Company may conduct business may offer only limited protection of intellectual property rights, if at all.

The Company's systems integration solutions and services require the Company (or its customers) to license technologies from third parties, and it may be necessary in the future to seek or renew licenses and there can be no assurance that they would be available on acceptable terms, or at all. Moreover, the inclusion in OSS integration services or in future product and service offerings of products of software or other intellectual property licensed from third parties on a non-exclusive basis could limit the Company's ability to protect proprietary rights in its products, offerings and processes.

Risk Related to, and Difficulties in Protection of, Intellectual Property (continued)

Many key aspects of telecommunications and data network technology are governed by industry-wide standards usable by all market participants. As the number of market entrants and the complexity of technology increases, the possibility of functional overlap and inadvertent infringement of intellectual property rights also increases. In addition to industry-wide standards, other key industry-wide software solutions are today developed by market participants as free and open source software. Contributing to the development of software developed as free and open source software may limit the Company's ability to enforce applicable intellectual property rights in the future.

Third parties may assert in the future claims, directly against the Company or against the Company’s customers, alleging infringement of their intellectual property rights. Defending such claims may be expensive, time-consuming and divert the efforts of management and/or technical personnel. Such litigation could result in the payment of damages and other compensation directly or the requirement to indemnify the Company's customers for such damages and other compensation. Using free and open source software may allow third parties to further investigate the Company's software due to the accessibility of source code. This may in turn make this software more prone to infringement assertions from third parties.

Fair value of financial instruments

The Company does not have any derivative financial instruments. Accordingly, the estimated fair value of financial assets and liabilities are measured at carrying amounts which approximate their estimated fair value.

Management and officers of the Company and its operating subsidiary are tasked with reviewing, controlling and monitoring the strategic risk, financial risk and operational risks of the Company. The following risks are discussed below: Credit risk; Interest rate risk; impairment losses; Liquidity risk and currency risks.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and cash equivalents, and trade accounts receivable are exposed to credit risk. The Company manages credit risk in respect of cash and cash equivalents, by maintaining the majority of cash at high credit rated Canadian, Hong Kong and Taiwanese financial institutions. The Company's concentration of credit risk, and maximum exposure thereto as at March 31, 2018 and December 31, 2017 is $2,700,358 and $2,764,444 respectively.

The Company manages its credit risk for funds held in trust by keeping the funds with a large reputable law firm in Canada. The Company's concentration of credit risk and maximum exposure thereto as at March 31, 2018 is $Nil (December 31, 2017 - $Nil).

The Company's sales taxes receivable balance of $11,845 as at December 31, 2017 (December 31, 2017 - $8,982) is receivable from the Canadian government, which has a high credit rating.

The Company's credit risk is associated with trade accounts receivable and amounts due from customers for contract work. The carrying amount of above-mentioned financial assets represents the Company's maximum credit exposure. Management assesses the need for allowance for potential credit losses by considering the credit risk of specific customers, historical trends and other information. As of March 31, 2018, and December 31, 2017, the Company's exposure to this credit risk amounted to $1,989,952, and $1,630,360 respectively.

The Company uses the percentage of completion method to record revenues. As a result, the recorded unbilled revenues as of March 31, 2018 and December 31, 2017 were $605,780 and $1,512,947 respectively. These amounts consist of professional services and other contract requirements completed but not billed in accordance with the terms of specific contracts. No impairment of unbilled revenues has been recorded as management has determined that the risk of exposure to unsuccessful billing and ultimate collection is low. In addition, in accordance with the terms of other specific contracts, the Company has received amounts in advance of the recognition of revenue and has recorded these amounts as a liability (deferred revenue). As a result, the Company has recorded deferred revenues as of March 31, 2018 and December 31, 2017, of $56,829 and $19,305, respectively.

Interest risk

The Company is subject to interest rate risk on its cash and cash equivalents and other payables to related parties and believes that the results of operations, financial position and cash flows would not be significantly affected by a sudden change in market interest rates. The only financial instruments that expose the Company to interest rate risk are its cash and cash equivalents and other payables to related parties.

As of March 31, 2018, and December 31, 2017, cash held in savings accounts and demand deposits was $710,406 and $1,133,084, respectively. The interest rates were minimal and ranged up to 0.4% per annum.

As at March 31, 2018, included in the other payable to related parties, the Company had short-term borrowing from a director of the Company in the amount of $Nil (December 31, 2017 - $Nil). This short-term borrowing is subject to an interest rate of 2.07% per annum. The interest due on this loan at March 31, 2018 was $Nil (December 31, 2017 - $Nil). As at March 31, 2018 and December 31, 2017, ECTW had unused credit facilities with banks in Taiwan of $2,412,572 and $2,439,135 respectively.

Liquidity risk

The Company's cash flow or funds in reserve may not be sufficient to fund its ongoing activities at all times and from time to time and it may require additional financing in order to carry out its activities. There is risk that if the economy and banking industry experienced unexpected and/or prolonged deterioration, the Company's access to additional financing may be affected. Due to uncertainty in the credit markets, the Company may from time to time have restricted access to capital and increased borrowing costs. To the extent that external sources of capital become limited, unavailable, or available on onerous terms, the Company's ability to make capital investments and maintain existing assets may be impaired, and its assets, liabilities, business, financial condition and results of operations may be affected materially and adversely as a result.

The Company's liquidity risk arises from its contractual financial liabilities. For details of these liabilities, refer to Note 13 (b) of the Notes to the unaudited Condensed Interim Consolidated Financial Statements for the three months ended March 31, 2018. The aggregate financial liabilities for the various periods are as follows:

Financial Liabilities	Carrying amount	Contractual cash flow within 1 year
March 31, 2018	$3,247,692	$2,064,692
December 31, 2017	$3,771,236	$2,625,436

Foreign Currency and Exchange Rate Risk

The Company earns all of its current revenue in New Taiwan Dollars ("NTD"), and since it operates from Taiwan, most of its expenditures are in NTD. Depending on the nature of the contract, ECTW may be required to purchase from overseas supplies and those supplies will pay in either United States Dollars or Euro. As such, it is expected that the functional currency of the Company will continue to be, at least in the near term, the New Taiwan Dollar. However, some of ECTW's expenditures are currently incurred in United States Dollars, and, as the Company expands, its revenue and operating expenses may be earned or incurred in, or otherwise denominated or linked to, other or multiple different currencies, including the United States Dollar. Future funds for growth and expansion are likely in the near-term to be raised by accessing capital markets in Canada and, as such are likely to be denominated in Canadian Dollars ("CAD").

As such, fluctuations in the cross-exchange rates between the New Taiwan Dollar and other currencies, including the United States Dollar and the Canadian Dollar, may have a material adverse effect on the business, financial condition and operating results of the Company and increase volatility in reported results. The imposition of exchange or price controls or other restrictions on the conversion of foreign currencies could also have a material adverse effect on the Company's business, results of operations and financial condition. To date, ECTW has not engaged in exchange rate hedging activities.

Foreign Currency and Exchange Rate Risk (continued)

The Company is exposed to currency risk on financial liabilities arising from financing activities denominated in currency other than functional currency of the Company. Gains and losses derived from the foreign currency fluctuations on underlying liabilities may offset. However, transactions of non-derivative financial instruments help minimize the impact of foreign currency fluctuations, but the risk cannot be fully eliminated. The Company has transactions and balances denominated in NTD and Singapore Dollars ("SGD").

The Company's significant exposure to foreign currency risk was as follows:

March 31, 2018	Foreign Currency amounts	Exchange rate	USD
Financial Assets			
NTD	$84,621,355	0.03380	$2,860,202
CAD	569,583	0.77753	442,868
Financial Liabilities			
NTD	$77,080,714	0.03380	$2,605,328
CAD	408,298	0.77753	317,463
December 31, 2017			
Financial Assets			
NTD	$85,763,868	0.03370	$2,890,242
SGD	5,885	0.74798	4,402
CAD	375,677	0.79671	299,306
Financial Liabilities			
NTD	$83,566,512	0.03370	$2,816,191
CAD	426,931	0.79671	340,140

Currency risk sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, loans, accounts payable and other payables that are denominated in foreign currency. If the USD appreciates by 1% against the NTD, SGD and CAD as of March 31, 2018 and December 31, 2017, it would have increased (decreased) the after-tax net income (loss) by $1,306 and ($376) respectively. For 1% depreciation of NTD against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, assuming that all other variables remained constant. The analysis is performed on the same basis for all periods.

Impact of Laws

The Company and its subsidiaries are incorporated under the laws of, and/or will operate offices in, Canada, BVI and Taiwan. The Company and its subsidiaries are and will be subject to a variety of laws in Canada, BVI, Taiwan and abroad, including laws regarding privacy, intellectual property, taxation and distribution that are continuously evolving and developing. The scope, enforcement and interpretation of the laws that are or may be applicable to the Company and its subsidiaries are often uncertain and may be conflicting, particularly laws outside of Canada. It is also likely that as business grows and expands, the Company will become subject to laws and regulations in additional jurisdictions. Compliance with applicable laws or regulations could be very difficult or liability could arise under these laws or regulations, including due to amendments to or evolving interpretation and enforcement of such laws and regulations. As a result, the Company could be directly harmed, and may be forced to implement new measures to reduce the exposure to this liability. This may require substantial resources to be expended, which could harm the business, financial condition and results of operations of the Company.

Limited Insurance

The Company does not currently hold insurance policies over its business. Existing and future insurance coverage will likely not be adequate to cover all possible losses that the Company could suffer, and, in the future, the Company's insurance costs may increase significantly or it may be unable to obtain the same level of insurance coverage. Should an uninsured loss or loss in excess of insured limits occur, it could have a significant adverse impact on the Company's operations and revenues.

Managing Growth

In order to manage growth and change in strategy effectively, the Company must continue to:

- attract and retain qualified employees to meet customer demand;
- expand research and development, sales and marketing, technical support, distribution capabilities and administrative functions; and
- expand the skills and capabilities of its current management team.

While it intends to focus on managing its costs and expenses over the long term, the Company expects to invest to support its growth and may have additional unexpected costs. It may not be able to expand quickly enough to exploit potential market opportunities.

Tax Risks

If the Company expands into additional markets in Southeast Asia and elsewhere, the Company may operate and be subject to income tax and other forms of taxation (which are not based upon income) in multiple tax jurisdictions. Taxation laws and rates which determine taxation expenses may vary significantly in different jurisdictions, and legislation governing taxation laws and rates is also subject to change. Therefore, the Company's earnings may be impacted by changes in the proportion of earnings taxed in different jurisdictions, changes in taxation rates, changes in estimates of liabilities and changes in the amount of other forms of taxation. The Company may have exposure to greater than anticipated tax liabilities or expenses.

Furthermore, there is no assurance that Taiwan, the British Virgin Islands or any other foreign country in which the Company may operate in the future will not impose restrictions on the repatriation of earnings to foreign entities.

Market Conditions

As a result of the weakened global economic situation, the Company, along with all other companies, may face reduced cash flow and restricted access to capital until these conditions improve. A prolonged period of adverse market conditions may impede the Company's ability to grow and complete additional acquisitions, if desired, and the Company's business would be adversely affected.

Ongoing Regulatory Requirements

The Company will continue to be subject to the reporting requirements of Canadian securities laws and regulations and the listing requirements of the TSX Venture Exchange (“TSXV”). Compliance with these laws and regulations has increased and will continue to increase the Company's legal and financial compliance costs, make some activities more difficult, time-consuming or costly and increase demand on the Company's systems and resources.

Dependence upon Key Management Personnel and Executives

The business of the Company, as a systems integrator for OSS, is highly complex and technical, and the business is dependent on skilled technology professionals and industry-experienced management who are often in high demand and short supply.

The loss of any key members of the management team or other key personnel may impair the Company's ability to continue to develop its services, identify and secure new contracts with customers or otherwise manage its business effectively. The Company's success depends, in part, on the continued contributions of its senior management and key personnel, many of whom are well experienced in the telecommunications industry and have in depth knowledge of various aspects of the sale of the development and sale of software and services within the telecommunications industry. A number of the Company's management and critical employees, including Tat Lee (Michael) Koh (Chairman), Chong Gin (Sam) Tan (President) and Hung-Yu (Hans) Chang (CEO), are considered by the Company to have specialized skill and knowledge and the loss of any such individual would have a material adverse effect on the Company's business. The loss of any such individual may adversely affect the Company's operating results and financial position. The Company does not currently maintain key man insurance or similar life insurance for its management team.

Furthermore, the Company growth plan involves, among other things, expanding its customer base and implementing new technologies and OSS solutions, which may require the Company to attract and train additional IT professionals at a rapid rate. There may be difficulties in identifying, hiring and training qualified personnel in the time period needed, which could increase the costs of retaining a skilled workforce and make it difficult for the Company to manage its operations, meet its commitments and compete for new customer contracts.

Possible Conflicts of Interest of Directors and Officers of the Company

Certain of the directors and officers of the Company also serve as directors, officers and/or advisors of and to other companies. Consequently, there exists the possibility for such directors and officers to be in a position of conflict. The Company expects that any decision made by any of such directors and officers involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Company and its shareholders, but there can be no assurance in this regard. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest with or which are governed by the procedures set forth in the OBCA and any other applicable law.

No Expectation for Dividends in the Foreseeable Future

Apart from the stated capital distribution of CDN$40,000 to shareholders of the Company as at September 21, 2015, prior to the reverse takeover transaction, the Company has never paid dividends on the Shares. This $40,000 stated capital distribution has not been disclosed in the Company’s Audited Consolidated Financial Statements as at and for the year ended December 31, 2015 as the share capital presented in the Audited Consolidated Financial Statements is the continuity of ECTW share capital prior to the reverse takeover transaction. Currently, the Company intends to retain its future earnings, if any, to fund the development and growth of its business, and does not anticipate paying any dividends on the Shares in the near future. As a result, shareholders will have to rely on capital appreciation, if any, to earn a return on investment in any Shares in the foreseeable future.

Source of Future Funds

The sources of future funds for further growth of the Company’s operations which are presently available to the Company are profits from its operating subsidiary and the sale of equity capital or debt financing. Management has been successful in accessing equity markets in the past, but there is no assurance that such sources will be available on acceptable terms in the future.

Risk of Dilution

Under applicable Canadian law, shareholder approval may not be required for the Company to issue additional Shares. Moreover, the Company, in order to expand its products and operating markets may have to raise additional equity capital that could require the issuance of a substantial number of additional Shares. The business of the Company will require substantial additional financing which will likely involve the sale of equity capital. The Company can also be expected to issue share options, warrants and other financial instruments, which may include debt. Future issuances of equity capital may have a substantial dilutive effect on existing shareholders of the Company. The Company is not able at this time to predict the future amount of such issuances or dilution.

Volatility of Market Price of Common Shares

In recent years, the securities markets in Canada and elsewhere have experienced a high level of price and volume volatility, and the market prices of securities of many public companies have experienced significant fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. As a result, the market price of the Shares may be volatile. The volatility may affect the ability of holders to sell the Shares at an advantageous price. Market price fluctuations in the Company's Shares may be due to the Company's operating results failing to meet the expectations of securities analysts or investors in any quarter, downward revision in securities analysts' estimates, governmental regulatory action, adverse change in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Company or its competitors, along with a variety of additional factors, including, without limitation, those set forth in this MD&A. In addition, the market price for securities in the stock markets, including the TSXV, have recently experienced significant price and trading fluctuations. These fluctuations have resulted in volatility in the market prices of securities that often has been unrelated or disproportionate to changes in operating performance. These broad market fluctuations may adversely affect the market price of the Shares.

Subsequent Events

The Company formed three subsidiaries, each co-owned with an arm's length party. Subsidiary "Extreme Creative Live Interaction System Inc." will be developing business solutions utilizing the "Internet of Things". Subsidiary "EC Blockchain Communications" will be investigating the application of blockchain technologies. Subsidiary "ReEllipsiz Inc." will be sourcing telecom acquisitions in Canada. All three subsidiaries will be looking for joint venture and acquisition opportunities.

Other Information

Additional information about the Company is available on SEDAR at (*www.sedar.com)*