Management Discussion and Analysis
For nine months ended November 30, 2019
Hello Pal International Inc.
Report Dated January 29, 2020

INTRODUCTION

The following management's discussion and analysis of financial condition and results of operations ("MD&A") for the three and nine months ended November 30, 2019 prepared as of January 29, 2020, should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three and nine months ended November 30, 2019 and the related notes thereto of Hello Pal International Inc. ("the Company"), together with the audited consolidated financial statements of the Company for the year ended February 28, 2019 as well as the accompanying MD&A for the year then ended.

The referenced consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board and as applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. The accounting policies and methods of computation followed in the preparation of the condensed interim consolidated financial statements are identical to those followed in the preparation of the audited financial statements for the year ended February 28, 2019. All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

Certain statements contained in this listing statement constitute "forward-looking statements." These statements, identified by words such as "plan," "anticipate," "believe," "estimate," "should," "expect" and similar expressions include our expectations and objectives regarding our future financial position, operating results and business strategy. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, general business, economic, competitive, political and social uncertainties; lack of brand awareness; user acceptance of the Company's online applications and Livestream services, limited operating history of the Company; market fluctuations; and retention of key personnel, as well as those factors discussed in the section titled "*Risk Factors.*"

Forward looking statements are based on a number of material factors and assumptions, including no material change to competitive environment, the Company will be able to access sufficient qualified staff, and there will be no material changes to the tax and other regulatory requirements governing the Company. While the Company considers these assumptions may be reasonable based on information currently available to it, these assumptions may prove to be incorrect. Actual results may vary from such forward-looking information for a variety of reasons, including but not limited to risks and uncertainties disclosed in the section titled "*Risk Factors.*"

The Company intends to discuss in its quarterly and annual reports any events or circumstances that occurred during the period to which such documents relate that are reasonably likely to cause actual events or circumstances to differ materially from those disclosed in this MD&A. 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 our business or the extent to which any factor, or combination of such factors, may cause actual results to differ materially from those contained in any forwarding looking statement.

GENERAL

The Company was incorporated in British Columbia on October 2, 1986 and changed its name to Hello Pal International Inc. on May 9, 2016.

The Company is the owner of the HPI Platform. The HPI Platform is a proprietary suite of mobile applications built on a user-friendly blockchain based messaging interface that focus on social interaction, language learning and travel. Hello Pal, has been designed from the ground up to be easy to use and enables users' the freedom to speak in their own language regardless of the other person's language they are speaking to. Hello Pal's overriding mission is to bring the world closer together through social interaction, language learning and travel.

Hello Pal was the first app released to the public and experienced rapid growth building a diverse and active global user base. Travel Pal and Language Pal are the first and second companion apps to launch. Both apps benefit from the existing and ever expanding globally based group of users.

The Company is listed on the Canadian Securities Exchange ("CSE") under the symbol "HP" and quoted on the OTC Markets Platform under the symbol "HLLPF".

CORPORATE

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. Currently, Mr. Liang is CEO and director of Skyledger Tech Corp., a bitcoin mining company. 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.

RECENT HIGHLIGHTS

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 this year, version 6.0 of the HPI Platform is now available to Android and iOS users worldwide. With the launch of this service, users are now able to broadcast themselves live to other users, receive virtual gifts, and redeem the gifts for cash.

THE TRANSACTION

On May 13, 2016, the Company completed an asset purchase agreement (the "Transaction") with a private Hong Kong based company ("PrivCo"), whereby the Company acquired all of the assets that comprise the Hello Pal software application (the "HPI Platform"), in consideration for 25,000,000 common shares of the Company. The Company also issued 2,000,000 common shares for finder's fees. The shares issued were valued at $3,750,000 using a market value of $0.15 per share, which was determined based on the share issue price of the private placement financing closed on the date of the acquisition in conjunction with the Transaction. Transaction costs, comprised of professional fees of $25,167 and 2,000,000 common shares issued as finder's fees, were included in the consideration paid to acquire the HPI Platform.

The HPI Platform is a proprietary and open social exchange language and learning mobile application and network for use in a whole host of applications – including for language learning and socialization. The HPI Platform enables users' the freedom to speak in their own language regardless of the other person's language they are speaking to. The HPI Platform was launched on the Google Play Store in May 2015, iOS App Store in November 2015 and the Windows platform in 2016.

DESCRIPTION OF BUSINESS

The Company develops, markets and operates a live interactive social and language exchange platform. The HPI Platform is a proprietary, open social exchange language and learning mobile app and network for use in a whole host of applications, including for language learning and socialization. The proprietary intangible and tangible assets that comprise of the HPI Platform are:

1. ***Backbone Technology.*** A backbone technology (software, content and server) that provides a stable and robust language exchange and chat-drive network allowing anyone to communicate with another person regardless of the language they are speaking in. The HPI Platform social language exchange app ("Hello Pal App") and network was launched on the Google Play store in May 2015, the Apple App store in November 2015 and the Windows platform in 2016.

2. ***Voice to Voice Exchanges.*** The HPI Platform allows for true to voice-to-voice exchanges, which means that users can speak with each other with their own voice, not just text translations.

3. ***Filtering and Matching.*** Included is filtering and matching abilities, so that users can easily find other people and parties (i.e. pals) that directly suit and meet a user's own defined criteria – e.g. for use as a matching service. Users can filter by native/learning languages, nationality, and other criteria.

4. ***Phrasebooks.*** Phrasebooks that are built for on-line and mobile chat. Users can simply choose a phrase, listen to the professionally recorded audio guide, and repeat the phrase in the foreign language, then they can send it directly to a pal.

<u>Key Features of the HPI Platform</u>

The HPI Platform is designed to deliver a customized learning experience to each user.

Live Chat Feature. A user is able to "chat" in real time with another user in order to learn a new language. A chat may involve voice-to-voice exchange or text with another user. The HPI Platform's voice-to voice technology allows users to speak with their own voice and not simply text translations.

Connecting with a Pal. The proprietary technology of the HPI Platform includes extensive filtering and matching abilities so that users can finder other users, people or parties (ie. "pals") that directly suit and meeting the user's defined criteria. Users are able to filter by language, learned languages and nationality.

Phrasebooks. The HPI Platform has phrasebooks 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.

Hello Pal Games. Various games are also offered under the HPI Platform. In addition to enhancing learning, these games also focus on the social aspect of the HPI Platform.

Overall, the HPI Platform has been designed from the ground up to be easy-to-use and has many features that enables users' the freedom to speak and communicate in their own language regardless of the language of the person they are speaking to.

On September 21, 2017, the Company announced the launch of its first companion app, "Travel Pal", a social app targeting worldwide travelers, as well as developing other companion applications, which is run on the same platform. On May 25, 2018, the Company announced the launch of its second companion app, "Language Pal", which is focused solely on the language learning sector and aims to make language learning a much more social affair for learners. This new 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 HPI Platform into one that is based on blockchain technology. The main purpose of implementing blockchain technology is to develop the HPI 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 HPI Platform which includes a unique, proprietary digital wallet. Users are now be able to store and transfer popular digital assets and tokens, including Bitcoin and Ether, through the use of blockchain technology. The ability to transfer such digital assets will enable the Hello Pal users to make payments easily and efficiently to and from lesser developed countries and even in micro amounts.

On October 9, 2018, the Company announced that, along with the release of Hello Pal version 5.2, it has launched its own proprietary blockchain-based tokens to users on its established HPI Platform. The token, named "Palto" ("PLT"), forms a crucial part of the Company's strategy to create a thriving ecosystem that spans across the HPI Platform. Hello Pal users now earn Palto's for specific actions in the Hello Pal ecosystem such as creating popular Moments postings and helping other users learn new languages. Hello Pal users will earn Palto's through the use of the HPI Platform and cannot currently purchase Palto's from Hello Pal. Paltos earned by users will be automatically stored securely in their Hello Pal digital wallet alongside other select established blockchain-enabled digital currencies that the user may have, such as Bitcoin and Ether. Palto, as a decentralized store of value, also allows users to directly pay other users with Paltos who help them with their various needs, and at the same time allow users to be remunerated in Paltos from other users for their efforts in helping to fulfil those users' needs. Paltos are ERC20-compliant tokens issued through the popular Ethereum blockchain.

OPERATIONS UPDATE

As of the end of December 2019, the Company's HPI Platform has exceeded 4.6 million registered users, realized an ongoing increase in the average number of daily new users of around 3,500, and is continuing to experience user growth by building a highly diversified global user base.

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 HPI Platform. On July 9, 2019, the Company announced the official launch of its Live Streaming Service. Version 6.0 of the HPI Platform is now available to Android and iOS users worldwide. With the launch of this service, users are now able to broadcast themselves live to other users, receive virtual gifts, and even redeem the gifts for cash.

The launch of the Live Streaming Service has added growth momentum to the Company's userbase. The result of the cooperation with Vortex Live Inc., the launch also marks the beginning of the Company's revenue stream. As the Company continues to integrate with the Vortex team and gradually expands its development and operations team, it expects to increase its Live Streaming Service offerings and functionality further in the coming months in order to improve user growth, retention, sharing, and spending. For December 2019, Hello Pal's livestreaming service achieved daily active livestream users of 10,000.

VORTEX AGREEMENT

On January 29, 2019, the Company entered into a cooperation agreement (the “Cooperation 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 HPI Platform (“Live Streaming Service”). The principals of Vortex bring to the Company a combined experience in the live streaming industry of over 30 years, and will provide the Company with not only the core technological know-how and experience in developing live-streaming apps, but also the crucial management and operational skillset that will be required to generate revenue on an ongoing basis.

Under the terms of the Cooperation Agreement, Vortex has provided a seasoned management team to join the Company to develop and operate the Live Streaming Service. Vortex will also fund the development of Live Streaming Service by paying the Company a total of $1,200,000, of which $800,000 has already been paid and $400,000 remains payable. If required, Vortex may provide further funding in the form of an interest-free loan of $800,000.

In return, the Company will 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.

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.

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.

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.

RESULTS OF OPERATIONS

Nine months ended November 30, 2019

The Company recorded a net loss of $2,161,483 ($0.03 per share) for the nine months ended November 30, 2019 as compared to a net loss of $2,039,792 ($0.03 per share) for the nine months ended November 30, 2018.

During the nine months ended November 30, 2019, the Company recorded revenues from its Live Streaming Service of $388,944 while incurring direct costs of $462,792.

Variances of note in administrative expenses are:

Accounting and audit of $79,218 (2018 - $35,918) increased during the nine months ended November 30, 2019 due to the timing of the audit fees being recorded. The audit fees for the 2019 fiscal year were recorded during the nine months ended November 30, 2019, while the audit fees for the 2018 fiscal year were accrued at the end of February 2018.

Accretion of $11,964 (2018 - 10,536) was incurred as a result of the Company issuing convertible notes in the principal amounts of $425,000 on April 16, 2018 and $500,000 on June 6, 2018.

Bitcoin revaluation loss of $10,080 (2018 - $nil) was incurred as a result of the 2 bitcoins payable to a shareholder which shall be repaid in the form of bitcoins or cash equivalent to the value of bitcoin on the day of repayment.

Interest expense of $115,795 (2018 - $74,757) was incurred as a result of the Company entering into a promissory note agreement on June 23, 2017 for proceeds of $100,000, issuing convertible notes in the principal amounts of $425,000 on April 16, 2018 and $500,000 on June 6, 2018, and entering into loan agreements on November 5, 2018 and June 1, 2019 for advances of $50,000 and $228,572 respectively. The promissory note bears an interest rate of 4% per annum, the convertible notes bear interest at a rate of 15% per annum, and the loans bear interest at a rate of 6% per annum.

Marketing of $47,847 (2018 - $158,248) decreased due to an effort to cut costs and streamline operations.

Legal fees of $12,815 (2018 - $38,268) was higher during the 2018 fiscal period as a result of the legal costs incurred in relation to the Company’s transformation of the HPI Platform into one that is based on blockchain technology.

Office and miscellaneous of $193,837 (2018 – $153,271) increased during the nine months ended November 30, 2019 compared with 2018, due to higher costs in relation to the Live Streaming Service.

Rent of $21,044 (2018 – $39,783) decreased during the nine months ended November 30, 2019, as a result of the adoption of IFRS 16, Leases (“IFRS 16”), which effectively allocated the Hong Kong office rent expense to be capitalized as property.

Salaries and benefits of $66,149 (2018 – $245,464) decreased due to an effort to cut costs and streamline operations.

Share-based payments of $nil (2018 – $143,110) decreased as no stock options were granted during the nine months ended November 30, 2019, while the Company granted 840,000 stock options during the year ended February 28, 2019.

Three months ended November 30, 2019
The Company recorded a net loss of $654,637 ($0.01 per share) for the three months ended November 30, 2019, which is consistent with the net loss of $639,313 ($0.01 per share) for the three months ended November 30, 2018.

QUARTERLY FINANCIAL REVIEW

The following table sets forth selected financial information from the Company's unaudited quarterly financial statements for each of the eight most recently completed quarters. No cash dividends were declared in any of the reported periods.

	THREE MONTHS ENDED			
	Nov 30, 2019 $	**Aug 31, 2019 $**	**May 31, 2019 $**	**Feb 28, 2019 $**
Revenue	190,524	172,431	25,989	Nil
Direct costs	201,243	218,549	43,000	Nil
Total assets	2,004,107	2,182,645	2,562,538	2,172,718
Working capital (deficiency)	(1,549,534)	(1,158,192)	(722,661)	(741,999)
Net loss	(654,637)	(658,949)	(847,897)	(681,366)
Net loss per share(1)	(0.01)	(0.01)	(0.01)	(0.01)

	THREE MONTHS ENDED			
	Nov 30, 2018 $	**Aug 31, 2018 $**	**May 31, 2018 $**	**Feb 28, 2018 $**
Revenues	Nil	Nil	Nil	Nil
Direct costs	Nil	Nil	Nil	Nil
Total assets	2,177,967	2,541,995	2,918,072	3,036,465
Working capital (deficiency)	(601,655)	(280,799)	(275,380)	(195,048)
Net loss	(639,313)	(883,132)	(517,347)	(634,473)
Net loss per share(1)	(0.01)	(0.01)	(0.01)	(0.00)

(1)The basic and fully diluted calculations result in the same value due to the anti-dilutive effect of outstanding stock options and warrants if any.

During the three and nine months ended November 30, 2019, the Company started generating revenues from its Live Streaming Service and incurring direct costs.

FINANCING ACTIVITIES

The Company received loans of $85,318 during the year ended February 28, 2018 from a company controlled by Kean Li Wong, Interim CEO, which were non-interest bearing, due on demand, unsecured and had no maturity date. The Company made repayments of $45,000 during the year ended February 28, 2018 and repaid the remaining outstanding balance during the year ended February 28, 2019. During the nine months ended November 30, 2019, the Company received an additional $36,023 from Kean Li Wong. The balance outstanding as at November 30, 2019 was $36,023 (February 28, 2019 – ($7,678)).

On November 5, 2018, the Company entered into a loan agreement for $50,000, which matures on November 1, 2020 and has an interest rate of 6% per annum. The lender became a director of the Company on September 1, 2019, so the loan has been reclassified from loan payable to due to related parties as at November 30, 2019. The principal balance outstanding plus accrued interest of $3,205 outstanding as at November 30, 2019 is $53,205 (February 28, 2019 – $50,945).

During the year ended February 28, 2019, the Company received a non-interest bearing loan of $1,000 from a director of the Company. The loan is due on demand, unsecured and has no maturity date. The balance outstanding as at November 30, 2019 is $1,000 (February 28, 2019 – $1,000).

During the year ended February 28, 2019, the Company received advances totalling $228,572 from a shareholder of the Company. The proceeds were received in three difference tranches of CAD$6,000, HKD 740,000 and RMB 500,000. On June 1, 2019, the Company entered into a loan agreement with respect to these advances. The loan matures on June 1, 2020 and has an interest rate of 6% per annum. During the nine months ended November 30, 2019, the Company received additional advances of $351,956 from the same shareholder. The balance outstanding of $571,852 plus accrued interest of $6,766 as at November 30, 2019 is $578,618 (February 28, 2019 – $228,572).

During the year ended February 28, 2019, the Company received $50,000 of proceeds from a shareholder of the Company in advance of a share issuance. The balance outstanding as at November 30, 2019 is $50,000 (February 28, 2019 – $50,000).

During the year ended February 28, 2019, the Company also received 2 bitcoins from a shareholder which were awarded to the users as a marketing expense. The fair value of the bitcoin liability as at November 30, 2019 is $19,602 (February 28, 2019 – $10,070), with change in fair value from initial recognition recognized in statements of loss and comprehensive loss. The outstanding balance shall be repaid in the form of bitcoins or cash equivalent to the value of bitcoin on the day of repayment. The balance is due on demand and is non-interest bearing.

During the nine months ended November 30, 2019, the Company received additional non-interest bearing loans of $72,304 from two directors of the Company. The loans are due on demand, unsecured and have no maturity date. The balance outstanding as at November 30, 2019 is $72,095 (February 28, 2019 – $nil).

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. On July 17, 2018, $50,000 of these convertible notes were converted to 434,782 units of the Company.

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.

In August 2018, the Company issued 120,000 common shares pursuant to exercise of warrants for total gross proceeds of $24,000 at an exercise price of $0.20.

During the nine months ended November 30, 2019, the Company received $90,000 of a non-interest bearing loan. The loan is due on demand, unsecured and has no maturity date. The balance outstanding as at November 30, 2019 is $90,000 (February 28, 2019 – $nil).

LIQUIDITY, CAPITAL RESOURCES AND GOING CONCERN

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and to maintain a flexible capital structure that optimizes the costs of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity as well as cash. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

To maintain or adjust its capital structure, the Company may issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash. The Company is dependent on the capital markets as its primary source of operating working capital and the Company's capital resources are largely determined by its ability to compete for investor support of its projects.

The Company is not subject to any capital requirements imposed by a regulator, other than continued listing requirements of the CSE.

As at November 30, 2019, the Company held cash of $24,838 and had a working capital deficiency of $1,549,534. During the nine months ended November 30, 2019, net cash used in operating activities was $580,079. Net cash provided by financing activities consisted of net advances from related parties of $467,961, proceeds from loan payable of $90,000, and shares to be issued of $390,000. The Company also purchased equipment of $28,313 and incurred $380,921 of software development costs as part of investing activities. The Company needs to complete additional financings in order to maintain its current activity levels and to fund ongoing operations. There can be no assurance that financing, whether debt or equity, will always be available to the Company in the future.

The Company's consolidated financial statements have been prepared on the going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. As at November 30, 2019, the Company had not yet achieved profitable operations and had an accumulated deficit of $13,522,767 since inception.

Historically the Company has financed its operations primarily through equity issuances and occasionally through loans from shareholders. The Company currently has insufficient cash to fund its operations for the next twelve months. As a result there is significant doubt about the Company's ability to continue as a going concern. In assessing whether the going concern assumption was appropriate, management took into account all relevant information available about the future, which was at least, but not limited to the twelve months following November 30, 2019.

The Company has started generating revenues from its Live Streaming Service during the quarter ended May 31, 2019, but in order to generate higher revenues, management believes that the Company needs to reach a higher threshold level of users for its apps.

The Company is also exploring financing alternatives in order to provide additional capital.

These plans are expected to generate sufficient liquidity to finance operations within the next fiscal year until the Company can generate higher revenues to cover its operating and overhead costs. The Company believes that based on the financial strength of its existing shareholder base and previous success in raising capital, any shortfall in its operating plan will be met through one or more of the above strategies.

CAPITAL EXPENDITURES

The Company incurred software development costs of $380,921 (2018 - $229,107) and purchases of equipment of $28,313 (2018 – $919) during the nine months ended November 30, 2019. The Company does not currently have any capital expenditure commitments.

RELATED PARTY TRANSACTIONS

The Company's related parties consist of the Company's directors, officers and companies associated with them, including Malaspina Consultants Inc., a company that until July 31, 2018 was owned by Robert McMorran, a director and in which Natasha Tsai, the former CFO, was an associate until July 31, 2018 and an owner thereafter. The Company incurred charges to directors and officers, or to companies associated with these individuals during the three and nine months ended November 30, 2019 and 2018 as follows:

	Three months ended November 30		**Nine months ended November 30**	
	2019	**2018**	**2019**	**2018**
	$	**$**	**$**	**$**
Accounting fees [1]	5,903	5,822	32,567	24,864
Management fees[2]	26,246	37,666	79,542	74,644
Share-based payment	-	-	-	42,592
	32,149	43,488	112,109	142,100

[1] The charges include accounting fees paid to Malaspina Consultants Inc.

[2] The charges include management fees paid to Kean Li Wong, Interim CEO.

Accounts payable and accrued liabilities at November 30, 2019 included $74,409 due to KL Wong, Interim CEO, $62,146 due to Malaspina Consultants Inc. and $1,186 due to Gunther Roehlig, a director. Related party transactions are conducted in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

Key management of the Company includes the President, Interim CEO, former CFO and the Directors. During the three and nine months ended November 30, 2019, compensation paid to key management consisted of management fees of $26,246 and $79,542 (2018 – $37,666 and $74,644) paid/incurred to Kean Li Wong, $5,903 and $32,567 (2018 – $5,823 and $24,865) paid to Malaspina Consultants Inc., and share-based payments of $nil and $nil (2018 – $nil and $42,592) to directors and officers.

The Company received loans of $85,318 during the year ended February 28, 2018 from a company controlled by Kean Li Wong, Interim CEO, which were non-interest bearing, due on demand, unsecured and had no maturity date. The Company made repayments of $45,000 during the year ended February 28, 2018 and repaid the remaining outstanding balance during the year ended February 28, 2019. During the nine months ended November 30, 2019, the Company received an additional $36,023 from Kean Li Wong. The balance outstanding as at November 30, 2019 was $36,023 (February 28, 2019 – ($7,678)).

On November 5, 2018, the Company entered into a loan agreement for $50,000, which matures on November 1, 2020 and has an interest rate of 6% per annum. The lender became a director of the Company on September 1, 2019, so the loan has been reclassified from loan payable to due to related parties as at November 30, 2019. The principal balance outstanding plus accrued interest of $3,205 outstanding as at November 30, 2019 is $53,205 (February 28, 2019 – $50,945).

During the year ended February 28, 2019, the Company received a non-interest bearing loan of $1,000 from a director of the Company. The loan is due on demand, unsecured and has no maturity date. The balance outstanding as at November 30, 2019 is $1,000 (February 28, 2019 – $1,000).

During the year ended February 28, 2019, the Company received advances totalling $228,572 from a shareholder of the Company. The proceeds were received in three difference tranches of CAD$6,000, HKD 740,000 and RMB 500,000. On June 1, 2019, the Company entered into a loan agreement with respect to these advances. The loan matures on June 1, 2020 and has an interest rate of 6% per annum. During the nine months ended November 30, 2019, the Company received additional advances of $351,956 from the same shareholder. The balance outstanding of $571,852 plus accrued interest of $6,766 as at November 30, 2019 is $578,618 (February 28, 2019 – $228,572).

During the year ended February 28, 2019, the Company received $50,000 of proceeds from a shareholder of the Company in advance of a share issuance. The balance outstanding as at November 30, 2019 is $50,000 (February 28, 2019 – $50,000).

During the year ended February 28, 2019, the Company also received 2 bitcoins from a shareholder which were awarded to the users as a marketing expense. The fair value of the bitcoin liability as at November 30, 2019 is $19,602 (February 28, 2019 – $10,070), with change in fair value from initial recognition recognized in statements of loss and comprehensive loss. The outstanding balance shall be repaid in the form of bitcoins or cash equivalent to the value of bitcoin on the day of repayment. The balance is due on demand and is non-interest bearing.

During the nine months ended November 30, 2019, the Company received additional non-interest bearing loans of $72,304 from two directors of the Company. The loans are due on demand, unsecured and have no maturity date. The balance outstanding as at November 30, 2019 is $72,095 (February 28, 2019 – $nil).

Other than as reflected above, there were no other transactions with key management, or compensation paid or payable for their services.

ADOPTION OF NEW ACCOUNTING STANDARDS AND ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Initial adoption of accounting policy
Revenue recognition

The Company receives commission revenues based on the amounts earned by the hosts of the Live Streaming Service. The commission revenues are recognized as they are earned.

New and amended standards adopted by the Company
The Company adopted all of the requirements of IFRS 16, *Leases* ("IFRS 16") as of March 1, 2019. IFRS 16 replaces IAS 17, *Leases* ("IAS 17"). IFRS 16 provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The Company has adopted IFRS 16 using the modified retrospective application method, where the 2018 comparatives are not restated and a cumulative catch up adjustment is recorded on March 1, 2019 for any differences identified, including adjustments to opening retained earnings balance.

The Company analyzed its contracts to identify whether they contain a lease arrangement for the application of IFRS 16. The following is the Company's new accounting policy for leases under IFRS 16:

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases of right-of-use assets are recognized at the lease commencement date at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, and otherwise at the Company's incremental borrowing rate. At the commencement date, a right-of-use asset is measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term, except where the lease contains a bargain purchase option a right-of-use asset is depreciated over the asset's useful life.

On the date of transition, the Company recorded a right-of-use asset of $18,271 related to the office rent in property and equipment, and the lease obligation of $18,780 was recorded as at March 1, 2019, discounted using the Company's incremental borrowing rate of 8%, and measured at an amount equal to the lease obligation as if IFRS 16 had been applied since the commencement date. The net difference between right-of-use assets and lease liabilities on the date of transition was recognized as a retained earnings adjustment of $509 on March 1, 2019.

IFRS 9, *Financial Instruments* ("Amendments") clarifies that a financial asset that would otherwise have contractual cash flows that are solely payments of principal and interest but do not meet that condition only as a result of a prepayment feature with negative compensation may be eligible to be measured at either amortized cost or fair value through other comprehensive income. This classification is subject to the assessment of the business model in which the particular financial asset is held as well as consideration of whether certain eligibility conditions are met. The adoption of these amendments did not have a material impact on the Company's consolidated financial statements.

New standards and interpretations not yet adopted

In October 2018, the IASB issued amendments to IFRS 3, Business Combinations. The amendments narrowed and clarified the definition of a business. The amendments will help companies determine whether an acquisition is a business or a group of assets. They also permit a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business. Distinguishing between a business and a group of assets is important because an acquirer recognizes goodwill only when acquiring a business. This amendment will be effective for annual periods beginning on or after January 1, 2020. Early adoption is permitted.

OFF-BALANCE SHEET ARRANGEMENTS

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

CAPITALIZATION

a) **Authorized**
Unlimited common shares without par value

b) **Issued and outstanding at January 29, 2020:**
72,985,091 common shares

c) **Outstanding warrants and options:**

Type of security	Number	Exercise Price	Expiry date
Share purchase warrants	434,782	$0.115	July 17, 2023
Stock options	6,400,000	$ 0.15	May 13, 2021
Stock options	840,000	$ 0.22	June 6, 2023

OUTLOOK

During the 2019 fiscal year the Company has introduced an incentives-based rewards platform which the Company expects to cause users to be more incentivized to help each other across all of the Company's apps, as well as pave the way for gradual monetization of its user base.

The Company has also transformed the HPI Platform into one that is based on blockchain technology. The main purpose of implementing blockchain technology is to develop the HPI 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.

With the launch of the Livestreaming Service through the release of version 6.0 of the HPI Platform, users are now able to broadcast themselves live to other users, receive virtual gifts from viewers, and even redeem the gifts for cash. The Company will monitor user behavior patterns and gauge feedback as it prepares for the second phase full launch which will expand the Live Streaming Service worldwide, as well as add further features to enhance the livestreaming experience. The launch of the livestreaming service also marks the Company's first step in creating a steady revenue stream, with further efforts to monetize the userbase to come.

DISCLOSURE CONTROLS AND PROCEDURES

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer’s Annual and Interim Filings) (“NI 52-109”), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited condensed interim consolidated financial statements for the nine months ended November 30, 2019 and this accompanying MD&A.

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Annual Filings on SEDAR at www.sedar.com.

RISKS AND UNCERTAINTIES

An investment in the Company is speculative and involves a high degree of risk. Accordingly, prospective investors should carefully consider the specific risk factors set out below, in addition to the other information contained in this document, before making any decision to invest in the Company. The directors consider the following risks and other factors to be the most significant for potential investors in the Company, but the risks listed do not necessarily comprise all those associated with an investment in the Company and are not set out in any particular order of priority. Additional risks and uncertainties not currently known to the directors may also have an adverse effect on the Company’s business.

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 HPI 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.

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 HPI 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 HPI 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 HPI 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 HPI 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 HPI 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.

OTHER INFORMATION

Additional information relating to the Company can be found on SEDAR at www.sedar.com.