

# **HOPE WELL CAPITAL CORP.\***

Interim Condensed Consolidated Financial Statements  
(Expressed in Canadian dollars)

For the Three and Nine months Ended October 31, 2020  
(Unaudited)

\* Hope Well Capital Corp. is in no way affiliated with or related to Hopewell Capital Corporation, a separate pre-existing business purportedly engaged in the field of venture capital across Canada, or the Hopewell Group of Companies' multi-faceted real estate and logistics group

# HOPE WELL CAPITAL CORP.

## Interim Condensed Consolidated Statement of Financial Position

(Expressed in Canadian dollars)

(Unaudited)

As at October 31, 2020 and January 31, 2020

	October 31, 2020	January 31, 2020
<b>Assets</b>		
Current assets:		
Cash and cash equivalents (note 3)	\$ 776,321	\$ 854,997
<b>Total assets</b>	<b>\$ 776,321</b>	<b>\$ 854,997</b>
<b>Liabilities and Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 19,180	\$ 19,013
Total liabilities	19,180	19,013
<b>Equity:</b>		
Share capital (note 4)	1,083,704	1,083,704
Contributed surplus (note 4)	281,321	281,321
Deficit	(607,884)	(529,041)
Total equity	757,141	835,984
<b>Total liabilities and equity</b>	<b>\$ 776,321</b>	<b>\$ 854,997</b>

Nature of operations (Note 1)

Subsequent events (Note 6)

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

### On behalf of the Board:

Signed "Sheldon Kales" Director

Signed "Peiwei Ni" Director

# HOPE WELL CAPITAL CORP.

## Interim Condensed Consolidated Statement of Operations and Comprehensive Loss

(Expressed in Canadian dollars)

(Unaudited)

For the Three and Nine Months Ended October 31, 2020 and 2019

	Three-month periods ended October 31,		Nine-month periods ended October 31,	
	2020	2019	2020	2019
<b>Other Income:</b>				
Interest income	\$ -	\$ 1,250	\$ 1,892	\$ 1,834
Settlement fees (note1)	-	-	-	300,000
<b>Expenses:</b>				
TSXV filing fees and others	\$ (4,090)	\$ (4,807)	\$ (26,806)	\$ (22,118)
Professional fees, disbursements & HST	(18,180)	(9,218)	(53,929)	(174,441)
<b>Net profit (loss) and Comprehensive profit (loss)</b>				
	<b>\$ (22,270)</b>	<b>\$ (12,775)</b>	<b>\$ (78,843)</b>	<b>\$ 105,275</b>
Earning (Loss) per share				
Basic	\$ (0.004)	\$ (0.002)	\$ (0.013)	\$ 0.014
Diluted	\$ (0.004)	\$ (0.002)	\$ (0.013)	\$ 0.014
Weighted average number of shares outstanding				
Basic	6,249,999	7,724,999	6,249,999	7,724,999
Diluted	6,249,999	7,724,999	6,249,999	7,724,999

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

# HOPE WELL CAPITAL CORP.

## Interim Condensed Consolidated Statement of Changes in Equity

(Expressed in Canadian dollars)

(Unaudited)

For the Nine Months Ended October 31, 2020 and 2019

	Number of Common Share	Share Capital	Contributed Surplus	Deficit	Total
Balance, February 1, 2019	7,724,999	\$1,083,704	\$ 281,321	\$ (618,625)	\$ 746,400
Net profit for the 9-month period	-	-	-	105,275	105,275
<b>Balance, October 31, 2019</b>	<b>7,724,999</b>	<b>1,083,704</b>	<b>281,321</b>	<b>(513,350)</b>	<b>851,675</b>
Net loss for 3-month period	-	-	-	(15,691)	(15,691)
Balance, January 31, 2020	7,724,999	\$ 1,083,704	\$ 281,321	\$ (529,041)	\$ 835,984
Net profit for 9-month period	-	-	-	(78,843)	(78,843)
<b>Balance, October 31, 2020</b>	<b>7,724,999</b>	<b>\$ 1,083,704</b>	<b>\$ 281,321</b>	<b>\$ (607,884)</b>	<b>\$ 757,141</b>

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

# HOPE WELL CAPITAL CORP.

## Interim Condensed Consolidated Statement of Cash Flows

(Expressed in Canadian dollars)

(Unaudited)

For the Nine Months Ended October 31, 2020 and 2019

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	October 31, 2020	October 31, 2019
<b>Cash flows from operating activities:</b>		
Net profit(loss) for the 9-month period	\$ (78,843)	\$ 105,275
Change in non-cash operating working capital:		
Advances payable and accrued liabilities	167	(47,366)
<hr/>		
Cash used in operating activities	(78,676)	57,909
<b>Decrease/Increase in Cash</b>	<b>(78,676)</b>	<b>57,909</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>854,997</b>	<b>865,296</b>
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<b>Cash and cash equivalents, end of period</b>	<b>\$ 776,321</b>	<b>\$ 923,205</b>

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The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

# HOPE WELL CAPITAL CORP.

## Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the Years Ended January 31, 2020 and 2019

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### 1. Nature of operations

Hope Well Capital Corp. (the "Corporation" or "HWCC") was incorporated under the Business Corporations Act (Ontario) on December 1, 2016 with the intent of being classified as a Capital Pool Company ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange").

On May 3, 2017, the Corporation completed its initial public offering pursuant to a prospectus dated March 24, 2017 by issuing 6,249,999 common shares of the Corporation at a price of \$0.20 per common share for total gross proceeds of \$1,250,000. The common shares of the Corporation were listed on the Exchange on May 9, 2017 under the symbol "HOPE.P" and the Corporation was classified as a CPC.

The Corporation has no assets other than cash. The Corporation proposes to identify and evaluate potential acquisitions of businesses (for a "Qualifying Transaction"), and once identified and evaluated, to negotiate an acquisition or participation.

The Corporation's continuing operations are dependent upon its ability to evaluate and negotiate an agreement to acquire an interest in a material asset or business within twenty-four months of listing on the Exchange. Where an acquisition or participation is warranted, additional funding may be required. The ability of the Corporation to fund its potential future operations and commitments is dependent upon its ability to obtain additional financing. There is no assurance that the Corporation will be able to complete a Qualifying Transaction within twenty-four months of being listed or that it will be able to secure the necessary financing to complete a Qualifying Transaction. The Exchange has suspended and may de-list the Corporation's common shares from trading should it not meet these requirements.

On May 10, 2019, the Exchange suspended trading of the Corporation's shares in accordance with the Exchange policy as the Corporation was not able to identify a Qualifying Transaction within the time limitations permissible under the policies of the Exchange, which was by May 9, 2019. The trading of the Corporation's shares on the Exchange will remain suspended until the Corporation completes a qualifying transaction, to the applicable Exchange policy has been amended. The Corporation continues to pursue its search for a Qualifying Transaction.

# HOPE WELL CAPITAL CORP.

## Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the Years Ended January 31, 2020 and 2019

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### 1. Nature of operations (continued)

Hope Well Capital Corp. has its wholly owned subsidiary, 2644246 Ontario Limited. ("Hope Well Sub"), which was incorporated on July 5, 2018, and is inactive. These unaudited interim condensed consolidated financial statements include the financial statements of the Corporation and its wholly owned subsidiary.

The address of the Corporation's registered office, as of the year end date, was Suite 3000, 77 King Street West, Toronto, Ontario. These unaudited interim condensed consolidated financial statements were approved and authorized for issuance by the Board of Directors on December 30, 2020.

#### Terminated Proposed Qualifying Transaction with Payfare

On November 17, 2017, the Corporation entered into a letter of intent for a business combination (the "Payfare Transaction") with Payfare Inc. ("Payfare"), that would have resulted in a reverse take-over of HWCC on the Exchange. If completed, the Payfare Transaction was intended to constitute the "Qualifying Transaction" of the Corporation under Policy 2.4 - Capital Pool Companies (the "CPC Policy") of the Exchange. Subsequently, the Corporation and its wholly owned subsidiary, 2644246 Ontario Limited entered into an amalgamation agreement with Payfare on July 27, 2018, which was amended and restated on September 27, 2018, further amended on November 20, 2018 and further amended and restated on March 4, 2019 (the "Amalgamation Agreement").

On March 6, 2019 the Exchange conditionally approved the listing of the resulting issuer on closing of the Payfare Transaction between the Corporation and Payfare.

On March 15, 2019, the Corporation received an email notice from Payfare with a copy of a non-binding letter of intent from an unidentified party to purportedly acquire all outstanding securities of Payfare for a cash and stock transaction (the "Alternative Offer"). Payfare claimed that the Alternative Offer was a "Superior Merger Proposal" under the Amalgamation Agreement and terminated the Payfare Transaction with the Corporation on March 27, 2019.

The Corporation disputed Payfare's claims and commenced a legal action against Payfare with respect to Payfare's non-compliance with the Amalgamation Agreement claiming, among other

# HOPE WELL CAPITAL CORP.

## Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the Years Ended January 31, 2020 and 2019

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### 1. Nature of operations (continued)

things, breach of contract, seeking damages including expenses incurred by the Corporation in connection with the Payfare Transaction.

The Corporation's shares resumed trading on the Exchange on April 9, 2019. On May 10, 2019 the Exchange suspended trading of the Corporation's shares in accordance with the Exchange policy as the Corporation did not complete a qualifying transaction by May 9, 2019, which was two years from listing on the Exchange. The trading of the Corporation's shares on the Exchange will remain suspended until the Corporation completes a qualifying transaction, or the applicable Exchange policy has been amended.

On June 12, 2019, the Corporation entered into a settlement agreement with full and final mutual releases with Payfare in connection with claims made by the Corporation against Payfare and counterclaims made by Payfare against the Corporation in a court action regarding the disputes on Payfare's termination of the proposed Payfare Transaction. The parties settled the disputes without admission of liability. Settlement fee of \$300,000 was received together with remaining balance of retainer for \$90,577.58, which was deposited into GIC account with one-year term and annual interest rate of 1.27% maturing on June 19, 2020.

#### Termination of Proposed Qualifying Transaction with Loc8

On February 6, 2020, the Corporation entered into a letter of intent, as amended as of March 11, 2020 (the "Loc8 LOI") for a business combination (the "Loc8 Transaction") with Loc8 Corp. ("Loc8"), a corporation existing under the laws of Ontario that would have resulted in a reverse take-over of HWCC on the Exchange.

Prior to, and as a condition of closing of the Loc8 Transaction and subject to TSXV approval, HWCC would consolidate its outstanding shares (the "Consolidation") on the basis of 1.20 pre-Consolidation common shares for one post-Consolidation common share (a "Post-Consolidation Share"). The Corporation also expected to change its name to "Deepspatial AI Corp." or such other similar name approved by the directors of HWCC and Loc8 and acceptable to the applicable regulatory authorities.

# HOPE WELL CAPITAL CORP.

## Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the Years Ended January 31, 2020 and 2019

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### 1. Nature of operations (continued)

In conjunction with the Loc8 Transaction, Loc8 and HWCC entered into an engagement letter with Mackie Research Capital Corporation on February 11, 2020 to conduct a brokered private placement (the "Loc8 Financing") led by Mackie Research Capital Corporation to raise gross proceeds of a minimum of \$2,000,000 and a maximum of \$3,000,000 through the issuance of subscription receipts of Loc8.

Pursuant to the terms of the LOI, completion of the Loc8 Transaction would be subject to a number of conditions, including completion of a minimum raise of \$2,000,000 in the Loc8 Financing, receipt of all required regulatory approvals, including the approval of the Exchange of the Loc8 Transaction, completion of all due diligence reviews, satisfaction of the minimum listing requirements of the Exchange and all requirements under the Exchange rules relating to completion of a qualifying transaction, and the execution of a definitive agreement.

On June 17, 2020, Loc8 and the Corporation terminated the Loc8 LOI and the LOC8 Transaction, primarily due to the delay of the completion of the audit of Loc8's financial statements.

The Corporation will seek out other potential targets for its qualifying transaction. Trading in the common shares of the Corporation has been halted since May 10, 2019. Trading will remain halted until, among other things, the Corporation completes a qualifying transaction in accordance with the policies of the Exchange.

#### Impact of COVID 19

During the period, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Corporation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and

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## Notes to Interim Condensed Consolidated Financial Statements

(Expressed in Canadian dollars)

(Unaudited)

For the Three and Nine Months Ended October 31, 2020

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### 1. Nature of operations (continued)

quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

### 2. Significant accounting policies

#### *a) Statement of compliance*

The significant accounting policies applied in the Corporation's consolidated financial statements are based on International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") effective as of January 31, 2019.

#### *b) Basis of measurement*

These unaudited interim condensed consolidated financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

### 3. Cash and cash equivalents

Once the Corporation has been classified as a Capital Pool Company, the proceeds raised from the issuance of capital stock may only be used to identify and evaluate assets or businesses for future investments, with the exception that not more than the lesser of 30% of the gross proceeds from the sale of all securities issued by the Corporation or \$210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenditures of the Corporation. These restrictions apply until completion of a Qualifying Transaction by the Corporation as defined under the policies of the Exchange.

# HOPE WELL CAPITAL CORP.

## Notes to Interim Condensed Consolidated Financial Statements

(Expressed in Canadian dollars)

(Unaudited)

For the Three and Nine Months Ended October 31, 2020

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### 4. Share capital

#### *Authorized Unlimited Common Shares*

The Corporation is authorized to issue an unlimited number of common shares, and on April 30, 2017, the Corporation issued 1,475,000 common shares at \$0.10 per share for total proceeds of \$147,500.

On May 3, 2017, the Corporation completed its initial public offering (the "Offering") pursuant to the Prospectus through its agent, Mackie Research Capital Corporation (the "Agent") of 6,249,999 common shares of the Corporation at a price of \$0.20 per common share for total gross proceeds of \$1,250,000.

As consideration for its role as agent, the Corporation granted to the Agent a non-transferable option to purchase up to 625,000 common shares of the Corporation at a price of \$0.20 per common share for a period of 24 months until May 3, 2019. In addition, the Agent received a cash commission in an amount equal to 10% of the gross proceeds of the initial public offering, a work fee of \$15,000 and reimbursement of certain expenses.

Upon closing of the initial public offering, the Corporation also granted 772,500 incentive stock options to its directors and officers which are exercisable for a period of five years at an exercise price of \$0.20 per share. On June 29, 2017, the Corporation received the resignation from a director and officer, and the 270,375 options granted to this director and officer expired on September 29, 2017 without being exercised in accordance with the terms of the stock option plan. On November 6, 2017, the Corporation granted a total of 270,374 options to two directors, exercisable at a price of \$0.21 per share until November 6, 2022.

#### *Escrow shares*

All the 1,475,000 common shares issued prior to the Offering and all common shares that may be acquired from treasury of the Corporation by non-arm's length parties, as defined in the policies of the Exchange, of the Corporation prior to the completion of the Qualifying Transaction will be deposited with the trustee under the escrow agreement. Under the Discount Seed Escrow Agreement, 10% of the escrowed Common Shares will be released from escrow on the issuance of the Final Exchange Bulletin (the "Initial Release") and an additional 15% will be released on the dates which are 6 months, 12 months, 18 months, 24

# HOPE WELL CAPITAL CORP.

## Notes to Interim Condensed Consolidated Financial Statements

(Expressed in Canadian dollars)

(Unaudited)

For the Three and Nine Months Ended October 31, 2020

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### 4. Share capital (continued)

months, 30 months and 36 months following the Initial Release. This release schedule may be accelerated if the Corporation is listed as a Tier 1 Issuer.

All common shares acquired upon exercise of stock options prior to the completion of a Qualifying Transaction must also be deposited in escrow until the final exchange bulletin is issued, following which the common shares will be released from escrow in accordance with the terms of the escrow agreement.

All common shares of the Corporation acquired in the secondary market prior to the completion of a Qualifying Transaction by a control person, as defined in the policies of the Exchange, are required to be deposited in escrow. Subject to certain permitted exemptions, all securities of the Corporation held by principals of the resulting issuer following the Qualifying Transaction will also be escrowed. As at April 30, 2020, 1,475,000 common shares were held in escrow.

#### Stock Option Plan

During the year ended January 31, 2018, the directors of the Corporation approved a stock option plan (the "Plan") for the directors, officers, employees and consultants of the Corporation. The outstanding options granted under the Plan are exercisable for a period of up to 10 years from the date of the grant. The exercise price of the options shall be determined by the Board of Directors at the time of the grant. The aggregate number of shares issuable upon the exercise of all options granted under the plan shall not exceed 10% of the issued and outstanding common shares of the Corporation from time to time. The number of common shares reserved for issuance to (a) any participant will not exceed 5% of the issued and outstanding common shares in a twelve-month period, and (b) any individual director or officer will not exceed 5% of the issued and outstanding common shares while the corporation is a CPC, and (c) any person conducting investor relations activities within a 12 month period shall not exceed 2% of the common shares outstanding at the time of grant, provided that, while the Corporation is a CPC, no common shares may be reserved for issuance to any persons conducting investor relations activities, promotional or market-making services, and (d) Insiders shall not exceed 10% of the common shares outstanding from time to time, and (e) Insiders within a 12 month period shall not exceed 10% of the common shares outstanding

# HOPE WELL CAPITAL CORP.

## Notes to Interim Condensed Consolidated Financial Statements

(Expressed in Canadian dollars)

(Unaudited)

For the Three and Nine Months Ended October 31, 2020

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### 4. Share capital (continued)

from time to time; and (f) to any one consultant in any 12 month period shall not exceed 2% of the common shares outstanding at the time of the grant. Options granted to an optionee while the Corporation is a CPC who does not continue as a director, officer, technical consultant or employee of the resulting issuer may be exercised until the later of 12 months after the completion of the Qualifying Transaction and 90 days after the optionee ceases to be a director, officer, technical consultant or employee of the resulting issuer.

As at October 31, 2020, the Corporation had a total of 772,499 stock options outstanding and exercisable, with 502,125 stock options exercisable for a period of five years until May 3, 2022 at an exercise price of \$0.20 per share, and 270,374 stock options exercisable for a period of five years until November 6, 2022 at an exercise price of \$0.21 per share.

### 5. Related party transactions

During the three and nine months period ended October 31, 2020, the Corporation paid legal fees, disbursements and applicable HST of nil and \$32,006.29 respectively provided by a legal professional corporation whose principal lawyer became a director of the Corporation on August 6, 2019.

There was no other transaction with related parties and no remuneration was paid to key management personnel during the three and nine months period ended October 31, 2020.

All transactions with related parties occurred in the normal course of operations.