Astron Connect Inc. (formerly "Exalt Capital Corp. ")
Management's Discussion and Analysis
For the Year ended September 30, 2018

This Management Discussion and Analysis ("MD&A") is prepared as at January 25, 2019 and should be read in conjunction with the consolidated financial statements of Astron Connect Inc. (formerly "Exalt Capital Corp. ") ("Astron" or the "Company") for the year ended September 30, 2018. Unless otherwise indicated, all dollar amounts are in Canadian dollars. Additional information relevant to the Company activities can be located on SEDAR at www.sedar.com.

Forward Looking Statements

This MD&A may contain certain forward-looking statements that involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward-looking statements. These risks, uncertainties and factors may include, but are not limited to: unavailability of financing, changes in government regulation, general economic conditions, general business conditions, limited time being devoted to business by directors, escalating professional fees, and escalating transaction costs. Readers are cautioned not to place undue reliance on forward-looking statements, which are effective only as of the date of this MD&A or as of the date otherwise specifically indicated herein. Actual results may differ materially and adversely from those expressed in any forward-looking statements. The Company undertakes no obligation to revise or update any forward-looking statements for any reason.

Company History and Business Overview

The Company was incorporated on February 20, 2017 under the Business Corporations Act (British Columbia) with one class of shares, being common shares ("Common Shares") without par value and was a capital pool company ("CPC") as defined by policy 2.4 (the "CPC Policy") of the TSX Venture Exchange ("Exchange").

The principal business of a CPC was the identification and evaluation of assets or businesses with a view to completing a "Qualifying Transaction" (as defined by the CPC Policy). Until the completion of a Qualifying Transaction, the Company will not carry on any other business.

On August 28, 2018, the Company completed it's Qualifying Transaction (the "Transaction") to acquire and amalgamate with Sachiel Connect Inc. ("Sachiel Connect") whichwas approved by the Exchange. 1148535 B.C. Ltd, a wholly owned subsidiary of the Company, acquired all of the issued and outstanding securities of Sachiel Connect from its existing shareholders, and as consideration, the Company issued 29,099,992 common shares in the capital of the Company to the shareholders of Sachiel Connect.

On August 28, 2018, 1148535 B.C. Ltd. and Sachiel Connect were amalgamated as one company under the name Sachiel Holdings Ltd. ("Sachiel Holdings"). Sachiel Holdings remains a wholly owned subsidiary of the Company.

As a result of the Transaction, the former shareholders of Sachiel Connect acquired control of the Company. Therefore, the Transaction is considered as a reverse take-over. The Company has ceased to be a capital pool company since then. The consolidated financial statements of Astron represent a continuation of the business of Sachiel Connect.

The Company changed its name from "Exalt Capital Inc." to "Astron Connect Inc." effective August 23, 2018.

Sachiel Connect was incorporated under the Business Corporations Act on July 28, 2016. The Company is engaged primarily in the business of distribution and sale of beverage and food products in China and emerging markets. On May 10, 2017, the Company incorporated a wholly owned subsidiary, Sachiel Water Inc. under the Business Corporations Act.

The head office, principal address and registered office of the Company are located at 2300 - 666 Burrard Street, Vancouver, B.C., V6C 2X8.

Business Highlights:

Highlights for the year ended September 30, 2018:

- Sales for the year ended September 30, 2018 were $849,104 (2017 - $727,070) an increase of 16.8% from 2017.

- On August 28, 2018, the Company completed it's Qualifying Transaction to acquire and amalgamate with Sachiel Connect which was approved by the Exchange. 1148535 B.C. Ltd, a wholly owned subsidiary of the Company, acquired all of the issued and outstanding securities of Sachiel Connect from its existing shareholders, and as consideration, the Company issued 29,099,992 common shares in the capital of the Company to the shareholders of Sachiel Connect.

- In connection with the Transaction, the Company completed a non-brokered private placement for gross proceeds of $2,942,998 for issuance of 13,377,265 common shares at $0.22 per share and a brokered private placement for gross proceeds of $269,110 for issuance of 1,223,227 common shares at $0.22 per share.

- In connection with the Transaction, a finder's fee has been paid by the issuance of 1,602,727 common shares at the deemed price of $0.22 per share for an aggregated value of $352,600.

- On September 26, 2018, the Company granted 2,050,000 stock options to directors, officers, employees and consultants.

Overall Performance

The following discussion of the Company's financial performance is based on the consolidated financial statements for the years ended September 30, 2018 and 2017.

The consolidated statement of financial position as of September 30, 2018 indicates a cash balance of $2,885,437 (September 30, 2017 - $357,557), short-term investment of $nil (September 30, 2017 - $338,098), trade and other receivables of $227,890 (September 30, 2017 - $21,711), inventory balance of $75,313 (September 30, 2017 - $53,573), prepaid expenses of $70,280 (September 30, 2017 - $11,690) and total current assets of $3,258,920 (September 30, 2017 - $782,629). The increase in total current assets was mainly due to the increase of cash and trade and other receivables resulting from the increase of revenue and the proceeds received from shares issued.

Current liabilities at September 30, 2018 totalled $417,887 (September 30, 2017 - $220,259). Shareholders' equity is comprised of common shares of $6,006,234 (September 30, 2017 - $1,299,500) and deficit of $3,097,709 (September 30, 2017 - $390,988).

Working capital (current assets less current liabilities) is $2,841,033 (September 30, 2017 - $562,370). Management believes that the Company has sufficient working capital to maintain the Company's day-to-day operations for at least the next twelve months.

During the year ended September 30, 2018, the Company reported a net loss of $2,706,721 (2017-$371,479). The increase of the operating expenses is mainly due to the listing expense of $1,550,231.

The weighted-average number of common shares outstanding for the year ended September 30, 2018 was 35,955,619, compared to 26,565,727 for the year ended September 30, 2017.

Factors Concerning the Company's Financial Performance and Results of Operations

The key performance indicators for the Company are revenue growth, EBITDA and net income.
The success of the Company to expand will be measured by revenue growth. Revenue growth will be dependent on the Company being able to penetrate new markets and gain new customers through acquisitions, and continued development of its production offerings.

Management believes that net income is a measure of how efficiently and effectively the business is running. The Company is in a period of expansion and growth. Therefore, selling and general administration costs will increase over the next twelve months. To achieve an acceptable net income, management will need to balance the increase in selling and general administration costs and revenue growth. Net income is also viewed as an important measure for determining the value created for shareholders.

Management believes that in addition to revenue and net income, earnings from continuing operations before interest and finance costs, taxes, depreciation and amortization, other non-cash items and one-time gains and losses (for the purposes of the Company's MD&A, EBITDA) as derived from information reported in the statements of operations and comprehensive income is a useful supplemental measure as it provides an indication of the results generated by the Company's principal operating segments but also factors in the administrative expenses incurred during the period. It is believed that EBITDA will become a more meaningful metric in the future when it has had a chance to benefit from the planned marketing and development activities and the building of the required infrastructure to support recurring sales.

Selected Annual Information

	2018	**2017**	**2016**
	$	$	$
Revenue	849,104	727,070	-
Operating expenses	2,867,640	688,780	19,509
Other income (Expenses)	336	882	-
Net loss	(2,706,721)	(371,479)	(19,509)
Basic and diluted EPS	(0.08)	(0.01)	(0.01)
Total assets	3,571,405	1,128,771	249,406
Total non-current liabilites	-	-	-

For further financial information, please refer to the annual audited consolidated financial statements.

Revenue

Revenue for the year ended September 30, 2018 was $849,104 an increase of 16.8 % compared to $727,070 for the year ended September 30, 2017. The increase in revenue from fiscal year 2018 to 2017 is due to the Company launching new products to the market in China in year 2018, the increase in public recognition from new marketing strategies and the Company's continued delivery of good quality products.

Operating Expenses

	For the year ended September 30	
	2018	**2017**
Advertising and promotion expenses	64,931	122,039
Amortization	81,058	1,369
Consulting expenses	130,475	46,026
Filling expenses	4,276	-
Meeting and conference expense	46,254	64,219
Office expenses	142,039	98,705
Professional fees	115,528	4,870
Rental expenses	231,831	80,092
Salary and benefits	371,206	159,641
Selling and distribution expenses	21,652	99,225
Stock based conpensation	109,253	-
Foreign exchange gain (loss)	(1,094)	12,594
Listing expenses	1,550,231	-
	2,867,640	688,780

Overall, operating expenses increased by $2,178,860 compared to September 30, 2017. The main increase was primarily attributed to the one-time listing expenses of $1,550,231 (2017-$nil) which is a result of the Transaction to acquire Sachiel Connect and represents the difference between the fair value of the purchase consideration and the net assets of Astron Connect at the date of acquisition in accordance with reverse takeover accounting. In addition, professional fees of $115,528 (2017-$4,870) were also associated with the Transaction. The Company incurred stock based compensation of $109,253(2017-$nil) resulting from the issuance of stock options in the year.

Other Income (Expenses)

Other income in 2018 was $336 (2017-$882) was primarily attributed to interest income.

Net Loss

Net loss was $2,706,721 for the year ended September 30, 2018 compare to $371,479 for the year ended September 30, 2017. The increase was primarily attributed to the increased operating expenses as noted above.

Summary of Quarterly Results

The following table presents unaudited selected financial information for each of the last eight quarters for fiscal 2018 and 2017:

	September 30 2018	June 30 2018 $	March 31 2018 $	December 31 2017 $
Total Revenues	731,819	112,247	-	5,038
Net income (loss)	(1,963,192)	(179,143)	(250,550)	(313,836)
Loss per Share	(0.08)	(0.04)	(0.07)	(0.09)

	September 30 2017	June 30 2017 $	March 31 2017 $	December 31 2016 $
Total Revenues	65,972	79,658	142,660	438,780
Net income (loss)	(154,371)	(179,493)	(63,886)	26,271
Loss per Share	(0.05)	(0.05)	(0.02)	0.01

Financing Activities

Concurrent with the Transaction, the Company completed a non-brokered private placement by issuing 13,377,265 common shares at the price of $0.22 per share for proceeds of $2,942,998 and a brokered private placement by issuing 1,233,227 common shares at a price of $0.22 per share for proceeds of $269,110. The Company incurred $58,299 in cash share issuance cost and issued agent warrants fair valued at $9,675 in connection with the private placements.

On January 30, 2017, the Company issued 2,391,000 common shares at price of $0.1255 per share for total proceeds of $300,000.

On April 28, 2017, the Company issued 2,353,022 common shares at price of $0.25 per share for total proceeds of $590,000.

Liquidity

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. At September 30, 2018 and 2017, the Company had a working capital of $2,841,033 and $562,370 respectively. The Company is focused on generating sales revenue through increase sales volume of current products and new products offerings and is actively pursuing additional sources of financing to ensure that it can meet its ongoing operating requirements and planned capital expenditures.

The following tables detail the remaining contractual maturities at the respective reporting dates of the Company's non-derivative financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Company can be required to pay:

Contractual obligations	**Payments Due by Period**				
	Total	Year	1-3 years	4-5 years	After 5 years
	$	$	$	$	$
Accounts payable and accrued liabilities	202,041	202,041			
Rental obligations	733,012	231,831	501,181		-
Due to related party	150,000	150,000			
Total contractual obligations	1,085,053	583,872	501,181	-	-

Capital Resources

The Company's objective is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Company has defined its capital as common shares, reserves and accumulated deficit.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, to maintain appropriate cash reserves on hand to support continued operations and shareholder returns, maintain capital structure while keeping capital costs at a minimum, and to invest cash on hand in highly liquid, highly rated financial instruments. The company is not exposed to externally imposed capital restrictions, and the Company's objectives and strategies described above have not changed during the year. These objectives and strategies are reviewed on a continuous basis.

Off Balance Sheet Arrangements

To the best of management's knowledge, there are no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company.

Transactions with Related Parties

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Certain of these entities transacted with the Company during the reporting period.

The following is a summary of balances and transactions with a director of the Company:

	2018	2017
	$	$
Transactions:		
Salaries and benefits	83,916	20,000
Stock-based compensation	53,279	-
Balances:		
Amounts owing to a director and officer*	178,917	1,982

*included $150,000 (2017 - $1,982) in due to related party which is no interest bearing and due on demand to a director of the Company and the loan is mainly used for the operation of the Company; included in accounts payable and accrued liabilities is $28,917 (2016 - $NIL) payable to a director for salary.

These transactions are in the normal course of operations and have been valued in these consolidated financial statements at the estimated fair value amount, which is the amount of consideration established and agreed to by the related party.

Fourth Quarter

Results for the three months ended September 30, 2018 and 2017 are as follows:

The loss in the quarter ended September 30, 2018 was $1,963,192 compared to $154,371 in same period in fiscal 2017. This $1,808,821 increase in net loss was primarily attributed to the increased operating expenses as a result of the listing expenses and professional fees incurred as a result of the completion of the qualifying Transaction.

Reverse Take-over

On August 28, 2018, the Company completed the Transaction to acquire and amalgamate with Sachiel Connect. 1148535 B.C. Ltd, a wholly owned subsidiary of the Company acquired all of the issued and outstanding securities of Sachiel Connect from its existing shareholders at an exchange ratio of approximately 7.97 common shares for each Sachiel Connect share. This resulted in the Company issuing 29,099,992 common shares to the shareholders of Sachiel Connect.

As a result of the Transaction, the former shareholder of Sachiel Connect acquired control of the Company. Therefore, the Transaction is considered as a reverse take-over.

The Transaction is recorded in accordance with guidance provided in IFRS 2 Share-based Payments and IFRS 3 Business Combinations. As the Company did not qualify as business according to the definition in IFRS 3, the Transaction does not constitute a business combination; rather it is treated as an issuance of shares by Sachiel Connect for the net assets of the Company and the listing status.

Since the share consideration to be allocated to the former shareholders of the Company on closing the RTO is considered within the scope of IFRS 2, and the Company cannot identify specifically some or all of the goods or services received in return for the allocation of the shares, the value in excess of the net identifiable assets or obligations of the Company acquired on closing is to be expensed in the consolidated statement of operations and comprehensive income as a listing fee.

In connection with the Transaction, the Company completed a non-brokered private placement for gross proceeds of $2,942,998 for issuance of 13,377,265 common shares at a $0.22 per share and a brokered private placement for gross proceeds of $269,110 for issuance of 1,223,227 common shares at a $0.22 per share.

In connection with the Transaction, a finder's fee has been paid by the issuance of 1,602,727 common shares at the deemed price of $0.22 per share for an aggregated value of $352,600.

In accordance with the RTO accounting, the fair value of the deemed issuance of 5,500,000 common shares of Exalt was determined to be $0.22 per common share, based on the estimated fair value at the acquisition date. The following table provides details of the fair value of the consideration given and the fair value of the assets and liabilities acquired:

Identifiable Net Assets	$
Cash	190,531
Trade and other receivables	8,149
Accounts payable and accrued liabilities	(14,860)
Net Assets	183,820
Transaction Costs	
Deemed shares issued	1,210,000
Stock Options deemed granted	71,223
Agent w arrants deemed granted	54,842
	1,336,065
Estimated cash costs of the acquistion	45,386
Finder's fee in common shares	352,600
Total listing expenses	1,734,051
Listing expense, net of identifable net assets	1,550,231

Stock options deemed granted of $71,233 representing the fair value of the existing options, and $54,812 representing the fair value of the existing agent warrants retained by the Company. The $0.22 per share value for the abovementioned shares was based on the fair value from the concurrent private placement. The fair value of the options and warrants was based on an application of the Black Scholes option pricing model using the following assumptions: a volatility of 133% and 139% for the options and agent warrants respectively, a weighted average annual risk-free interest rates of 2.20%, no dividends, and expected lives of 3.75 and 1.13 years for the options and agent warrants respectively.

In addition, the Company incurred additional transaction costs other than finder's fee to be $45,386.

Critical Accounting Estimates and Changes in Accounting Policies

All significant critical accounting estimates and change in accounting policies are fully disclosed in Note 3 of the consolidated financial statements for the year ended September 30, 2018.

Financial Instruments and Financial Risk

Fair value of financial instruments

The Company classifies its fair value measurements in accordance with the three level fair value hierarchies as follows:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs). The Company's financial instruments include cash, short-term investments, trade and other receivables, accounts payable and accrued liabilities and due to shareholder loan. The carrying amounts of cash, short-term investments, trade and other receivables, accounts payable and accrued liabilities and due to shareholder loan approximate their fair values due to the short-term nature of these instruments. The following table summarizes the carrying values of the Company's financial instruments:

	September 30, 2018	September 30, 2017
	$	$
Cash	2,885,437	357,557
Trade and other receivables	188,100	3,886
Short-term investments	-	338,098
Accounts payable and accrued liabilities	202,041	172,507
Due to related party	150,000	-

(i) Cash
(ii) Trade and other receivables
(iii) Accounts payable and accrued liabilities

The following table sets forth the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy as follows:

Cash	Level 1	Level 2	Level 3	Total
	$	$	$	$
As at September 30, 2018	2,885,437	-	-	2,885,437
As at September 30, 2017	357,557	-	-	357,557

Financial risk management objectives and policies

The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

a) Currency risk

The Company generates revenues and incurs expenses primarily in Canada and China and is exposed to risk from changes in foreign currency exchange rates. In addition, the Company holds financial assets and liabilities in foreign currencies that expose the Company to foreign exchange risks. A significant change in the currency exchange rates between the Canadian dollar relative to the US dollar could have an effect on the Company's results of operations, financial position and/or cash flows. The Company has not hedged its exposure to currency fluctuations.

At September 30, 2018, the Company had cash of $11,936 (2017: $165,162), short-term investments $nil (2017: $37,253), trade and other receivables of $4,660 (2017: $3,849), and accounts payable and other payable of $30,591 (2017: $27,702), which were denominated in US dollars. For the year ended September 30, 2018, the Company's sensitivity analysis suggests that a change in the absolute rate of exchange in US dollars by 10% will increase or decrease comprehensive loss by approximately $1,400 (2017: $17,856).

b) Interest rate risk

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The interest rate risk on short term investment is insignificant as the deposits are short term. The Company is not exposed to significant interest rate risk in respect of its bank loan which is subject to a fixed rate of interest. The Company has not entered into any derivative instruments to manage interest rate fluctuations.

c) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash and trade and other receivables. The Company limits its exposure to credit risk on cash by depositing only with reputable financial institutions. Credit risk is primarily associated with trade receivables as the Company grants credit to its customers in the normal course of business. Credit risk on trade receivables is minimized by performing credit reviews, ongoing credit evaluation and account monitoring procedures. All trade receivables have been reviewed for indicators of impairment and the consolidated financial statements take into account an allowance for bad debts.

There were no overdue trade receivables outstanding as at September 30, 2018 and 2017 and collection is reasonably assured.

d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. At September 30, 2018, the Company had a working capital of $2,841,033b (2017: $562,370). The Company is focused on generating sales revenue and is actively pursuing additional sources of financing to ensure that it can meet its ongoing operating requirements and planned capital expenditures.

Summary of Outstanding Share Data

As at the date of this report, the Company's share capital is as follows:

- Authorized: Unlimited common voting shares without nominal or par value.
- Issued and outstanding 50,803,211 common shares

As at the date of this report, the Company's stock option is as follows:

	Number of options	Weighted-average exercise price
		$
Balance, September 30, 2016 and 2017	-	-
Options granted on Reverse Take-over	400,000	0.22
Options granted	2,050,000	0.30
Balance, September 30, 2018	2,450,000	0.29

As at the date of this report, the Company's warrant is as follows:

	Number of warrants	Weighted-average Exercise price	Weighted-average Years to expiry	Expiry date
Balance, September 30, 2016 and 2017	-	-	-	-
Agents warrants issued on Reverse take-over	350,000	$ 0.10	1.03	October 10, 2019
Issued agent warrant	73,395	$ 0.22	1.91	August 28, 2020
Balance, September 30, 2018	423,395	$ 0.12	1.18	

Risk Uncertainties

We have a limited operating history.

Our limited operating history makes it difficult to evaluate our business and prospects and may increase the risks associated with your investment. We were incorporated in 2016 and, as a result, have only a limited operating history upon which our business and future prospects may be evaluated. Although we believe we will experience substantial revenue growth, we may not be able to reach the expected rate of growth or even maintain our current revenue levels.

We have encountered and will continue to encounter risks and difficulties frequently experienced by growing companies in rapidly developing and changing industries, including challenges related to recruiting, integrating and retaining qualified employees; making effective use of our limited resources; achieving market acceptance of our existing and future solutions; competing against companies with greater financial and technical resources; acquiring and retaining customers. Our current operational infrastructure may require changes for us to scale our business efficiently and effectively to keep pace with demand for our solutions, and achieve long-term profitability. If we fail to implement these changes on a timely basis or are unable to implement them effectively, or at all due to factors beyond our control, our business may suffer. We cannot assure you that we will be successful in addressing these and other challenges we may face in the future.

Our business is at an early stage of commercialization,

We are still at an early stage of commercialization. There can be no assurance that we will meet its objectives. As in any early stage development company, there is no assurance that our business will be successful.

We have incurred losses and may continue to incur losses.

Our operating results have fluctuated significantly in the past from quarter to quarter and may continue to do so in the future. In addition, we have experienced net losses since we have commenced our business operation, and such losses may very well continue

You should not rely on the results for any particular period as an indication of our future performance. It is possible that, in future periods, our results of operations may be below the expectations of public market analysts and investors. Fluctuations in our quarterly operating results or our inability to achieve or maintain profitability may cause volatility in the price of our common stock in the public market.

We are subject to global trade sentiments.

Our operations are dependent on the trade sentiment between Canada and the destination markets. As such this is an externality that we as a company cannot address directly.

We may not be able to engage and retain sufficient buyers to drive revenue growth.

If we are unable to attract significant numbers of new buyers and increase levels of engagement, our ability to maintain or grow our business would be materially and adversely affected. We may not be able to successfully monetize traffic on our platform, which could have a material adverse effect on our business. An increasing percentage of our users are accessing our marketplaces through mobile devices, a trend that we expect to continue. Our ability to monetize our mobile user traffic is critical to our business and our growth.

We may not be able to maintain or grow our revenue or business.

We will primarily derive our revenue from online marketing services, commissions based on transaction value derived from certain of our marketplaces and fees from the sale of memberships on our wholesale marketplaces.

Potential changes in our strategy for monetizing our wholesale marketplaces could result in prolonged reductions in revenue from those marketplaces. In addition, our revenue growth may slow or our revenues may decline for other reasons, including decreasing consumer spending, increasing competition, slowing growth of the China retail or China online retail industry, changes in government policies or general economic conditions. In addition, our revenue growth rate will likely decline as our revenue grows to higher levels.

We are dependent on key personnel.

We depend on key management as well as experienced and capable personnel generally, and any failure to attract, motivate and retain our staff could severely hinder our ability to maintain and grow our business. Our future success is significantly dependent upon the continued service of our key executives and other key employees. If we lose the services of any member of management or key personnel, we may not be able to locate suitable or qualified replacements, and may incur additional expenses to recruit and train new staff, which could severely disrupt our business and growth.

The size and scope of our ecosystem also require us to hire and retain a wide range of effective and experienced personnel who can adapt to a dynamic, competitive and challenging business environment. We will need to continue to attract and retain experienced and capable personnel at all levels as we expand our business and operations. Competition for talent is intense, and the availability of suitable and qualified candidates is limited. Competition for these individuals could cause us to offer higher compensation and other benefits to attract and retain them. Even if we were to offer higher compensation and other benefits, there is no assurance that these individuals will choose to join or continue to work for us. Any failure to attract or retain key management and personnel could severely disrupt our business and growth.

We are subject to changes general economic conditions

The markets in which we operate are affected by changes in general economic conditions, including China's marketplace and emerging markets, and political and economic conditions, international, national, regional and local economic conditions, all of which are outside of our control. Economic slowdowns, cyclical trends, increases in interest rates and other factors could have a material adverse effect on our financial performance and financial condition.

We are subject to governmental regulation.

China and emerging markets government regulation can affect us. Failures to comply with applicable and new emerging regulatory requirements can, among other things, result in fines, suspension of regulatory approvals, seizures, operating restrictions and criminal prosecutions. All of the foregoing regulatory matters will also be applicable to development and marketing undertaken by any collaborative partners.

Our research and market development may not prove to be profitable.

There can be no assurances that our research and market development activities will prove profitable.