



**ANNUAL INFORMATION FORM**  
of  
**HELLO PAL INTERNATIONAL INC.**

December 3, 2021

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**HELLO PAL INTERNATIONAL INC.  
ANNUAL INFORMATION FORM**

**INTRODUCTORY NOTES**

**Date of Information**

In this annual information form (“**Annual Information Form**”), Hello Pal International Inc., together with its subsidiaries, as the context requires, is referred to as “**HP**” or the “**Company**”. All information contained in this Annual Information Form is as at December 3, 2021, unless otherwise stated, being the date of the most recently completed financial year of the Company, and the use of the present tense and of the words “is”, “are”, “current”, “currently”, “presently”, “now” and similar expressions in this Annual Information Form is to be construed as referring to information given as of that date.

**Cautionary Statement Regarding Forward-Looking Statements and Information**

This Annual Information Form contains forward -looking statements and information about the Company which reflect management’s expectations regarding the Company’s future growth, results of operations, operational and financial performance and business prospects and opportunities. In addition, the Company may make or approve certain statements or information in future filings with Canadian securities regulatory authorities, in news releases, or in oral or written presentations by representatives of the Company that are not statements of historical fact and may also constitute forward-looking statements or forward-looking information. All statements and information, other than statements or information of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements and information, including, but not limited to statements and information preceded by, followed by, or that include words such as “may”, “would”, “could”, “will”, “likely”, “expect”, “anticipate”, “believe”, “intends”, “plan”, “forecast”, “budget”, “schedule”, “project”, “estimate”, “outlook”, or the negative of those words or other similar or comparable words.

Forward-looking statements and information involve significant risks, assumptions, uncertainties and other factors that may cause actual future performance, achievement or other realities to differ materially from those expressed or implied in any forward-looking statements or information and, accordingly, should not be read as guarantees of future performance, achievement or realities. Although the forward looking statements and information contained in this Annual Information Form reflect management’s current beliefs based upon information currently available to management and based upon what management believes to be reasonable assumptions, the Company cannot be certain that actual results will be consistent with these forward- looking statements and information. A number of risks and factors could cause actual results, performance, or achievements to differ materially from the results expressed or implied in the forward---looking statements and information. Such risks and factors include, but are not limited to, the following:

- the limited history of the Company;
- the Company may continue to operate at a net loss;
- an investment in the Company is speculative;
- the Company will continue to be a going concern.
- the Company may fail to innovate;
- failure to protect intellectual property;
- potential intellectually property infringement;
- the Company’s reliance on third party software;
- regulatory risks;
- disruptions of information technology systems;
- the Company’s cryptocurrencies may be exposed to cybersecurity threats and hacks;

- the volatility of cryptocurrency prices and momentum pricing risks;
- cryptocurrency exchanges may be exposed to fraud and failure;
- the Company may not be able to secure mining equipment and the equipment used by the Company may become obsolete;
- increasing difficulty of mining blocks that can drastically increase the cost to mine;
- the Company may not be able to maintain banking services;
- geopolitical events impacting the supply and demand for cryptocurrencies is uncertain;
- the Company's failure to properly evaluate the further development and acceptance of blockchain technologies and cryptocurrencies;
- the Company may require additional financing in order to continue the development and growth of its business;
- user misconduct and misuse of the Company's platform;
- the limited number of products produced by the Company;
- the Company's platform risks obsolescence;
- the Company faces increasing levels of competition;
- the Company's software could have bugs and defects;
- the Company's software may be subject to cyber security breaches;
- The Company's operations could suffer as a result of a failure of its information technology system
- the Company does not plan to pay dividends in the near future;
- the directors and officers may engage in business that is in conflict with the Company.
- the Common Shares of the Company are speculative and may experience high volatility on the Canadian Securities Exchange ("CSE");
- global economic conditions may adversely affect the Company's business;
- foreign exchange rates; and
- market percent of smaller companies.

For further details, see the "Risk Factors" section of this Annual Information Form.

Although the Company has attempted to identify important risks and factors that could cause actual actions, events or results to differ materially from those described in forward -looking statements or information, there may be other factors and risks that cause actions, events or results not to be as anticipated, estimated or intended. Further, any forward--looking statements and information contained herein are made as of the date of this Annual Information Form and, other than as required by applicable securities laws, the Company assumes no obligation to update or revise them to reflect new events or circumstances. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual realities to differ materially from those contained in any forward-looking statement or information. Accordingly, readers should not place undue reliance on forward looking statements and information contained in this Annual Information Form and the documents incorporated by reference herein. All forward-looking statements and information disclosed in this Annual Information Form are qualified by this cautionary statement.

### **Currency and Exchange Rate Information**

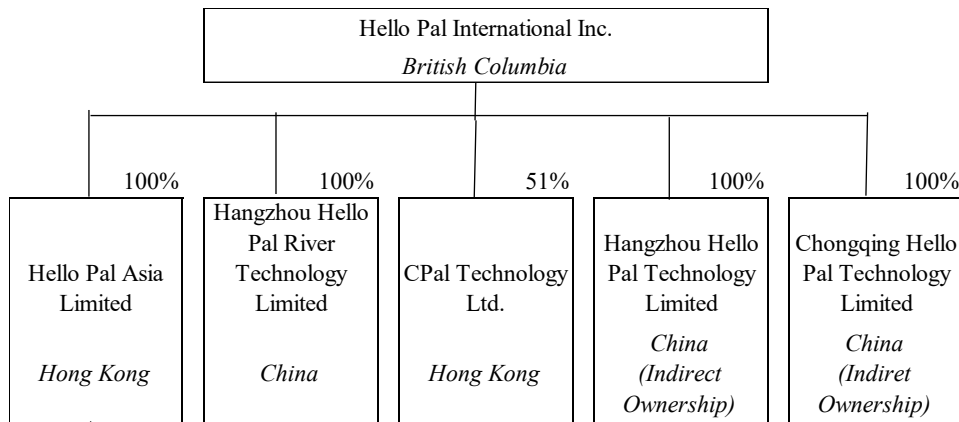
The financial statements included herein are reported in Canadian dollars. References in this Annual Information Form to "C\$" or "\$" are to the lawful currency of Canada, references to "RMB" are to the lawful currency of the People's Republic of China, and references to "US\$" are to the lawful currency of the United States.

On December 2, 2021, the Bank of Canada noon rate of exchange for one Canadian dollar in United States dollars was C\$1.00 = US \$0.78 and for one Canadian dollar in RMB was C\$1.00 = RMB 4.96.

## CORPORATE STRUCTURE

The Company was continued into British Columbia on February 4, 1986 under the *Companies Act* (British Columbia). On May 9, 2016, the Company changed its name to “Hello Pal International Inc.” The address of the Company's corporate office is 200 - 550 Denman Street, Vancouver, BC V6G 3H1. The registered and records office of the Company is located at Suite 704, 595 Howe Street, Vancouver, BC V6C 2T5.

The following sets out the Company’s intercorporate relationship with its subsidiaries:



## GENERAL DEVELOPMENT OF THE BUSINESS

### Overview

The Company is the owner of the Hello Pal Platform. The Hello Pal Platform is a proprietary suite of mobile applications that focus on international social interaction, language learning and live streaming. Hello Pal’s overriding mission is to bring the world closer together through social interaction, language learning and travel. The Company is listed on the Canadian Securities Exchange (“CSE”) under the symbol “HP” and quoted on the OTCQB Venture Marketplace under the symbol “HLLPF”.

Hello Pal’s core business is an international livestreaming service that operates through the flagship Hello Pal app. The livestreaming service allows Hello Pal app users to broadcast themselves to other users in real time and receive virtual gifts and coins, which can be redeemed for cash. Livestreaming is primarily used by users in China, Middle East and Southeast Asia.

The Hello Pal app has 6.4 million registered users from over 200 countries and regions, and 20,000 daily active users. In addition to livestreaming, users on the Hello Pal app are also able to find and chat with other people (ie. “pals”) that directly suite and meet the search criteria, such as, gender, language and nationality. Users can then chat using text or audio messaging with other users, using inbuilt language tools such as translation services.

Through its 51% ownership of CPal Technology Ltd. (“CPal”), Hello Pal is engaged in the mining of cryptocurrency. As of the date of this Annual Information Form, CPal owns 400 L7 mining rigs that are capable of mining either Litecoin, Dogecoin, Bitcoin and Ethereum. Hello Pal plans to launch a new CPal app to enhance livestreaming by permitting user access to mine and use cryptocurrency.

### **Three Year History**

Over the last three years, the Company has focused on growing its product offering and revenues through organic growth and mergers and acquisition as set out below.

#### Fiscal Year Ended 2019

##### *Private Placement Financings*

On April 16, 2018, the Company closed a convertible note private placement in the principal amount of \$425,000. Each note bears interest at a rate of 15% per annum and is due five years from the date of issue. The notes are convertible into units at a price of \$0.115 per unit and each unit will consist of one common share of the Company and one share purchase warrant, with each warrant entitling the holder to purchase an additional share common share of the Company at a price of \$0.115 per share for a period of five years from the date of issue. As of the date of this Annual Information Form, there are no convertible notes outstanding.

On June 6, 2018, the Company closed another convertible note private placement in the principal amount of \$500,000. Each note bears interest at a rate of 15% per annum and is due five years from the date of issue. The notes are convertible into units at a price of \$0.14 per unit and each unit will consist of one common share of the Company and one share purchase warrant, with each warrant entitling the holder to purchase an additional share common share of the Company at a price of \$0.14 per share for a period of five years from the date of issue. As of the date of this Annual Information Form, a total of \$93,000 in convertible notes is outstanding.

##### *Updates to Hello Pal Platform*

On May 25, 2018, the Company announced the launch of its second companion app, “Language Pal”, which was focused solely on the language learning sector and aims to make language learning a much more social affair for learners. This app allows the users to learn from and with each other, drawing support and motivation from a large community of users.

On June 12, 2018, the Company announced that it has entered into a cooperation agreement with Shanghai Yitang Data Technology Co. Ltd. (“Yitang”) to transform the Hello Pal Platform into one that is based on blockchain technology. The main purpose of implementing blockchain technology is to develop the Hello Pal Platform into one that is increasingly decentralized and user-driven, a platform where value that is created by users is returned to the users, and where power is also put back into the hands of users.

On August 14, 2018, the Company released version 5.0 of the Hello Pal Platform which included a unique, proprietary digital wallet. The digital wallet permitted users to store and transfer popular digital assets and tokens, including Bitcoin and Ether, through the use of blockchain technology.

On October 9, 2018, the Company announced that, along with the release of Hello Pal version 5.2, it launched its own proprietary blockchain-based tokens to users on its established Hello Pal Platform. The token is named "Palto" and permitted users to earn Palto's for specific actions in the Hello Pal ecosystem such as creating popular Moments postings and helping other users learn new languages.

### *Development of Livestreaming Services*

On January 29, 2019, the Company entered into a cooperation agreement (the “Vortex Agreement”) with Vortex Live Inc. (“Vortex”) and the principals of Vortex (the “Vortex Team”) whereby Vortex would develop and implement live-streaming video functionality into the Hello Pal Platform (“Live Streaming Service”). Prior to the entry into the Vortex Agreement, the Company did not operate a livestreaming service within its Hello Pal Platform.

In consideration the Live Streaming Services, the Company agreed to issue up to 54,000,000 shares to the Vortex Team based on the following milestones:

1. 20,000,000 shares upon the launch of the Live Streaming Service by March 31, 2019, and the Company achieving monthly revenue of RMB 1,000,000 (approximately CAD\$200,000) by May 31, 2019 – This milestone has been achieved and the Company issued 16,182,000 shares pursuant to this milestone on November 16, 2020.
2. 9,000,000 shares upon the Company achieving monthly revenue of RMB 5,000,000 (approximately CAD\$1,000,000) and accumulated revenue of RMB 23,000,000 (approximately CAD\$5,000,000) by December 31, 2019 – This milestone has been achieved and the Company issued 7,758,000 shares pursuant to this milestone on November 16, 2020.
3. 13,500,000 shares upon the Company achieving monthly revenue of RMB 10,000,000 (approximately CAD\$2,000,000), accumulated revenue of RMB 70,000,000 (approximately CAD\$14,000,000) over preceding 12 months, net positive cash flow and net profit of RMB 1,000,000 (approximately CAD\$200,000) by December 31, 2020 – As of the date of this Annual Information Form, this milestone has yet to be achieved.
4. 11,500,000 shares upon the Company achieving monthly revenue of RMB 20,000,000 (approximately CAD\$4,000,000), accumulated revenue of RMB 180,000,000 (approximately CAD\$28,000,000) over preceding 12 months and net profit of RMB 10,000,000 (approximately CAD\$2,000,000) by December 31, 2021 – As of the date of this Annual Information Form, this milestone has yet to be achieved.

Vortex also agreed to fund the development of Live Streaming Service by paying the Company a total of \$1,200,000, of which \$864,000 has been paid.

### Fiscal Year Ended 2020

#### *Livestreaming and Hello Pal Platform Developments*

On April 24, 2019, the Company announced the soft-launch of the Company's Live Streaming Service through the release of version 6.0 of the Hello Pal Platform. With the launch of this service, users were able to broadcast themselves live to other users, receive virtual gifts from viewers, and even redeem the gifts for cash. Version 6.0 was initially released to users in China only, and marks the first phase of the service's launch.

On July 9, 2019, the Company announced the official launch of its Live Streaming Service following the soft-launch of the Live Streaming Service to Android users in China earlier in April 2019.

On July 9, 2019, the Company announced the official launch of its Live Streaming Service, and users have since been able to broadcast themselves live to other users, receive virtual gifts, and redeem the gifts for cash.



In 2019, the Company noted that the launch of the Live Streaming Service added growth momentum to the Company's userbase. Further, this marked the beginning of the Company's revenue stream

#### *Change in Management and Directors*

On March 7, 2019, the Company announced the appointment of Zhou Gang (also known as "Adega Zhou") as a board director. Mr. Zhou brings to the Company over 10 years of experience in the live video broadcasting industry, having served in senior management roles in prominent China live streaming companies in the past including Hangzhou Fuliao Technology Company (operator of iPaychat livestreaming app) and Zhejiang Pajia Network Technology Company (operator of Pineapple Street livestreaming app) ("Pajia"), both as Chief Operating Officer, as well as Tiange Interactive Holdings (operator of 9158) as Operations Manager. At each of these companies, Mr. Zhou was instrumental in increasing the company's revenues and overall operational effectiveness.

On September 17, 2019, the Company announced the appointment of James Liang as a director of the Company to replace outgoing director SJ Wong. Mr. Liang currently works with New Margin Ventures, which is a venture capital firm based in Hangzhou, China, and assists with the evaluation of a number of technology companies for the purpose of New Margin providing financing. Mr. Liang has a Bachelor of Commerce from the University of British Columbia, obtained a Financial Risk Manager Certification from the Global Association of Risk Associates (GARP) and completed two levels of the CFA exams.

On December 6, 2019, Ms. Natasha Tsai resigned from her position as the CFO of the Company and Mr. Gunther Roehlig, a member of the board of the Company, was appointed as the new CFO of the Company.

#### Fiscal Year Ended 2021

##### *Growth in Revenues*

During the year ended February 28, 2021, the Company significantly increased its revenues from its Live Streaming Service as it expanded its operations and grew its user base, by recording revenues of \$15,962,345 which were offset by direct costs of \$14,403,729, resulting in a gross profit of \$1,558,616.

##### *User Base Growth*

As at February 28, 2021, the Company's Hello Pal Platform exceeded 5.6 million registered users (6.4 million registered users as of the date of this Annual Information Form), has realized an ongoing increase in the average number of daily new users, and is continuing to experience user growth by building a highly diversified global user base.

#### Subsequent to Fiscal Year Ended 2021

##### *Acquisition of CPal Technology Ltd.*

On May 21, 2021, the Company acquired 51% of the issued and outstanding shares of CPal Technology Ltd. ("CPal") pursuant to the terms of a definitive purchase agreement dated April 19, 2021 (the "Agreement") among the Company, CPal and Yi Dong Group Limited ("Yi Dong"), a company controlled by Shanghai Yitang Data Technology Co. Ltd. ("Yitang"). CPal owns a 100% interest in a number mining rigs dedicated to mining Dogecoin (DOGE) and Litecoin (LTC) (the "Mining Assets"). Under the terms of the agreement, the Company has the option to increase its interest in CPal to 100% (the "Transaction").

The Company has also entered into a guaranteed services agreement (the "Guaranteed Services

Agreement") with Yitang to ensure that the Mining Assets are hosted across multiple locations so as to ensure diversification of risk. Pursuant to the Guaranteed Services Agreement, Yitang will guarantee the hosting of the Mining Assets as well as power supply and will provide management and hosting services.

The consideration for the Transaction is \$1,500,000 payable in cash and 1,800,000 units of the Company valued at \$2,250,000. Each unit will have a deemed value of \$1.25 and consist of one common share of the Company and one-half of one common share purchase warrant of the Company. Each whole warrant will entitle the holder thereof to acquire one common share at an exercise price of \$2.00 until May 25, 2023.

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 CPal (for a total interest of 100%) for an additional payment, as to half in cash and half in common shares, 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.

#### *Brokered Private Placement*

On March 7, 2021, the Company entered into an engagement letter with Canaccord Genuity Corp. ("Canaccord") pursuant to which Canaccord agreed to act as an agent for a "commercially reasonable efforts" private placement of 4,000,000 subscription receipts (the "Initial Offering") at a price of \$1.25 per subscription receipt for total proceeds of \$5,000,000. The Company has also granted to Canaccord an option to increase the size of the Initial Offering by a total of 4,000,000 additional subscription receipts for total additional proceeds of \$5,000,000 (together with the Initial Offering, the "Offering"). Each subscription receipt will automatically be exercised into one common share (each, a "Common Share") and one-half of one common share purchase warrant (each whole common share purchase warrant, a "Warrant") upon the satisfaction of certain escrow release conditions.

Each Warrant will allow the holder to purchase one Common Share at a price of \$2.00 for a period of two years after: (i) all conditions precedent to the completion of the Transaction have been satisfied including any necessary government and regulatory approvals and shareholder approvals; (ii) the Company satisfies all the conditions of the agency agreement and is not in breach or default of any of the conditions of the agency agreement; (iii) the agents have received an officers' certificate from the Company's officers that it has instructed counsel to issue the securities underlying the receipts and complete the Transaction; and (iv) a notice from the Company is sent to the escrow agent stating that the conditions of the Transaction have been satisfied or waived other than the release of certain escrowed funds to the Company pursuant to the subscription agreements (collectively, the "Escrow Release Conditions"). In connection with the Offering, Canaccord will receive: (i) a cash commission (the "Commission") totaling 7% of the aggregate gross proceeds of the Offering; (ii) non-transferrable warrants (the "Broker Warrants") equal to 7% of the aggregate number of subscription receipts sold under the Offering; and (iii) a cash payment of \$100,000 and 80,000 Common Shares at a deemed price of \$1.25 per Common Share. Each Broker Warrant will be exercisable into one Common Share at a price of \$1.25 for a period of two years following the satisfaction of the Escrow Release Conditions. Proceeds from the Offering will be used to fund the Transaction, to purchase further potential assets pursuant to the Company's cryptocurrency strategy, to expand the Company's livestreaming services and for general working capital purposes.

On May 12, 2021, the Offering closed with the Company selling 5,800,000 Subscription Receipts, at a price of C\$1.25 per Subscription Receipt (the "Offering Price"), for aggregate gross proceeds of C\$7,250,000.

On May 25, 2021, the Company satisfied the outstanding conditions for the release of the escrowed funds from the Company's previously announced Offering. In connection with the escrow release, the 5,800,000 Subscription Receipts issued pursuant to the Offering have been automatically exercised into 5,800,000

Common Shares and 2,900,000 Warrants. Each Warrant entitles the holder to acquire one Common Share at a price of \$2.00 until May 25, 2023. All securities issued pursuant to the Offering remain subject to a statutory hold period of four months and one day, expiring on September 13, 2021.

On escrow release, the Agent was issued 406,000 non-transferable warrants (the “Broker Warrants”). Each Broker Warrant entitles the holder to acquire one Common Share at a price of \$1.25 until May 25, 2023.

The Company has used a portion of the escrowed proceeds to fund the cash consideration payable to acquire a 51% interest in CPal.

### *Relocation of Mining Operations and Acquisition of New Mining Rigs*

In the second half of 2021, the Company made the decision to relocate its mining operations from China to North America. As part of this transition, CPal sold all of its L3+ miners and, with the proceeds of the sale, purchased 270 L7 miners. Shortly thereafter, the Company purchased an additional 130 L7 miners for a total of 400 L7 miners that will be operational in the state of New York and elsewhere in North America in early 2022.

Bitmain's L7 miners are highly sought after and extremely difficult to acquire. Hello Pal's current understanding is that less than 2500 L7 miners are being produced, with no further production planned by Bitmain in the foreseeable future. The L7 model has a hashrate of 9500 MH/s, which is 19 times more powerful than that of the previous L3+ model. They consume substantially less power and have a stability rate of 98 percent in comparison to the previous stability rate of 70% improving overall profit margins considerably.

## **HELLO PAL PLATFORM**

### **Overview**

The Company is the owner of the Hello Pal Platform. The Hello Pal Platform is a proprietary suite of mobile applications that focus on international social interaction, language learning and live streaming. Hello Pal's overriding mission is to bring the world closer together through social interaction, language learning and travel. The Hello Pal app is available for download on mobile Android and iOS devices

As of the date of this Annual Information Form, the Hello Pal Platform has a strong user base consisting of:

**over 200 countries with Hello Pal users.**

**over 6,400,000 registered users of Hello Pal.**

**20,000 daily users of Hello Pal.**

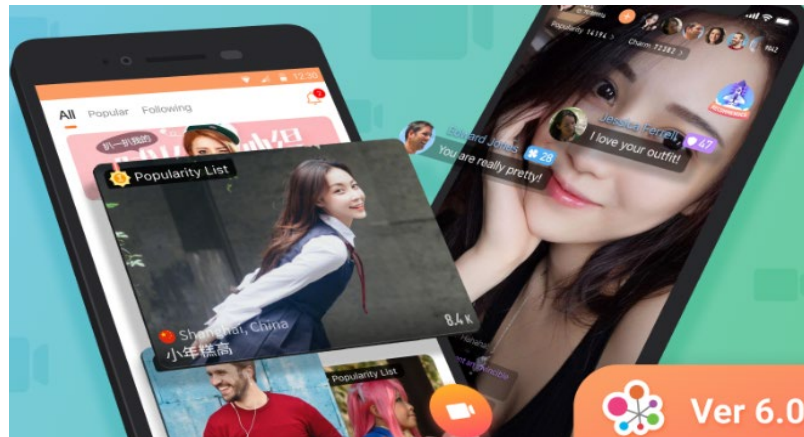
Through its flagship Live Streaming Service, the Hello Pal Platform has generated revenues since 2019 and monthly revenues of over \$2 million each month over the last eight months.

## Key Features of the Hello Pal Platform

### Live Streaming Service

Using Hello Pal’s live streaming service, users are able to broadcast themselves live to other users all over the world. Realtime communication can also happen during a livestream using text messaging or joint audio sessions from selected users. All livestreaming sessions are monitored live and 24/7 by the Company’s inhouse staff to ensure the content does not violate the Company’s standards.

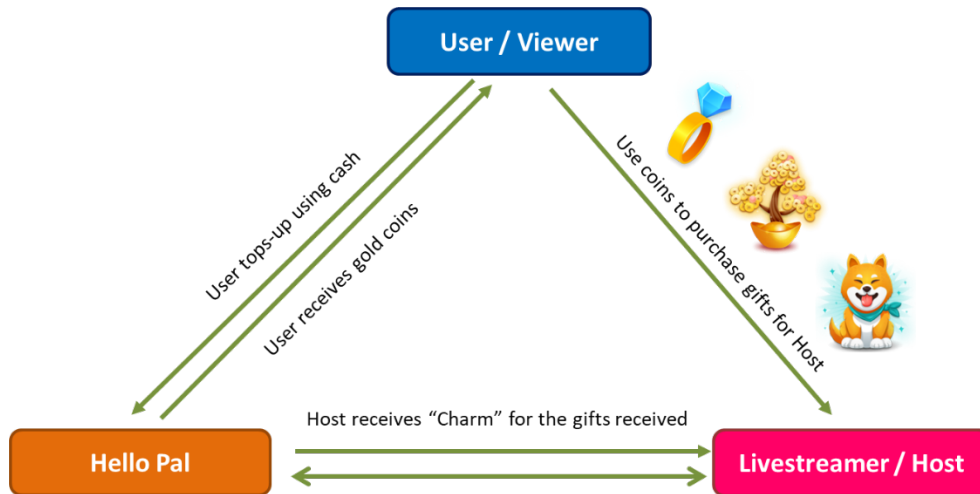
**Figure 1 – Live Streaming Service**



### Gifts, Payments and Earnings

Users are able to give other users virtual gifts, such as during livestreaming from a viewer to the livestreamer host, through a user’s Moments postings, or simply through a user’s profile. Gifts are purchased using the Hello Pal Platform’s virtual currency (“coins”), which are obtained primarily when a user makes top-up payments via the various payment platforms such as through Apple’s Appstore, Google’s Playstore, or payment systems such as Alipay and Wechat Pay. Credits (known as ‘Charm’) are earned by users whenever gifts have been received, which may then be redeemed for cash by those users, thereby enabling users to have earnings through their participation on the Hello Pal Platform.

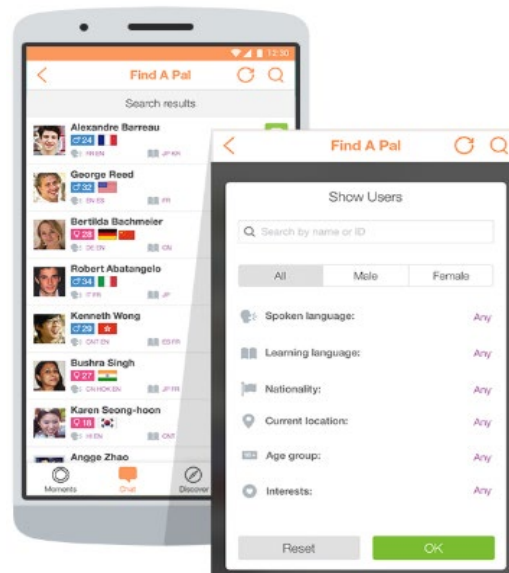
**Figure 2 – Revenue Model for Hello Pal App**



### Matching and Chat

The Hello Pal Platform includes extensive filtering and matching abilities so that users can find other users, people or parties (ie. “pals”) that directly suit and meeting the user’s defined criteria, such as language spoken, gender and nationality. Users can then chat using text or audio messaging with other users, using the inbuilt language tools such as translation services.

**Figure 3 - Matching on the Hello Pal app**



## Phrasebooks

The Hello Pal Platform has phrasebooks in 8 languages each with over 2,000 phrases. A user can choose a phrase, listen to the recorded audio of the phrase and repeat the phrase. After, the user is able to send their recording of the phrase they learned to another user.

## Moments

Moments is a core feature of the Hello Pal app that allows users to share moments of their lives in the form of pictures, short videos, audio and text with other users on the platform. Users are able to filter moments postings by location (ie. country) and category type (ie. food and drink). The Company believes this is an important part of its monetization strategy that will permit for targeted sponsored posts.

**Figure 4 - Moments on the Hello Pal app**



## **Production and Services**

The Company Hello Pal Platform is available on mobile devices using the Android and iOS operating system. The Hello Pal app is free to use and attracts a number of users that is demographically and geographically diverse.

Live Streaming Services are available for users in China, Middle East (United Arab Emirates, Saudi Arabia, Egypt and Bahrain) and Southeast Asia. Revenue is earned through the Live Stream Services as the Company sells “gold coins” to users. Users use these gold coins to purchase “gifts” on the Hello Pal Platform. These “gifts” are then given to live streamers by users of the Hello Pal Platform. Once received, the “gifts” are exchanged by the Company for “charms”. Live streamers can then receive cash for “charms” from the Company.

As a potential new revenue stream, the Company plans to provide a one on one matching service (the “Matching Service”). The Matching Service will allow users to easily match with each other and then start a video chat. The Company would add a VIP member system to the Matching Service. VIP membership would allow users to unlimited translation service and targeted matching.

## **CRYPTOCURRENCY MINING**

### **Overview**

Through its 51% ownership of CPal, the Company is engaged in the mining of cryptocurrency. As of the date of this Annual Information Form, CPal owns 270 L7 mining rigs that are capable of mining either Litecoin, Dogecoin, Bitcoin and Ethereum and has purchased an additional 130 L7 mining rigs. Hello Pal plans to launch a new CPal app to enhance livestreaming by permitting user access to mine and use cryptocurrency.

### **Operations of CPal**

CPal owns a total of 400 L7 mining rights that are capable of mining either Litecoin, Dogecoin, Bitcoin and Ethereum. Cryptocurrency mining was previously undertaken in China, however, the Company has elected to relocate all mining rigs to the state of New York and other parts of North America. Mining in North America will commence in early 2022.

### Mining Rigs

The mining rigs are Antminer L7, which are difficult to acquire due to there being less than 2,500. The L7 miners have a hasrate of 9,500 MH/s, which is 19 times more powerful than the previous L3+ models. Further, these mining rigs consume less power and have a stability rate of 98% in comparison to the stability rate of 70% for the Antminer L3+.

### Currency Mined

The Company will rely on outside consultant expertise to determine which cryptocurrencies to mine. The Company expects to mine primarily Litecoin, Dogecoin, Bitcoin and Ethereum but may elect to mine alternative cryptocurrencies.

*Litecoin* - Litecoin is a peer-to-peer cryptocurrency created by Charlie Lee. It was created based on the Bitcoin protocol but differs in terms of the hashing algorithm used. Litecoin uses the memory intensive Scrypt proof of work mining algorithm. Scrypt allows consumer-grade hardware such as GPU to mine those coins. The transaction confirmation time taken for Litecoin is about 2.5 minutes on average (as compared to Bitcoin's 10 minutes). The Litecoin network is scheduled to cap at 84 million currency units.

*Dogecoin* – Dogecoin is a cryptocurrency created by software engineers Billy Markus and Jackson Palmer, who decided to create a payment system as a joke, making fun of the wild speculation in cryptocurrencies at the time. Dogecoin features the face of the Shiba Inu dog from the "Doge" meme as its logo and namesake. It was introduced on December 6, 2013, and quickly developed its own online community, reaching a market capitalization of US\$85,314,347,523 on May 5, 2021. Dogecoin.com promotes the currency as the “fun and friendly internet currency”, referencing its origins as a joke

*Bitcoin* - The Company decided to mine Bitcoin for many reasons; the two most significant reasons being network size and proven security. Both are substantial advantages over other digital currencies currently available. Bitcoin has an established history of being a store of value. Most coins try to create differentiation based on smaller use cases, such as smart contracts, anonymous transactions and predictive markets. Bitcoin has an enormous lead as a store of value over other coins because it has existed eight years without failure. The security of Bitcoin has been proven far longer than any of its newly created competitors. Bitcoin is more accessible with exchanges, merchants and software solutions that support it. Bitcoin is far more liquid, with much larger volumes than all the other cryptocurrencies combined. Bitcoin has the largest developer ecosystem with more software and implementations. Bitcoin has the most entrepreneurs creating companies around the technology, dedication and creativity going toward making it the best overall solution and market leader. It is the genesis coin which all other coins have been based on

*Ethereum* – Ethereum is a native token of the Ethereum Network which utilizes the ethash algorithm. Ethereum is a global, open-source platform for decentralized applications. Ethereum, ETH and Ether are used interchangeably to refer to the cryptocurrency.

#### Guaranteed Services Agreement

The Company has also entered into a guaranteed services agreement (the "Guaranteed Services Agreement") with Yitang to ensure that the mining rigs are hosted across multiple locations so as to ensure diversification of risk. Pursuant to the Guaranteed Services Agreement, Yitang will guarantee the hosting of the mining rigs for a period of 5 years, which is automatically renewable for successive one year periods unless terminated. Yitang will ensure that daily average online computing power is more than 85% of the rated total computing power. CPal will be responsible for operating expenses of the mining rigs, a service fee of 8% of total mining income generated by the mining rigs.

#### Cryptocurrency Storage

The mined cryptocurrency is immediately exchanged for USDT, which is held in CPal's secured cold wallet. The Company also has an account with OSL. OSL is a platform for holding and selling cryptocurrency. It is a listed company in Hong Kong and approved by the securities commission.

#### Cyber Security

The Company's management team has developed a risk management policy for the Company as a commitment to continuously focus on cyber security as a key initiative. Key elements of the policy as well as initiatives already implemented are as follows:

1. **Wallet** – the Company will maintain private keys using a cold storage hardware wallet. This form of wallet is considered the most secure means of storage for private keys currently available in the marketplace as it is not connected to the internet. The Company will continuously evaluate new alternatives and will ensure that the private key is stored in the most secure environment available in the marketplace.
2. **Cryptocurrency Exchanges** – the Company will minimize the value and time that cryptocurrency is listed on a public exchange to reduce the risk associated with fund misappropriation resulting from the exchange being hacked. Any exchange used by the Company must comply with current best practices for cyber security including use of cold storage, two-factor authentication for login, and good public validation of security practices.



3. **Security Updates** – the Company will ensure that software updates and recommendations are implemented immediately. This includes updates related to the exchange, wallet as well as software installed on local computers including malware and anti-virus.
4. **Password protection** – passwords will be utilized for all electronic devices and online accounts and will adhere to best practices for effective passwords including storage, expiry, length, special characters, upper and lower case numbers.
5. **Dual factor authentication** – dual factor authentication will be utilized for wallets and online exchanges.

As a commitment to uphold cyber security and safeguarding of assets, the leadership team will continuously review and develop risk management processes around the receipt, storage and sale of coins. Software updates will occur regularly, electronic and physical controls will be constantly evaluated and maintained and continuous process improvements will be sought. Risk management processes and procedures will be reviewed by the advisory group, board of directors and the leadership team.

### **Intellectual Property**

The Company holds certain trademarks in US and China and China copyright certificates for Hello Pal, Language Pal and Travel Pal. The Company also owns the unregistered source code for Hello Pal, Travel Pal and Language Pal. The Company ensures employees or contractors have no rights to any source code or intellectual property developed for the Hello Pal apps.

### **Specialized Skill and Knowledge**

The Company has retained consultants with specialized skill and knowledge in the development and operation of social and language exchange platforms. The Company also retains consultants with specialized skill in blockchain and cryptocurrency mining.

### **Competitive Conditions**

The Company faces significant competition in all aspects of its business.

The Company competes for the leisure time, attention and discretionary spending of users of other language learning and translation platforms on the basis of a number of factors, including quality of the experience, brand awareness, reputation and access to distribution channels.

The Company believes that it competes favorably on these factors. However, the industry is evolving rapidly and is becoming increasingly competitive. Other developers could develop more compelling content that competes with the Company's Hello Pal Platform and adversely affect the Company's ability to attract and retain users. These competitors, including companies of which the Company is not currently aware, may take advantage of social networks, access to a large user base and their network effects to grow rapidly and virally.

#### Livestreaming Competitors

The Company's primary live streaming platform competitors are Bigo Live, Momo and Uplive.

*Bigo Live* - Bigo Live is a live streaming platform owned by a Singapore-based BIGO Technology, which was founded in 2014 by David Li and Jason Hu. In 2019, BIGO Technology was acquired by Jooy, a

Chinese company listed on the NASDAQ. BIGO Technology has developed proprietary artificial intelligence and machine learning that is integrated into the application. The AI features are used to enhance user engagement and experience during live streaming.

*Momo* - Momo is a free social search and instant messaging mobile app. The app allows users to chat with nearby friends and strangers. Momo provides users with free instant messaging services through Wifi, 3G and 4G. The client software is available for Android, and Windows Phone. Momo officially began operations in July 2011, and a month later, launched the first version of the app for iOS. Momo filed for a NASDAQ IPO on November 7, 2014 and was listed in December 2014.

*Uplive* – Uplive is a steaming app owned by Asia Innovations Group Limited. Uplive is the largest independent social video entertainment platform for connecting, interacting and broadcasting!

The Company competes with other users and/or companies that are mining cryptocurrencies and other potential financial vehicles, possibly including securities backed by or linked to cryptocurrencies through entities similar to the Company. Many online companies exist that offer cryptocurrency mining services, as well as companies, individuals and groups that run their own mining farms. Miners can range from individual enthusiasts to professional mining operations with dedicated data centres, however, the vast majority of mining is now undertaken by mining pools.

### Cryptocurrency Competitors

The cryptocurrency mining industry is highly competitive. In addition, there exist many online companies that offer cryptocurrency cloud mining services, as well as companies, individuals and groups that run their own mining farms. Miners can range from individual enthusiasts to professional mining operations with dedicated data centres, including those of the kind operated by our principal publicly-listed competitors. The largest competitor operating in the same space as the Company is HIVE Blockchain Technologies Ltd. (TSXV), a public company trading on the TSXV. There are several other companies competing in the issuer's industry, including Hut 8 Mining Corp. (TSX: HUT) HyperBlockInc. (CSE: HYPR), Atlas Blockchain Group Inc.(CSE: AKE), Riot Blockchain, Inc.(NASDAQ: RIOT), MGT Capital Investments Inc. (OTCQB: MGTI), Marathon Patent Group Inc. (NASDAQ: MARA), Bitfarms Ltd. (TSXV: BITF), Argo Blockchain Plc (LSE: ARB), CryptoStar Corp. (TSXV: CSTR), Digihost Technology Inc. (TSXV: DGHI), Skychain Technologies Inc. (TSXV: SCT), DMG Blockchain Solutions Inc. (TSXV: DMGI) and Link Global Technologies Inc. (CSE: LNK).

### **Regulations**

This section sets forth a summary of the most significant rules and regulations that affect the Company's business activities in China or its shareholders' rights to receive dividends and other distributions from the Company.

### Corporate Laws and Foreign Investment Law

The establishment, operation and management of corporate entities in China are governed by the Company Law of the PRC, or the Company Law, effective in 1994, as amended in 1999, 2004, 2005, 2013 and 2018, respectively. The Company Law is applicable to our PRC subsidiaries and consolidated affiliated entities unless the PRC Foreign Investment Law and its implementation regulations have stipulated otherwise.

On March 15, 2019, the National People's Congress approved the Foreign Investment Law, which took effect on January 1, 2020 and replaced the trio of existing laws regulating foreign investment in China,

namely, *the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law and the Foreign Owned Enterprise Law*, together with their implementation rules and ancillary regulations. Further to the Foreign Investment Law, on December 26, 2019, the State Council of the PRC passed the Regulation for Implementing the Foreign Investment Law, which took effect on January 1, 2020. According to the Foreign Investment Law, “foreign investment” refers to the investment activities directly or indirectly conducted by one or more natural persons, business entities, or other organizations of a foreign country (collectively referred to as “foreign investors”) in China, which includes investments made by foreign investors in China through means stipulated by laws or administrative regulations or other methods prescribed by the State Council. Based on the Foreign Investment Law, it is possible that the prospective laws, administrative regulations or provisions of the State Council may deem contractual arrangements as a way of foreign investment.

According to the Foreign Investment Law and its implementing regulations, the State Council will publish a catalogue for special administrative measure, or the “negative list,” to provide the scope of “restricted” or “prohibited” industries that have certain restrictions on foreign investment such as market entry clearance. Foreign investment activities in industries not included in the “negative list” are granted national treatment. The currently effective “negative list” has become effective on January 1, 2020.

The Company operates its businesses in China through a number of consolidated affiliated entities which are controlled by our PRC subsidiaries through a series of contractual arrangements. The consolidated affiliated entities hold internet content provider, or ICP, licenses to provide value-added telecommunication services, which is an industry in which foreign investment is “restricted” under the currently effective “negative list.”

### **Seasonality**

Sales of the Company’s services are not subject to seasonality fluctuations.

### **Foreign Operations**

The Company primarily conducts operations from Canada and China and distributes and offers its products and services globally. Further, the Company will be carrying out cryptocurrency mining operations in the United States by early 2022. As such, it does not anticipate any risks associated with foreign operations.

### **Bankruptcy and Similar Procedures**

The Company does not have any bankruptcy, receivership or similar proceedings or any voluntary bankruptcy, receivership or similar proceedings within the three most recently completed financial years or completed during or proposed for the current financial year.

## **RISK FACTORS**

There are numerous and varied risks, known and unknown, that may prevent the Company from achieving its goals. The risks described below are not the only ones the Company will face. If any of these risks actually occurs, the Company business, financial condition or results of operations may be materially and adversely affected. In that case, the trading price of the Company’s securities could decline and investors in such securities could lose all or part of their investment.

**The Company Operates at a Net Loss**

Although the Company earns revenues, the Company's operates, on a consolidated basis, at a net loss. The Company's business operations will be largely dependent upon its ability to increase sales in order to cover its ongoing operating expenses. There is no assurance that the Company will increase its sales resulting in it to operate at a profit.

**Liquidity and Future Financing Risk**

Although the Company has sufficient financial resources to carry out its business objectives, the Company may require additional financing to carry out additional growth and expansion. The Company's ability to secure any required financing to sustain its operations will depend in part upon prevailing capital market conditions, as well as the Company's business success. There can be no assurance that the company will be successful in its efforts to secure any additional financing or additional financing on terms satisfactory to the Company's management. If additional financing is raised by issuing shares of the Company, control may change, and shareholders may suffer additional dilution. If adequate funds are not available, or are not available on acceptable terms, the Company may be required to scale back its business plan.

**Going-Concern Risk**

The financial statements of the Company have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The Company's future operations are dependent upon the achievement of on-going profitable operations. There can be no assurances that the Company will be successful in continuing to achieve profitability.

**Speculative Nature of Investment Risk**

An investment in the Company's common shares carries a high degree of risk and should be considered as a speculative investment by purchasers. The Company has limited cash reserves. The Company's revenue from operations may not mitigate the risks associated with the Company's planned activities.

**Limited History**

The Company's limited operating history makes it difficult to evaluate its business and prospects and may increase the risks associated with your investment. Although the Company believes the Hello Pal Platform will generate revenues and experience revenue growth, it may not be able to reach the expected rate of growth. The Company has 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 its limited resources; achieving market acceptance of its existing and future solutions; competing against companies with greater financial and technical resources; acquiring and retaining clients and advertisers and mobile advertising customers; and developing new solutions. There is no assurance that the Company will be successful in generating revenues and/or experiencing revenue growth.

**Failure to Innovate**

The Company's success depends upon its ability to design, develop, test, market, license and support new software products and enhancements of current products on a timely basis in response to both competitive threats and marketplace demands. In addition, software products and enhancements must remain compatible with the other software products and systems used by its customers. Often, the Company must integrate software licensed or acquired from third parties with its proprietary software to create or improve

its products. If the Company is unable to successfully integrate third party software to develop new software products and enhancements to existing products, or to complete products currently under development, its operating results will materially suffer. In addition, if the integrated or new products or enhancements do not achieve acceptance by the marketplace, the Company's operating results will materially suffer. Also, if new industry standards emerge that the Company does not anticipate or adapt to, its software products could be rendered obsolete and, as a result, its business and operating results, as well as its ability to compete in the marketplace, would be materially harmed.

### **Failure to Protect its Intellectual Property**

Failure to protect the Company's intellectual property could harm its ability to compete effectively. The Company is highly dependent on its ability to protect its proprietary technology. The Company intends to rely on a combination of copyright, trademark and trade secret laws, as well as non-disclosure agreements and other contractual provisions to establish and maintain its proprietary rights. The Company intends to protect its rights vigorously. However, there can be no assurance that these measures will, in all cases, be successful. Enforcement of the Company's intellectual property rights may be difficult, particularly in some nations outside of North America in which the Company may seek to market its products. While U.S. and Canadian copyright laws, international conventions and international treaties may provide meaningful protection against unauthorized duplication of software, the laws of some foreign jurisdictions may not protect proprietary rights to the same extent as the laws of Canada or of the United States. The absence of internationally harmonized intellectual property laws makes it more difficult to ensure consistent protection of the Company's proprietary rights. Software piracy has been, and is expected to be, a persistent problem for the software industry, and piracy of the Company's products represents a loss of revenue to the Company. Despite the precautions the Company may take, unauthorized third parties, including its competitors, may be able to: (i) copy certain portions of its products; or (ii) reverse engineer or obtain and use information that the Company regards as proprietary. Also, the Company's competitors could independently develop technologies that are perceived to be substantially equivalent or superior to the Company's technologies. The Company's competitive position may be materially adversely affected by its possible inability to effectively protect its intellectual property.

### **Intellectual Property Infringement**

Other companies may claim that the Company has infringed their intellectual property, which could materially increase costs and materially harm the Company's ability to generate future revenue and profits. Claims of infringement are becoming increasingly common as the software industry develops and as related legal protections, including patents are applied to software products. Although the Company does not believe that its products infringe on the rights of third parties, third parties may assert infringement claims against the Company in the future. Although some of the Company's technology is proprietary in nature, the Company does include significant amounts of third party software in its products. In these cases, this software is licensed from the entity holding the intellectual property rights. Although the Company believes that it has secured proper licenses for all third-party software that is integrated into its products, third parties may assert infringement claims against the Company in the future. Any such assertion may result in litigation or may require the Company to obtain a license for the intellectual property rights of third parties. Such licenses may not be available, or they may not be available on reasonable terms. In addition, such litigation could be disruptive to the Company's ability to generate revenue or enter into new market opportunities and may result in significantly increased costs as a result of the Company's efforts to defend against those claims or its attempt to license the patents or rework its products to ensure they comply with judicial decisions. Any of the foregoing could have a significant adverse impact on the Company's business and operating results as well as its ability to generate future revenue and profits. The loss of licenses to use third-party software or the lack of support or enhancement of such software could materially adversely affect the Company's business. The Company could also be forced to do one or more of the following: (i)

stop selling, incorporating or using its products that use the challenged intellectual property; (ii) obtain from the owner of the infringed intellectual property right a license to sell or use the relevant technology, which license may not be available on reasonable terms, or at all; (iii) redesign those products that use allegedly infringing technology which may be costly or time-consuming; or (iv) refund license fees and other amounts received, and make payments of additional amounts in damages or settlement payments, for allegedly infringing technology or products.

### **Reliance on Third Party Software**

The Company currently depends upon third-party software products to develop its products. If in future such reliance existed and the software products were not available, the Company might experience delays or increased costs in the development of its products. The Company currently relies on software products that it licenses from third-parties. Should the software licenses not continue to be available to the Company, and the related software may not continue to be appropriately supported, maintained, or enhanced by the licensors, the loss by the Company of the license to use, or the inability by licensors to support, maintain, and enhance any of such software, could result in increased costs or in delays in the operation of its platform until equivalent software is developed or licensed and integrated with internally developed software. Such increased costs or delays or reductions in product shipments could materially adversely affect its business. The loss of the Company's rights to use software licensed to it by third parties could increase its operating expenses by forcing the Company to seek alternative technology and materially adversely affect its ability to compete. In addition, the Company's web-based software applications depend on the stability, functionality and scalability of the underlying infrastructure software including application servers, databases, java platform software and operating systems produced by IBM, Microsoft and others. If weaknesses in such infrastructure software exist, the Company may not be able to correct or compensate for such weaknesses. If the Company is unable to address weaknesses resulting from problems in the infrastructure software such that its products do not meet customer needs or expectations, its reputation, and consequently, its business may be significantly harmed.

### **Regulatory Risks**

The activities of the Company will be subject to regulation by governmental authorities. Achievement of the Company's business objectives are contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products. The Company cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Company.

### **Disruption of its Information Technology Systems**

The Company relies on information technology in virtually all aspects of our business. A significant disruption or failure of our information technology systems could result in service interruptions, safety failures, security violations, regulatory compliance failures, and inability to protect information and assets against intruders, and other operational difficulties. Attacks perpetrated against its information systems could result in loss of assets and critical information and exposes us to remediation costs and reputational damage. Although the Company has taken steps intended to mitigate these risks, including business continuity planning, disaster recovery planning and business impact analysis, a significant disruption or cyber intrusion could lead to misappropriation of assets or data corruption and could adversely affect its results of operations, financial condition and liquidity. Additionally, if the Company is unable to acquire or

implement new technology, it may suffer a competitive disadvantage, which could also have an adverse effect on its results of operations, financial condition and liquidity.

Cyber-attacks could further adversely affect the Company's ability to operate facilities, information technology and business systems, or compromise confidential customer and employee information. Political, economic, social or financial market instability or damage to or interference with the Company's operations, assets, customers, partners or suppliers may result in business interruptions, lost revenue, higher commodity prices, disruption in supplies chains, lower energy consumption, unstable markets, increased security costs, repair costs or other costs, any of which may materially affect the Company's consolidated financial results. Furthermore, instability in the financial markets as a result of terrorism, sustained or significant cyber-attacks, or war could also materially adversely affect the Company's ability to raise capital.

### **Cryptocurrency Inventory May be Exposed to Cybersecurity Threats and Hacks**

As with any other computer code, flaws in the cryptocurrency codes have been exposed by certain malicious actors. Several errors and defects have been found and corrected, including those that disabled some functionality for users and exposed users' information. Discovery of flaws in or exploitations of the source code that allow malicious actors to take or create money have been relatively rare, but have occurred.

Currently the Company does not carry insurance against cyber-theft or hacking attacks. The Company has no immediate plans to obtain such a policy. If the Company continues its business without insurance and a hacker accesses the Company's sensitive information or steals the Company's cryptocurrencies, the business of the Company may fail.

### **Volatilities in Cryptocurrency Prices**

The markets for cryptocurrencies have experienced much larger fluctuations than other security markets. There can be no assurances that cryptocurrency prices will not be subject to erratic swings in the future, which could be related not only to improper payment activities involving cryptocurrency but also regulations by law makers in various countries. Furthermore, cryptocurrencies have not been widely adopted as a means of payments for goods and services by the majority of retail and commercial outlets. On the other hand, a significant portion of the demands for cryptocurrency is generated by investors and speculators focusing on generating profits by buying and holding cryptocurrency which might create limitations on the availability of cryptocurrencies to pay for goods and services resulting in increased volatility of cryptocurrency which could adversely impact an investment in the Company.

### **The Value of Cryptocurrencies May be Subject to Momentum Pricing Risk**

Momentum pricing typically is associated with growth stocks and other assets whose valuation, as determined by the investing public, accounts for anticipated future appreciation in value. Cryptocurrency market prices are determined primarily using data from various exchanges, over-the-counter markets, and derivative platforms. Momentum pricing may have resulted, and may continue to result, in speculation regarding future appreciation in the value of cryptocurrencies, inflating and making their market prices more volatile. As a result, they may be more likely to fluctuate in value due to changing investor confidence in future appreciation (or depreciation) in their market prices, which could adversely affect the value of the Company.

### **Cryptocurrency Exchanges May be More Exposed to Fraud and Failure**

To the extent that cryptocurrency exchanges or other trading venues are involved in fraud or experience security failures or other operational issues, this could result in a reduction in cryptocurrency prices, which could adversely affect the value of any cryptocurrencies mined by the Company.

### **Scarce Mining Equipment Supply and Obsolescence**

To remain competitive, the Company will continue to invest in hardware and equipment needed for maintaining the Company's mining activities. Should competitors introduce new services/software embodying new technologies, the Company recognizes its hardware and equipment and its underlying technology may become obsolete and require substantial capital to replace such equipment. The increase in interest and demand for cryptocurrencies has led to a shortage of mining hardware as the equipment is usable at a consumer or industrial level. Equipment will require replacement from time to time. Shortages of graphics processing units may lead to unnecessary downtime as the Company searches for replacement equipment.

### **Diminishing Block Rewards For Cryptocurrency Miners**

As the number of coins awarded for solving a block in the Blockchain decreases, the incentive for miners to continue to contribute processing power to the network will transition from a set reward to transaction fees. Either the requirement from miners of higher transaction fees in exchange for recording transactions in the Blockchain or a software upgrade that automatically charges fees for all transactions may decrease demand for the relevant coins and prevent the expansion of the network to retail merchants and commercial businesses, resulting in a reduction in the price of the relevant cryptocurrency that could adversely impact the Company's profitability.

### **Banks May Not Provide Banking Services, or May Cut Off Banking Services, to Businesses that Provide Cryptocurrency-Related Services or That Accept Cryptocurrencies as Payment**

A number of companies that provide cryptocurrency-related services have been unable to find banks that are willing to provide them with bank accounts and banking services. Similarly, a number of such companies have had their existing bank accounts closed by their banks. Banks may refuse to provide bank accounts and other banking services to cryptocurrency-related companies or companies that accept cryptocurrencies for a number of reasons, such as perceived compliance risks or costs. The difficulty that many businesses that provide cryptocurrency-related services have and may continue to have in finding banks willing to provide them with bank accounts and other banking services may be currently decreasing the usefulness of cryptocurrencies as a payment system and harming public perception of cryptocurrencies or could decrease its usefulness and harm its public perception in the future. Similarly, the usefulness of cryptocurrencies as a payment system and the public perception of cryptocurrencies could be damaged if banks were to close the accounts of many or of a few key businesses providing cryptocurrency-related services. This could decrease the market prices of cryptocurrencies thereby adversely affect the Company's shareholders.

### **The Impact of Geopolitical Events on the Supply and Demand for Cryptocurrencies is Uncertain**

Crises may motivate large-scale purchases of cryptocurrencies which could increase the price of cryptocurrencies rapidly. This may increase the likelihood of a subsequent price decrease as crisis-driven purchasing behavior wanes, adversely affecting the value of any future holdings of cryptocurrencies, and thereby adversely affect the Company's shareholders.



As an alternative to fiat currencies that are backed by central governments, cryptocurrencies, which are relatively new, are subject to supply and demand forces based upon the desirability of an alternative, decentralized means of buying and selling goods and services, and it is unclear how such supply and demand will be impacted by geopolitical events. Nevertheless, political or economic crises may motivate large-scale acquisitions or sales of cryptocurrencies either globally or locally. Large-scale sales of cryptocurrencies would result in a reduction in their market prices and adversely affect the Company's investments and profitability.

### **The Further Development and Acceptance of the Cryptographic and Algorithmic Protocols Governing the Issuance of and Transactions in Cryptocurrencies is Subject to a Variety of Factors That Are Difficult to Evaluate**

The use of cryptocurrencies to, among other things, buy and sell goods and services and complete other transactions, is part of a new and rapidly evolving industry that employs digital assets based upon a computer-generated mathematical and/or cryptographic protocol. The growth of this industry in general, and the use of cryptocurrencies in particular, is subject to a high degree of uncertainty, and the slowing, or stopping of the development or acceptance of developing protocols may adversely affect the value of certain cryptocurrencies and thereby adversely affect the Company's shareholders.

### **Additional Requirements for Capital**

Substantial additional financing may be required if the Company is to be successful with development of its business. No assurances can be given that the Company will be able to raise the additional capital that it may require for its anticipated future development. Any additional equity financing may be dilutive to investors and debt financing, if available, may involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company, if at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion, or may not be able to develop its business at all. Content posted on Hello Pal Platform may be found objectionable by PRC regulatory authorities. The PRC government has adopted regulations governing internet and wireless access and the distribution of information over the internet and wireless telecommunications networks. Under these regulations, internet content providers and internet publishers are prohibited from posting or displaying over the internet or wireless networks content that, among other things, violates the principle of the PRC constitution, laws and regulations, impairs the national dignity of China or the public interest, or is obscene, superstitious, fraudulent or defamatory. Furthermore, internet content providers are also prohibited from displaying content that may be deemed by relevant government authorities as instigating ethnical hatred and harming ethnical unity, harming the national religious policy, "socially destabilizing" or leaking "state secrets" of the PRC. Failure to comply with these requirements may result in the revocation of licenses to provide internet content or other licenses, the closure of the concerned platforms and reputational harm. The operator may also be held liable for any censored information displayed on or linked to their platform.

The Company may also be subject to potential liability for any unlawful actions by its users on the Hello Pal Platform. It may be difficult to determine the type of content or actions that may result in liability to the Company and, if the Company is found to be liable, it may be prevented from operating our business in China. Even if the Company manages to identify and remove offensive content, it may still be held liable.

### **User misconduct and misuse of our platform**

The Hello Pal Platform allows mobile users to freely contact and communicate with people nearby, and our live video service allows users to host and view live shows. Because the Company does not have full control

over how and what users will use the platform to communicate, the platform may be misused by individuals or groups of individuals to engage in immoral, disrespectful, fraudulent or illegal activities.

The Company has implemented control procedures to detect and block illegal or inappropriate content and illegal or fraudulent activities conducted through the misuse of the platform, but such procedures may not prevent all such content from being broadcasted or posted or activities from being carried out. Moreover, as the Company has limited control over real-time and offline behaviors of the Company's users, to the extent such behaviors are associated with the platform, the ability to protect our brand image and reputation may be limited. Our business and the public perception of our brand may be materially and adversely affected by misuse of our platform. In addition, if any of the Hello Pal Platform's users suffers or alleges to have suffered physical, financial or emotional harm following contact initiated on our platform, the Company may face civil lawsuits or other liabilities initiated by the affected user, or governmental or regulatory actions against it.

### **Limited Number of Products**

The Company is reliant on the development, marketing and use of the Hello Pal Platform. If it does not achieve sufficient market acceptance, it will be difficult for the Company to achieve consistent profitability.

### **Obsolescence**

Maintaining a competitive position requires constant growth, development and strategic marketing and planning. If the Company is unable to maintain a technological advantage, the Company's ability to grow its business will be adversely affected and its products may become obsolete compared with other technologies.

### **Competitive Factors**

The industries the Company serves and compete in are highly competitive and competition is expected to continue in the future. Many of our competitors have longer operating histories and greater financial, technical and marketing resources, and such competitors could materially and adversely affect the Company's business, financial performance and financial condition.

### **Defective Software**

The Company's software may contain undetected errors, defects or bugs. Although the Company has not suffered significant harm from any errors, defects or bugs to date, the Company may discover significant errors, defects or bugs in the future that it may not be able to correct or correct in a timely manner. It is possible that errors, defects or bugs will be found in the Company's software products and related services with the possible results of delays in, or loss of market acceptance of, the Company's products and services, diversion of its resources, injury to its reputation, increased service and warranty expenses and payment of damages.

### **Cyber Security**

The Company will strive to meet industry information security standards relevant to its business. The Company will regularly perform vulnerability assessments, remediate vulnerabilities, review log/access, perform system maintenance, manage network perimeter protection and implement and manage disaster recovery testing.

A cyber-attack that breaches the Company's external perimeter may lead to a material disruption of its core business systems and/or lead to the loss or corruption of confidential business information that could result in an adverse business impact, as well as, possible damage to the Company's brand. This could also lead to a public disclosure or theft of private intellectual property and a possible loss of customer confidence.

If the Company's core business operations were to be breached, this could affect the confidentiality, integrity and availability of the Company's systems and data. While the Company continues to perform security due diligence, there is always the possibility of a significant breach effecting the confidentiality, integrity and availability of its systems and/or data.

### **Failure of Information Technology System**

The Company's operations could suffer as a result of a failure of its information technology system. The Company's business will be dependent upon an information technology infrastructure to effectively manage and operate several key business functions, including order processing, customer service, installation and payments. These systems and operations are vulnerable to damage and interruption from fires, earthquakes, telecommunications failures, and other events. They are also subject to break-ins, sabotage, intentional acts of vandalism and similar misconduct. Any such errors or inadequacies in the software that may be encountered could adversely affect operations, and such errors may be expensive or difficult to correct in a timely manner.

### **Absence of Cash Dividends**

To date, the Company has not paid any cash dividends on its Common Shares and it does not anticipate the payment of any dividends on its Common Shares in the foreseeable future.

### **Change in Law, Regulations and Guidelines**

The Company's businesses are subject to particular laws, regulations, and guidelines. Although the Company intends to comply with all laws and regulations, there is no guarantee that the governing laws and regulations will not change which will be outside of the Company's control.

### **Uninsured or Uninsurable Risk**

The Company may become subject to liability for risks against which it cannot insure or against which the Company may elect not to insure due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for the Company's usual business activities. Payment of liabilities for which the Company does not carry insurance may have a material adverse effect on the Company's financial position and operations.

### **Conflicts of Interest Risk**

Certain of the Company's directors and officers are also involved as advisors for other companies. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors and officers conflict with or diverge from the Company's interests. In accordance with the British Columbia *Business Corporations Act* ("BCBCA"), directors who have a material interest in any person who is a party to a material contract or a proposed material contract are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract.

In addition, the directors and the officers are required to act honestly and in good faith with a view to our best interests. However, in conflict of interest situations, the Company's directors and officers may owe the same duty to another company and will need to balance their competing interests with their duties to the Company. Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavourable to the Company.

### **Market Risk for Securities**

The market price for the Company's shares could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the Company's shares. The stock market has from time to time experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of particular companies.

### **Global Economic Conditions**

Current global economic conditions could have a negative effect on the Company's business and results of operations. Market disruptions have included extreme volatility in securities prices, as well as severely diminished liquidity and credit availability. The economic crisis may adversely affect the Company in a variety of ways. Access to lines of credit or the capital markets may be severely restricted, which may preclude the Company from raising funds required for operations and to fund continued development. It may be more difficult for the Company to complete strategic transactions with third parties. The financial and credit market turmoil could also negatively impact suppliers, customers and banks with whom the Company does business. Such developments could decrease the Company's ability to source, produce and distribute its products or obtain financing and could expose it to risk that one of its suppliers, customers or banks will be unable to meet their obligations under agreements with them.

### **Foreign Exchange Rates**

The Company may conduct business with customers, distributors, suppliers, or other service providers in currencies other than Canadian Dollars and RMB. Therefore, the Company's business could be adversely affected by fluctuations in domestic or foreign currencies.

### **Smaller Companies**

Market perception of smaller companies may change, potentially affecting the value of investors' holdings and the ability of the Company to raise further funds through the issue of further Common Shares or otherwise. The share price of publicly traded smaller companies can be highly volatile. The value of the Common Shares may go down as well as up and, in particular, the share price may be subject to sudden and large falls in value given the restricted marketability of the Common Shares, results of operations, changes in earnings estimates or changes in general market, economic and political conditions.

## **DIVIDENDS**

The Company has not paid any dividends. The Company intends to retain its earnings, if any, to finance the future growth and development of its business and does not expect to pay dividends or to make any other distributions in the foreseeable future. Payment of dividends in the future is dependent upon the earnings and financial condition of the Company and other factors which the Board may deem appropriate at the time.

There are no restrictions in the constating documents of the Company, and it is not currently expected that there will exist such restriction elsewhere, which could prevent the Company from paying dividends.

## DESCRIPTION OF CAPITAL STRUCTURE

### Common Shares

The Company's authorized share capital consists of an unlimited number of Common Shares. As at the date of this Annual Information Form, 166,653,623 Common Shares are issued and outstanding.

Registered holders of Common Shares are entitled to receive notice of and attend all meetings of shareholders of the Company, and are entitled to one vote for each Common Share held at a meeting of shareholders other than meetings at which only the holders of any other class or series of shares of the Company may be issued or outstanding from time to time or are entitled to vote as a separate class or series. In addition, holders of Common Shares are entitled to receive on a *pro rata* basis dividends if, as and when declared by the board of directors and, upon liquidation, dissolution or winding-up of the Company, are entitled to receive on a *pro rata* basis the net assets of the Company after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares, including preferred shares, ranking in priority to, or equal with, the holders of the Common Shares.

## MARKET FOR SECURITIES

### Trading Price and Volume

The Common Shares of the Company are listed for trading on the CSE under the symbol "HP". The following table sets out the market price range and trading volumes of the Common Shares on the CSE for the periods indicated.

Month and Year	CSE Price Range (\$)		Volume (number of shares)
	High (\$)	Low (\$)	
January 2020	0.10	0.07	1,553,004
February 2020	0.12	0.06	957,177
March 2020	0.08	0.05	1,068,000
April 2020	0.07	0.05	1,689,310
May 2020	0.09	0.06	930,900
June 2020	0.14	0.06	2,144,245
July 2020	0.18	0.09	4,770,918
August 2020	0.18	0.15	3,688,824
September 2020	0.14	0.10	293,200
October 2020	0.12	0.08	3,670,583
November 2020	0.17	0.08	6,746,713
December 2020	0.29	0.17	19,261,231
January 2021	0.27	0.22	6,557,315
February 2021	0.90	0.24	41,207,035
March 2021	2.05	1.11	34,057,061
April 2021	1.65	1.21	7,961,846
May 2021	1.74	1.09	7,740,719
June 2021	1.26	0.52	9,506,635
July 2021	0.92	0.58	4,291,778
August 2021	0.87	0.37	3,357,241
September 2021	0.65	0.39	10,886,154

October 2021	0.65	0.39	4,816,072
November 2021	0.85	0.43	9,417,107

### Prior Sales

Since March 1, 2020, the Company issued the following securities.

Date Issued	Security	Number	Issue Price	Aggregate Issue Price	Consideration Received
June 25, 2020	Common Shares	3,026,433	0.06	\$199,586	Cash
June 25, 2020	Common Shares	31,973,566	0.06	\$1,918,414	Cash and Debt Settlement
July 17, 2020,	Common Shares	6,666,666	0.06	\$400,000	Cash and Debt Settlement
August 31, 2020	Common Shares	300,000	\$0.06	\$18,000	Cash
November 16, 2020	Common Shares	23,940,000	0.14	\$3,351,600	Milestone Payment (Vortex)
December 1, 2020	Common Shares	8,333,332	\$0.12	\$1,000,000	Cash
February 17, 2021	Common Shares	223,188	\$0.115 <sup>(2)</sup>	\$25,666.62	Cash
February 23, 2021	Common Shares	5,000,000	\$0.40	\$2,000,000	Cash
February 23, 2021	Common Shares	25,000	\$0.22 <sup>(1)</sup>	\$5,500	Cash
February 23, 2021	Common Shares	535,714	\$0.14	\$75,000	Conversion of Convertible Note
February 23, 2021	Common Shares	111,594	\$0.115 <sup>(2)</sup>	\$12,833,31	Cash
March 4, 2021	Common Shares	100,000	\$0.115 <sup>(2)</sup>	\$11,500	Cash
March 8, 2021	Common Shares	442,364	\$0.14	\$61,930	Conversion of Convertible Note
March 16, 2021	Common Shares	366,150	\$0.10 <sup>(1)</sup>	\$36,615	Cash
March 16, 2021	Common Shares	178,571	\$0.14	\$25,000	Conversion of Convertible Note
March 16, 2021	Common Shares	1,325,000	\$0.25 <sup>(2)</sup>	\$331,250	Cash

March 19, 2021	Common Shares	383,333	\$0.25 <sup>(2)</sup>	\$95,833.25	Cash
March 30, 2021	Common Shares	538,600	\$0.25 <sup>(2)</sup>	\$134,650	Cash
March 30, 2021	Common Shares	147,454	\$0.14	\$20,643	Conversion of Convertible Note
May 6, 2021	Common Shares	40,000	\$0.25 <sup>(2)</sup>	\$10,000	Cash
May 12, 2021	Common Shares	80,000	\$1.25	n/a	Corporate Finance Fee
May 25, 2021	Common Shares	5,800,000	\$1.25	\$7,250,000	Cash
May 25, 2021	Common Shares	1,800,000	\$1.25	n/a	Acquisition of CPal
June 4, 2021	Common Shares	21,667	\$0.25 <sup>(2)</sup>	\$5,416.75	Cash
July 5, 2021	Common Shares	20,000	\$0.25 <sup>(2)</sup>	\$5,000	Cash
July 19, 2021	Common Shares	71,400	\$0.25 <sup>(2)</sup>	\$17,850	Cash
July 21, 2021	Common Shares	70,500	\$0.25 <sup>(2)</sup>	\$17,625	Cash
July 29, 2021	Common Shares	29,500	\$0.25 <sup>(2)</sup>	\$7,375	Cash
September 13, 2021	Common Shares	200,000	\$0.67	n/a	Shares for Service
October 21, 2021	Common Shares	650,000	\$0.25 <sup>(2)</sup>	\$162,500	Cash
November 2, 2021	Common Shares	600,000	\$0.25 <sup>(2)</sup>	\$150,000	Cash

Notes:

- (1) Exercise of Stock Options.
- (2) Exercise of Share Purchase Warrants.

**ESCROWED SECURITIES**

No securities of the Company are currently held in escrow or are subject to contractual restrictions on transfer.

## DIRECTORS AND EXECUTIVE OFFICERS

### Directors

The directors of the Company are set forth below:

Name and Municipality of Residence	Principal Occupation During Past Five Years	Director Since	Number of Voting Securities <sup>(1)</sup>	Percent of Voting Securities <sup>(1)</sup>
<b>Kean Li (KL) Wong</b> Interim Chief Executive Officer, Chairman and Director  <i>Hong Kong</i>	Founder of the Hello Pal business since 2014 and CEO of Hello Pal International Inc. since May 2016.	May 10, 2016	6,103,750	3.7%
<b>Zhou Gang</b> President and Director  <i>China</i>	Senior management roles in prominent China live streaming companies in the past including Hangzhou Fuliao Technology Company (operator of iPaychat livestreaming app) and Zhejiang Pajia Network Technology Company (operator of Pineapple Street livestreaming app) ("Pajia"), both as Chief Operating Officer, as well as Tiange Interactive Holdings (operator of 9158) as Operations Manager	March 6, 2019	12,216,299	7.3%
<b>Gunther Roehlig</b> <sup>(2)</sup> Interim Chief Financial Officer and Director  <i>British Columbia, Canada</i>	Businessman; and a director of a number of public companies.	April 23, 2012	2,448,833	1.5%
<b>James Liang</b> <sup>(2)</sup> Director  <i>British Columbia, Canada</i>	Consultant with New Margin Ventures.	September 1, 2019	Nil	-



<b>Name and Municipality of Residence</b>	<b>Principal Occupation During Past Five Years</b>	<b>Director Since</b>	<b>Number of Voting Securities<sup>(1)</sup></b>	<b>Percent of Voting Securities<sup>(1)</sup></b>
<b>(Vincent) Chai Jun<sup>(2)</sup></b> <i>China</i>	Senior Vice President of Operations of Hangzhou Fuliao Technology Company (operator of iPaychat livestreaming app) and Senior Vice President of Products Tiange Interactive Holdings (HK: 3100, operator of 9158).	December 21, 2020	Nil	-

Notes:

\*Denotes less than 1% of the issued and outstanding Common Shares.

- (1) The information as to common shares beneficially owned or controlled has been provided as at the close of business on December 3, 2021.
- (2) A member of the audit committee.

### Executive Officers

The executive officers of the Company are set forth below:

<b>Name and Municipality of Residence</b>	<b>Principal Occupation During Past Five Years</b>	<b>Officer Since</b>	<b>Number of Voting Securities</b>	<b>Percent of Voting Securities</b>
<b>Kean Li (KL) Wong</b> Interim Chief Executive Officer and Chairman <i>Hong Kong</i>	As Above.	As Above.	As Above.	As Above.
<b>Zhou Gang</b> President <i>China</i>	As Above.	As Above.	As Above.	As Above.
<b>Gunther Roehlig</b> <sup>(2)(3)</sup> Interim Chief Financial Officer <i>British Columbia, Canada</i>	As Above.	As Above.	December 6, 2019	As Above.

Name and Municipality of Residence	Principal Occupation During Past Five Years	Officer Since	Number of Voting Securities	Percent of Voting Securities
(Vincent) Chai Jun <sup>(3)</sup> Senior Vice President of Operations China	As Above.	As Above.	As Above.	As Above.

Note:

\*Denotes less than 1% of the issued and outstanding Common Shares.

### Shareholdings of Directors and Executive Officers

As at the date of this Annual Information Form, the directors and executive officers of the Company, as a group, beneficially owned, or controlled or directed, directly or indirectly, 21,384,882 Common Shares, representing approximately 12.8% of the issued and outstanding Common Shares of the Company.

### Biographical Information

The following is a brief description of each of the executive officers and directors of the Company (including details with regard to their principal occupations for the last five years).

*Kean Li (KL) Wong, Interim Chief Executive Officer, Chairman, and Director*

Hello Pal is the brainchild of KL Wong, who currently resides in Hangzhou, China. KL was born in Malaysia, studied and worked in the UK for 10 years, and worked in Hong Kong for 16 years. He graduated with a law degree from Cambridge University and started off his career as a lawyer with international law firm Clifford Chance in the UK and Hong Kong. He then worked in senior management positions at Chinadotcom Corporation (China internet portal) and Softbank International Investment (venture capital/private equity) before founding BrillKids shortly after the birth of his daughter Felicity.

*Zhou Gang, President and Director*

Mr. Zhou brings to the Company over 10 years of experience in the live video broadcasting industry, having served in senior management roles in prominent China live streaming companies in the past including Hangzhou Fuliao Technology Company (operator of iPaychat livestreaming app) and Zhejiang Pajia Network Technology Company (operator of Pineapple Street livestreaming app) (“Pajia”), both as Chief Operating Officer, as well as Tiange Interactive Holdings (operator of 9158) as Operations Manager. At each of these companies, Mr. Zhou was instrumental in increasing the company’s revenues and overall operational effectiveness.

*Gunther Roehlig, Interim Chief Financial Officer and Director*

Director Mr. Roehlig has 25 years of experience in the financial and investment industry with a background in managing, financing, transitioning and restructuring junior public companies. With an extensive skill set focused on connecting business investment opportunities with established and experienced executive management, negotiating with legacy debt holders and understanding corporate governance and capital

structure frameworks, Mr. Roehlig has successfully orchestrated more than two dozen RTOs and IPOs on the TSX-V and CSE across a variety of high tech, mining and junior resource corporate platforms. Mr. Roehlig currently serves as CFO and Director on the board of Hello Pal International Inc as well as an independent director on several other issuers. In 2011, Mr. Roehlig served as the president of Terra Ventures Inc., which was acquired by Hathor Exploration – then subsequently acquired by one of the world’s largest mining companies Rio Tinto.

*James Liang, Director*

Mr. Liang has a Bachelor of Commerce from the University of British Columbia, obtained a Financial Risk Manager Certification from the Global Association of Risk Associates (GARP) and completed two levels of the CFA exams. Mr. Liang currently works with New Margin Ventures, which is a venture capital firm based in Hangzhou, China, and assists with the evaluation of several technology companies for the purpose of New Margin providing financing. Accordingly, Mr. Liang can understand financial statements relating to junior technology companies.

*Vincent Chai, Senior Vice President of Operations and Director*

Mr. Chai has over 12 years of experience in the live video broadcasting and internet industries, having served in senior management roles in prominent China live streaming companies in the past including Hangzhou Fuliao Technology Company (operator of iPaychat livestreaming app) as Senior Vice President of Operations, as well as Tiange Interactive Holdings (HK: 3100, operator of 9158) as Senior Vice President of Products. He not only played a key role in increasing the company’s overall revenues, but he was also the main person in charge of helping Fuliao launch its dedicated international (non China) livestreaming app. Most significantly, under Mr. Chai, the app achieved profitability in less than six months after launch, after having started from a userbase of zero.

**Cease Trade Orders or Bankruptcies**

To the knowledge of the Company, except as disclosed below:

- (a) no director or executive officer of the Company is, as at the date of this Annual Information Form, or was within 10 years before the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any company (including HP), that:
  - (i) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
  - (ii) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

For the purposes of this subsection (a), “order” means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, and in each case that was in effect for a period of more than 30 consecutive days.

- (b) no director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially control of the Company:

- (i) is, as at the date of this Annual Information Form, or has been within the 10 years before the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any company (including HP) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (ii) has, within the 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

The foregoing information, not being within the knowledge of the Company, has been furnished by the respective directors, officers and shareholders holding a sufficient number of securities of the Company to affect materially control of the Company.

On August 14, 2020, Gunther Roehlig was subject of a management cease trader order (“MCTO”) issued by the BCSC in regards to Zinc One Resources Inc. (“Zinc One”), for Zinc One’s failure to file its annual audited financial statements and annual management discussion and analysis for the fiscal year ended February 29, 2020. At the time of its failure to file, Gunther Roehlig was Chief Executive Officer of Zinc One. This MCTO was revoked by the BCSC on December 15, 2020 upon Zinc One’s filing the required records.

### **Penalties or Sanctions**

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision regarding the Company.

The foregoing information, not being within the knowledge of the Company, has been furnished by the respective directors, officers and shareholders holding a sufficient number of securities of the Company to affect materially control of the Company.

### **Conflicts of Interest**

The Company’s directors and officers may serve as directors or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such conflict of interest arises at a meeting of the Company’s board of directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with the BCBCA, the directors of the Company are required to act honestly, in good faith

and in the best interests of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

The directors and officers of the Company are aware of the existence of laws governing the accountability of directors and officers for corporate opportunity and requiring disclosures by the directors of conflicts of interest and the Company will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors and officers. All such conflicts will be disclosed by such directors or officers in accordance with the BCBCA and they will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law. See "*Risk Factors – Conflicts of Interest*". The directors and officers of the Company are not aware of any such conflicts of interests.

### **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

The Company is not aware of: (a) any legal proceedings to which it is a party, or by which any of its property is subject, which would be material to it and are not aware of any such proceedings being contemplated, (b) any penalties or sanctions imposed by a court relating to securities legislation, or other penalties or sanctions imposed by a court or regulatory body against it that would likely be considered important to a reasonable investor making an investment decision and (c) any settlement agreements that we have entered into before a court relating to securities legislation or with a securities regulatory authority.

### **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

No director, executive officer or shareholder holding on record or beneficially, directly or indirectly, more than 10% of the issued shares of the Company, or any of their respective associates or affiliates has any material interest, direct or indirect, in any transaction in which the Company has participated prior to the date of this Annual Information Form, which has materially affected or is reasonably expected to materially affect the Company.

### **TRANSFER AGENT AND REGISTRAR**

The transfer agent and registrar for the Common Shares is Computershare Investor Services Inc. at 3<sup>rd</sup> Floor, 510 Burrard Street, Vancouver, British Columbia.

### **MATERIAL CONTRACTS**

Except for contracts entered into in the ordinary course of business, the only material contracts that the Company has entered in the financial year ended February 28, 2021, or before the last financial year but still in effect, are as follows:

1. Cooperation Agreement dated January 29, 2019 among the Company, Vortex Live Inc. ("Vortex") and the principals of Vortex (the "Vortex Team").
2. Purchase Agreement dated April 19, 2021 among the Company, CPal and Yi Dong.
3. Agency Agreement dated May 12, 2021 between Hello Pal International inc. and Canaccord Genuity Corp.

Copies of the above material contracts are available for inspection at the registered office of the Company located at c/o Northwest Law Group, Suite 704, 595 Howe Street, Vancouver, BC V6C 2T5.

**INTERESTS OF EXPERTS**

Mao & Ying LLP, Chartered Accountants, provided an auditor's report in respect to the Company's financial statements for the year ended February 28, 2021. Mao & Ying LLP is independent with respect to the Company in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

**ADDITIONAL INFORMATION**

Additional financial information is provided in the Company's comparative financial statements and management's discussion and analysis for the year ended February 28, 2021, which will be available under the Company's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com).

Copies of all materials incorporated by reference herein and additional information relating to the Company are available under the Company's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com).

Dated December 3, 2021.

**BY ORDER OF THE BOARD OF DIRECTORS**

*"Kean Li (KL) Wong"*

Kean Li (KL) Wong  
President and Chief Executive Officer