

# Hello Pal Announces Proposed Transaction to Acquire Interests in Dogecoin/Litecoin Mining Facility and Mining Assets and Private Placement to Raise up to C\$5 Million by way of Subscription Receipts

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VANCOUVER, BC, March 8, 2021 /CNW/ -- [Hello Pal International Inc.](#) ("Hello Pal" or the "Company") (CSE:HP) (Frankfurt:27H) (OTC:HLLPF), a provider of international live-streaming, social messaging and language learning mobile apps, is pleased to announce that it has entered into a letter of intent (the "LOI") with Shanghai Yitang Data Technology Co. Ltd. ("Yitang") to acquire:

(a) an initial 15% interest in a cryptocurrency mining facility (the "Mining Facility") located in North-West China to be dedicated to mining Dogecoin (DOGE) and Litecoin (LTC), with an option to increase such interest to 35%; and

(b) an initial 51% interest in a number of mining rigs also dedicated to mining Dogecoin and Litecoin (the "Mining Assets"), with an option to increase such interest to 100%. The number of mining rigs has been agreed to be a minimum of 12,500, with potentially up to 2,500 more (at no extra cost to the Company), depending on how many more can be secured by Yitang before completion

(together, the "Transaction").

## The Transaction

The Mining Facility, when completed, will be able to house 90,000 mining rigs and have a capacity of 70MW, which the Company believes will make it one of the largest dedicated Dogecoin/Litecoin mining facility in the world. When fully deployed, the Mining Assets are believed to account for 3-5% of the Dogecoin/Litecoin hashrate in the world, which the Company believes would make it the world's third largest Dogecoin/Litecoin miner.

The Company has agreed to acquire the initial 15% interest in the Mining Facility for a cash payment of RMB 5,000,000 (equal to approximately C\$975,000 based on the exchange rate posted by the Bank of Canada on March 5, 2021 of 0.1950) and the Company will have the option to acquire a further 20% interest in the Mining Facility (for a total interest of 35%) for an additional cash payment to be agreed upon between the parties, each acting reasonably, however, not to exceed RMB 8,000,000 (equal to approximately C\$1,560,000 based on the exchange rate posted by the Bank of Canada on March 5, 2021 of 0.1950).

The Company has also agreed to acquire the initial 51% interest in the Mining Assets for C\$1,500,000 in cash and 1,800,000 units of the Company (the "Consideration Units") valued at C\$2,250,000. Each Consideration Unit will have a deemed value of C\$1.25 and consist of one common share of the Company (each, a "Common Share") and one-half of one common share purchase warrant of the Company (each whole common share purchase warrant, a "Consideration Warrant"). Each Consideration Warrant will entitle the holder thereof to acquire one Common Share at an exercise price of C\$2.00 for a period of two years from the date of issue.

For a period of two years following the completion of the Transaction, the Company will have the option to acquire a further 49% interest in the Mining Assets (for a total interest of 100%) for an additional payment, as to half in cash and half in Common Shares (the number of Common Shares to be determined in the context of the market), where the valuation of the Mining Assets is dependent on their net profit over a 12-month period immediately preceding the date on which this option is exercised, multiplied by a formulated multiplier.

"We are excited to expand our crypto strategy to also include Dogecoin and Litecoin, which we believe will play an increasingly important role in the cryptocurrency world going forward," said KL Wong, Founder and Chairman of the Company. "The Hello Pal community, especially what we envision for it to become, is a natural fit with the Dogecoin/Litecoin community, and this deal allows us to become a key player in it," he added.

## The Offering

The Company also announces that it has entered into an agreement with Canaccord Genuity Corp. ("Canaccord"), as lead agent and sole bookrunner, on its own behalf and on behalf of a syndicate of agents which may be formed (the "Agents") in connection with a "commercially reasonable efforts" private placement of up to 4,000,000 subscription receipts of the Company (the "Subscription Receipts") at a price of C\$1.25 per Subscription Receipt (the "Issue Price") for aggregate gross proceeds of up to C\$5,000,000 (the "Offering"). Each Subscription Receipt will be automatically exercised into one unit of the Company (each, a "Unit") upon satisfaction of certain conditions (the "Escrow Release Conditions") relating to the completion of the Transaction. Each Unit will consist of one Common Share and one-half of one common share purchase warrant of the Company (each whole common share purchase warrant, a "Warrant"), with each Warrant entitling the holder thereof to purchase one Common Share at a price of C\$2.00 for a period of two years from the date on which the Escrow Release Conditions are satisfied. The Company has granted to the Agents an option to sell up to an additional 4,000,000 Subscription Receipts at the Issue Price for additional gross proceeds of up to C\$5,000,000, exercisable in whole or in part at any time up to 48 hours prior to the closing of the Offering.

The proceeds from the sale of the Subscription Receipts (less certain deductions) will be held in escrow pending satisfaction of the Escrow Release Conditions and, following completion of the Transaction, are expected to be used towards the purchases of the Mining Facility and the Mining Assets described above, further potential asset acquisitions pursuant to the Company's cryptocurrency strategy, expansion of its livestreaming operations, and for working capital purposes. If the Escrow Release Conditions are not satisfied by May 31, 2021 or such later date as agreed to by the Company and Canaccord, the escrowed proceeds from the sale of the Subscription Receipts will be returned to purchasers and the Subscription Receipts will be cancelled.

In connection with the Offering, the Company has, subject to regulatory approval, agreed to: (i) pay to the Agents, a fee of 7% of the gross proceeds of the Offering, payable in cash; (ii) issue to the Agents non-transferable warrants (the "Agents' Warrants") equal to 7% of the aggregate number of Subscription Receipts sold under the Offering; and (iii) pay to Canaccord a cash fee equal to C\$200,000, payable one-half in cash and one-half in Common Shares at the Issue Price (80,000 Common Shares). Each Agents' Warrant will entitle the holder thereof to acquire one Common Share at the Issue Price for a period of two years from the date on which the Escrow Release Conditions are satisfied.

The Offering is expected to close on or around April 15, 2021 or such other date as Canaccord and the Company may agree.

The securities offered have not been registered under the *U.S. Securities Act of 1933*, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements. This news release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any State in which such offer, solicitation or sale would be unlawful.

## Conditions to Completion of the Transaction

Completion of the Transaction will be subject to certain conditions, including but not limited to: (a) the Company and Yitang entering into the definitive agreements (the "Definitive Agreements") in respect of the Transaction; (b) the receipt of all necessary approvals of the boards of directors of the Company and Yitang; (c) the receipt of all required consents and approvals, including without limitation, approval of the Transaction and the Offering by the Canadian Securities Exchange; (d) satisfaction of the Escrow Release Conditions; and (e) the completion of satisfactory mutual due diligence. The LOI may be terminated by either party if (i) they mutually agree; or (ii) the Definitive Agreements have not been executed on or before May 31, 2021 or such later date as may be agreed to by the parties.

## About Yitang

Yitang, a leading provider of digital wallet services with over US\$70 million in crypto-assets under management, is also helping the Company to revamp and reintroduce its digital wallet as well as its own digital token called "Palto". Upon completion of the revamp, the Company's current virtual tokens used on its

livestreaming platform is expected to be fully enhanced and backed by blockchain technology, with Palto and popular cryptocurrency such as Bitcoin, Ethereum, Litecoin and Dogecoin accepted throughout the platform. First launched in 2018 (see news release of the Company dated October 9<sup>th</sup>, 2018), Palto (PLT) is a utility token that will be used across the entire Hello Pal suite of apps in order to allow for the borderless transfer of value between Hello Pal users across the world.

"We are particularly bullish about the future of Dogecoin, especially in the potential of it becoming "the currency of the people", said Hans Xu, advisor to Hello Pal. "On the back of our previously-announced Bitcoin mining initiative, we expect this deal to help us increase the prominence of cryptocurrencies among our users even further."

To download Hello Pal please visit the IOS or Android store. For information with respect to the Company or the contents of this news release, please contact the Company at (604) 683-0911 or visit the website at [helloworld.com](http://helloworld.com). Email inquiries can be directed to: [investors@helloworld.com](mailto:investors@helloworld.com).

#### **About the Hello Pal Platform**

The Hello Pal Platform is a proprietary suite of mobile applications built on a user-friendly messaging interface that focus on social interaction, language learning and travel. Hello Pal, has been designed from the ground up to be easy to use and enables users' the freedom to speak in their own language regardless of the other person's language they are speaking to. Hello Pal's overriding mission is to bring the world closer together through social interaction, language learning and travel. By creating a platform where it is easy to instantly interact with others around the world and giving them the tools to communicate with each other in a joyful and fun way, we hope to do our part (however small) in fostering understanding and tolerance between all citizens of the world.

*Information set forth in this news release contains forward-looking statements, including expectations regarding completion of the Transaction and the Offering, including the expected use of proceeds from the Offering and the anticipated closing date of the Offering, as well as statements regarding the expected capacity of the Mining Facility and the Company's belief that such capacity will make the Company the largest dedicated Dogecoin/Litecoin mining facility in the world, statements regarding the expected percentage of the world's hashrate the Mining Assets would represent and the Company's belief that such percentage would make it the world's third largest Dogecoin/Litecoin miner. These statements reflect management's current estimates, beliefs, intentions, and expectations; they are not guarantees of future performance. Hello Pal cautions that all forward-looking statements are inherently uncertain and that actual performance may be affected by a number of material factors, many of which are beyond Hello Pal's control. Such risks and uncertainties are described in Hello Pal's annual and interim financial statements available on [www.sedar.com](http://www.sedar.com). Although Hello Pal is currently generating revenues, Hello Pal remains in the growth stage and such revenues are yet to be profitable. Accordingly, actual, and future events, conditions and results may differ materially from the estimates, beliefs, intentions, and expectations expressed or implied in the forward-looking information. Except as required under applicable securities legislation, Hello Pal undertakes no obligation to publicly update or revise forward-looking information.*

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#### **Hello Pal International**

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