



**MAPLE PEAK INVESTMENTS INC.**

**CONDENSED INTERIM FINANCIAL STATEMENTS**

**(Unaudited – Prepared by Management)**

**Six Months Ended October 31, 2020 and 2019**

**MAPLE PEAK INVESTMENTS INC.**

**NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed interim financial statements; the statements must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of financial statements by an entity's auditor.

Management has prepared the information and representations in this interim report. The condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards and, where appropriate, reflect management's best estimates and judgment. The financial information presented throughout this report is consistent with the data presented in the condensed interim financial statements.

The company maintains adequate systems of internal accounting and administrative controls, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that relevant and reliable financial information is produced.

(signed)

*"Samuel Yuen-Wai Tsang"*

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Chief Financial Officer

December 8, 2020

**MAPLE PEAK INVESTMENTS INC.**  
**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION (UNAUDITED)**  
**EXPRESSED IN CANADIAN DOLLARS**

	October 31, 2020	April 30, 2020
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents (Note 3)	\$ 2,433,128	\$ 2,897,197
Other receivables	1,441	5,068
Prepaid expenses	910	3,640
	<u>2,435,479</u>	<u>2,905,905</u>
<b>Investments (Note 4)</b>	<u>3,250,487</u>	<u>4,051,435</u>
<b>Total Assets</b>	<u>\$ 5,685,966</u>	<u>\$ 6,957,340</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 8)	\$ <u>104,943</u>	\$ <u>84,095</u>
<b>Total Liabilities</b>	<u>104,943</u>	<u>84,095</u>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 5)	8,192,331	8,192,331
Reserve	558,842	558,842
Accumulated other comprehensive income	657,361	1,339,864
Deficit	<u>(3,827,511)</u>	<u>(3,217,792)</u>
	<u>5,581,023</u>	<u>6,873,245</u>
<b>Total Liabilities and Shareholder's Equity</b>	<u>\$ 5,685,966</u>	<u>\$ 6,957,340</u>

**Approved and authorized by the Board:**

*"Thurman Tat Hong So"*

Thurman Tat Hong So, Director

*"Dennis Chi-Wai Tam"*

Dennis Chi-Wai Tam, Director

The accompanying notes are an integral part of these financial statements.

**MAPLE PEAK INVESTMENTS INC.**  
**CONDENSED INTERIM STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)**  
**(UNAUDITED)**  
**EXPRESSED IN CANADIAN DOLLARS**

	Three months ended October 31, 2020	Three months ended October 31, 2019	Six months ended October 31, 2020	Six months ended October 31, 2019
<b>OPERATING EXPENSES</b>				
Accounting and legal fees	\$ 25,702	\$ 22,319	\$ 29,902	\$ 27,044
Bank charges	435	320	435	345
Directors' fee (Note 8)	69,000	69,000	138,000	138,000
Meals & entertainment	-	115	-	115
Miscellaneous	1,247	1,122	1,247	1,122
Salaries and wages (Note 8)	165,000	165,000	330,000	330,000
Transfer agent & filing fees	5,965	4,327	7,932	7,002
	<u>267,349</u>	<u>262,203</u>	<u>507,516</u>	<u>503,628</u>
<b>OTHER INCOME</b>				
Dividend income (Note 8)	-	16,058	8,144	22,170
Interest income	2,813	17,855	8,098	36,359
	<u>2,813</u>	<u>33,913</u>	<u>16,242</u>	<u>58,529</u>
<b>Net loss before income tax</b>	(264,536)	(228,290)	(491,274)	(445,099)
Income tax recovery (expense)	<u>(108,128)</u>	<u>32,002</u>	<u>(118,445)</u>	<u>68,972</u>
<b>Net loss for the period</b>	(372,664)	(196,288)	(609,719)	(376,127)
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
Unrealized gain (loss) on investments, net of tax (Note 4) – not to be reclassified to profit or loss in subsequent period	<u>(616,396)</u>	<u>205,052</u>	<u>(682,503)</u>	<u>441,937</u>
<b>Total comprehensive income (loss) for the period</b>	<u>\$ (989,060)</u>	<u>\$ 8,764</u>	<u>\$ (1,292,222)</u>	<u>\$ 65,810</u>
<b>Loss per common share - Basic and Diluted</b>	<u>\$ (0.01)</u>	<u>\$ (0.00)</u>	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>
<b>Weighted average number of common shares outstanding – Basic and Diluted</b>	<u>59,000,000</u>	<u>59,000,000</u>	<u>59,000,000</u>	<u>59,000,000</u>

The accompanying notes are an integral part of these financial statements.

**MAPLE PEAK INVESTMENTS INC.**  
**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)**  
**EXPRESSED IN CANADIAN DOLLARS**

	Number of Shares	Share Capital	Reserve	Accumulated other comprehensive income	Deficit	Total
<b>Balance at April 30, 2019</b>	<b>59,000,000</b>	<b>\$ 8,192,331</b>	<b>\$ 558,842</b>	<b>\$ 2,267,131</b>	<b>\$ (2,175,193)</b>	<b>\$ 8,843,111</b>
Other comprehensive income for the period (Note 4)	-	-	-	441,937	-	441,937
Net loss for the period	-	-	-	-	(376,127)	(376,127)
<b>Balance at October 31, 2019</b>	<b>59,000,000</b>	<b>8,192,331</b>	<b>558,842</b>	<b>2,709,068</b>	<b>(2,551,320)</b>	<b>8,908,921</b>
Other comprehensive loss for the period (Note 4)	-	-	-	(1,369,204)	-	(1,369,204)
Net loss for the period	-	-	-	-	(666,472)	(666,472)
<b>Balance at April 30, 2020</b>	<b>59,000,000</b>	<b>8,192,331</b>	<b>558,842</b>	<b>1,339,864</b>	<b>(3,217,792)</b>	<b>6,873,245</b>
Other comprehensive loss for the period (Note 4)	-	-	-	(682,503)	-	(682,503)
Net loss for the period	-	-	-	-	(609,719)	(609,719)
<b>Balance at October 31, 2020</b>	<b>59,000,000</b>	<b>\$ 8,192,331</b>	<b>\$ 558,842</b>	<b>\$ 657,361</b>	<b>\$ (3,827,511)</b>	<b>\$ 5,581,023</b>

The accompanying notes are an integral part of these financial statements.

**MAPLE PEAK INVESTMENTS INC.**  
**CONDENSED INTERIM STATEMENTS OF CASH FLOWS (UNAUDITED)**  
**EXPRESSED IN CANADIAN DOLLARS**

	Six months ended October 31, 2020	Six months ended October 31, 2019
<b>CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Net loss for the period	\$ (609,719)	\$ (376,127)
Item not affected by cash:		
Income tax loss (recovery)	118,445	(68,972)
Change in non-cash working capital items:		
Account payable and accrued liabilities	20,848	34,828
Other receivables	3,627	4,578
Prepaid expenses	2,730	2,835
Cash flows provided by (used in) operating activities	<u>(464,069)</u>	<u>(402,858)</u>
<b>Decrease in cash and cash equivalents</b>	(464,069)	(402,858)
<b>Cash and cash equivalents, beginning of period</b>	<u>2,897,197</u>	<u>3,741,823</u>
<b>Cash and cash equivalents, end of period</b>	<u>\$ 2,433,128</u>	<u>\$ 3,338,965</u>
<b><u>CASH RECEIVED</u></b>		
Interest income	\$ 6,815	\$ 28,231
Dividend income	\$ 8,144	\$ 22,170

The accompanying notes are an integral part of these financial statements.

## **1. NATURE OF OPERATIONS**

Maple Peak Investments Inc. (the “Company” or “Maple Peak”) was incorporated under the Business Corporations Act (British Columbia) on February 7, 2013 and classified as a Capital Pool Company as defined in the TSX Venture Exchange (“TSX-V”) Policy 2.4. The Company’s common shares were listed and called for trading on the TSX-V on October 1, 2014.

On July 13, 2016, the Company completed its QT and became a Tier 2 Investment Issuer through the acquisition of such number common shares (“Melco Shares”) of Melco International Development Ltd. (“Melco”) equal to \$2,377,461 (such acquisition, the “Melco Investment”) and such number of common shares (“Loto Shares”) of Loto Interactive Ltd. (formerly MelcoLot Limited) (“Loto”) equal to \$125,000 (such acquisition, the “Loto Investment”). The Melco Investment and the Loto Investment (together, the “Transactions”) were to collectively constitute the Company’s QT. The common shares of the Company commenced trading on the Exchange as a non-“Capital Pool Company” on July 14, 2016 under the trading symbol MAP, and continued in the business of a public gaming focused investment corporation with its primary focus being to seek high returns by making investments in companies involving casinos, gaming and game of chance, leisure and entertainment, and resort projects. The Company adopted a set of investment policy. A key aspect of Maple Peak’s investment strategy as an investment issuer will be seeking undervalued companies backed by strong management teams and solid business models that can benefit from vast experience that the Maple Peak’s Board has in the casinos and gaming and resort operation business. Pursuant to this investment strategy, Maple Peak identified the Transactions as its initial investments.

The head office of the Company is located at 160 – 6751 Graybar Road, Richmond, British Columbia, B6W 1H3. The registered office of the Company is located at 20<sup>th</sup> floor, 250 Howe Street, Vancouver, British Columbia, V6C 3R8. The Company does not have any subsidiaries.

The condensed interim financial statements of the Company for the six months ended October 31, 2020 were authorized for issue in accordance with a resolution of the directors on December 8, 2020.

## **2. SIGNIFICANT ACCOUNTING POLICIES**

### **Basis of presentation**

These condensed interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”), Interim Financial Reporting, as issued by the International Accounting Standard Board (“IASB”), and as such do not include all of the information required for full annual financial statements.

These condensed interim financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

### **COVID-19**

The COVID-19 outbreak continues to have a material effect on Melco Investment. As the operations of this investment are largely based in Macau and its operations continue to be impacted by significant travel bans, restrictions and quarantine requirements imposed by the governments in Macau, Hong Kong and certain provinces in China. Given that the disruptions from the COVID-19 outbreak are ongoing, the future performance of the Melco Investment will be highly uncertain.

The operations of Loto Investment are based in China and the slowdown of China economic condition from COVID-19 outbreak would adversely affect the investment.

## **2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

### **Significant accounting judgments, estimates and assumptions**

#### Estimates and assumptions

The preparation of the financial statements in conformity with IAS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the financial statements is deferred taxes.

#### *Deferred taxes*

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, nor differences relating to investments in subsidiaries, and associates to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

### **Fair value measurements**

The Company's accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Investments have been designated as investments in equity instruments and carried at fair value with changes in fair value recognized in other comprehensive income. When the investments are disposed, cumulative unrealized gain/loss recorded in other comprehensive income is not reclassified to profit or loss.

The fair value of cash and cash equivalents, other receivables, accounts payable and accrued liabilities approximate their carrying value due to their short term to maturity.

## **2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

### **Fair value measurements (cont'd...)**

The fair value of share-based compensation is estimated using the Black-Scholes Option Pricing valuation model. The inputs are based on factors including the share price on measurement date and the exercise price of the instrument, and based on assumptions for the risk-free interest rate (based on government bonds), the forfeiture rate and expected life of the instruments (based on historical experience and general option holder behavior), expected dividends, and the volatility of the share price (based on historic movements in the Company's share price).

### **Cash and cash equivalents**

Cash and cash equivalents include funds in corporate bank accounts with original maturities of 3 months or less.

### **Investments**

Investments in equity securities are recognised/derecognised on the date the Company commits to purchase/ sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVTPL") for which transaction costs are recognised directly in profit or loss. Please refer to Fair Value Measurements and Financial instruments under Significant Accounting Policies for basis of classification and measurement.

### **Comprehensive income**

Comprehensive income is the change in the Company's shareholders' equity that results from transactions and other events from other than the Company's shareholders and includes items that would not normally be included in net earnings (loss), such as unrealized gains and losses on investments under FVTOCI. Certain gains and losses are presented in other comprehensive income until it is considered appropriate to recognize into net earnings (loss).

### **Loss per share**

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

### **Financial instruments**

The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). Financial assets are initially measured at fair value and are subsequently measured at either (i) amortized cost; (ii) fair value through other comprehensive income, or (iii) at fair value through profit or loss.

- Amortized cost

Financial assets classified and measured at amortized cost are those assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise to cash flows that are SPPI. Financial assets classified at amortized cost are measured using the effective interest method.

**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Financial instruments (cont'd...)**

- Fair value through other comprehensive income (“FVTOCI”)

Financial assets classified and measured at FVTOCI are those assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise to cash flows that are SPPI. This classification includes certain equity instruments where IFRS 9 allows an entity to make an irrevocable election to classify the equity instruments, on an instrument-by-instrument basis, that would otherwise be measured at fair value through profit or loss (“FVTPL”) to present subsequent changes in FVTOCI.

- Fair value through profit or loss (“FVTPL”)

Financial assets classified and measured at FVTPL are those assets that do not meet the criteria to be classified at amortized cost or at FVTOCI. This category includes debt instruments whose cash flow characteristics are not SPPI or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell the financial asset.

Financial liabilities are generally classified and measured at fair value at initial recognition and subsequently measured at amortized cost.

The following table summarizes the classification of the Company’s financial instruments under IFRS 9:

	<b>IFRS 9 Classification</b>
<b>Financial Assets</b>	
Cash	Amortized cost
Other receivables	Amortized cost
Investments	FVTOCI
<b>Financial Liabilities</b>	
Accounts payable and accrued liabilities	Amortized cost

The Company uses an expected credit loss impairment model in accordance to IFRS 9. The impairment model is applicable to financial assets measured at amortized cost where any expected future credit losses are provided for, irrespective of whether a loss event has occurred as at the reporting date.

The financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. Financial liabilities are derecognized when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

## **2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

### **Income taxes**

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case it is recognized in equity or other comprehensive income, respectively. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences do not result in deferred tax assets or liabilities: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that in a transaction that is not a business combination and accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

### **Related party transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

### **Adoption of new standards**

The following new and revised accounting standard, along with any consequential amendments was adopted by the Company for annual periods beginning on or after May 1, 2019.

#### *IFRS 9 Financial Instruments (Amendments)*

In October 2017, the International Accounting Standards Board (IASB) issued amendments to IFRS 9 Financial Instruments, incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in November 2017, to address the classification of certain prepayable financial assets. The amendments clarify 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 Company adopted this amendment for annual periods beginning on or after May 1, 2019. The adoption of this standard did not have an impact on the Company's financial statements.

## **2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

### **Adoption of new standards (cont'd...)**

#### *IFRS 16 Leases (New)*

The IASB has replaced IAS 17, Leases in its entirety with IFRS 16, Leases, which will require lessees to recognize nearly all leases on the balance sheet to reflect their right to use an asset for a period of time and the associated lease liability. IFRS 16 introduces a single lessee accounting model that requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Lease assets and liabilities are initially recognized on a present value basis and subsequently, similarly to other non-financial assets and financial liabilities, respectively. The lessor accounting requirements are substantially unchanged and, accordingly, continue to require classification and measurement as either operating or finance leases. The new standard also introduces detailed disclosure requirements for both the lessee and lessor. The Company adopted IFRS 16 for annual periods commencing on or after May 1, 2019. The adoption of this standard did not have an impact on the Company's financial statements.

The Company has not yet applied the following new standards, interpretations or amendments to standards that have been issued as at April 30, 2020 but are not yet effective. Unless otherwise stated, the Company does not plan to early adopt any of these new or amended standards and interpretations and intends to adopt those standards when they become effective. The Company does not expect the impact of such changes on the financial statements to be material, unless otherwise stated.

#### *IFRS 3 Business Combinations (Amendment)*

In October 2018, the International Accounting Standards Board (IASB) issued amendments to IFRS 3, incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in December 2018. The amendments clarify the definition of a business, permitting a simplified assessment to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments are effective for transactions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020. Earlier application is permitted.

## **3. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include funds in corporate bank accounts with original maturities of 3 months or less.

Cash equivalents as of October 31, 2020 include term deposits in the amount of \$2,236,199 (2019 – \$3,214,399) with interest rate of 0.43% to 0.49% (2019: 2.01% to 2.05%) and mature of range from 64 days to 97 days (2019 – 90 days to 96 days).

## **4. INVESTMENTS**

The fair value of the share investment as of October 31, 2020 is \$3,250,487 (2019 - \$5,634,330). The Company acquired shares issued by other companies through open market. The Company's objective is to earn above-average rate of return primarily through long-term capital appreciation and dividend income. The Company accounts for the investments at fair value at each reporting date.

**MAPLE PEAK INVESTMENTS INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
October 31, 2020 and 2019

**4. INVESTMENTS (cont'd...)**

The share investment is summarized as follows:

	Number of Shares	Cost to acquire \$	Six months ended October 31,					
			2020		2019			
			Unrealized gain (loss) \$	Foreign exchange gain (loss) \$	Fair value \$	Unrealized gain(loss) \$	Foreign exchange gain (loss) \$	Fair value \$
Melco	1,566,000	2,377,461	960,494	(123,239)	3,214,716	3,190,563	37,504	5,605,528
Loto	353,000	125,000	(71,683)	(17,546)	35,771	(76,668)	(19,530)	28,802
<b>Total</b>		<b>2,502,461</b>	<b>888,811</b>	<b>(140,785)</b>	<b>3,250,487</b>	<b>3,113,895</b>	<b>17,974</b>	<b>5,634,330</b>

The other comprehensive income on share investment is summarized as follows:

	Three Months ended October 31		Six Months ended October 31	
	2020	2019	2020	2019
	\$	\$	\$	\$
Unrealized gain (loss)	(546,955)	124,350	(542,989)	387,349
Foreign exchange gain (loss) in other comprehensive income	(177,569)	112,702	(257,959)	123,560
Deferred tax recovery (expense) in other comprehensive income	108,128	(32,002)	118,445	(68,972)
Unrealized gain (loss) on share investment, net of tax	(616,396)	205,052	(682,503)	441,937

**5. SHARE CAPITAL**

a) Authorized share capital:

As at October 31, 2020 and 2019, the authorized share capital of the Company is an unlimited number of common shares without par value.

b) Issued and outstanding:

There are no share transactions during the three months ended October 31, 2020 and 2019, and during the year ended April 30, 2020.

As at October 31, 2020 and 2019, none of common shares are held in escrow. The 6,678,000 escrow common shares held as at April 30, 2019 were released to the shareholders on or about July 15, 2019.

c) Stock option plan:

The Company adopted a stock option plan under which it can grant options to directors, officers, employees, and consultants for up to 10% of the issued and outstanding common shares.

During the six months ended October 31, 2020 and 2019, and during the year ended April 30, 2020, the Company granted nil options to its Directors.

**5. SHARE CAPITAL (cont'd...)**

The continuity of the Company's stock options is as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Life
Balance at April 30, 2020	5,660,000	\$ 0.10	Years 4.55
Issued / Expired	-	-	-
<b>Balance at October 31, 2020</b>	<b>5,660,000</b>	<b>0.10</b>	<b>4.05</b>

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Life
Balance at April 30, 2019	5,660,000	\$ 0.10	Years 5.55
Issued / Expired	-	-	-
<b>Balance at October 31, 2019</b>	<b>5,660,000</b>	<b>0.10</b>	<b>5.05</b>

The following stock options were outstanding as at October 31, 2020 and 2019:

Expiry Date	Exercise Price	Number of Options Outstanding and Exercisable
October 1, 2024	\$0.10	5,500,000
November 1, 2028	\$0.11	160,000
<b>Balance at October 31, 2020</b>		<b>5,660,000</b>

**6. CAPITAL MANAGEMENT**

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. As at October 31, 2020, the Company's shareholders' equity was \$5,581,023 (2019 – \$8,908,921). The Company's objectives when managing capital is to maintain financial strength and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels. The capital for expansion was mostly from proceeds from the issuance of common shares.

## **7. FINANCIAL INSTRUMENTS AND RISK**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

At October 31, 2020 and 2019, the Company's financial instruments consist of cash and cash equivalents, other receivables, investments, and accounts payable and accrued liabilities. The Company classifies its cash and cash equivalents and other receivables as amortized cost, investments as FVTOCI, and accounts payable and accrued liabilities as amortized cost. The fair value of investments are based on level 1 inputs of the fair value hierarchy. The fair values of cash and cash equivalents, other receivables, other receivables and accounts payable and accrued liabilities approximate their carrying values due to the relatively short-term maturity of these instruments.

The Company is exposed to a variety of financial instrument related risks. The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

### *Credit risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high credit quality financial institution.

### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. The Company's cash and cash equivalents are currently invested in business accounts and term deposits which are available on demand by the Company for its operations.

### *Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. With respect to financial assets, the Company invested part of the cash balance in term deposits at rate from 0.43% to 0.49% to generate interest income in order to maintain liquidity.

### *Market Risk*

Market risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to fluctuations in the market prices of its investment.

### *Foreign Currency Risk*

The Company has operations in Canada but held investment in two Hong Kong-based publicly-traded companies denominated in Hong Kong dollars. Foreign currency risk arises from purchase transactions as well as financial assets and liabilities denominated in these foreign currencies. A 10% change in the exchange rate would change the Canadian dollar value of these assets by approximately \$325,049. The Company does not use derivative instruments to hedge exposure to foreign currency risk.

**7. FINANCIAL INSTRUMENTS AND RISK (cont'd...)**

*Concentration Risk*

As at October 31, 2020, all of the Company's portfolio of investments are held in two companies. These investments represent 57% of the Company's total assets and poor performance in the market price of these investment could adversely affect the Company's results.

**8. RELATED PARTY TRANSACTIONS AND BALANCES**

The Melco Investment is considered to be a related party since a director and officer of the Company is the Chairman and CEO of Melco.

In June 2017, Melco disposed its entire interest in Loto Interactive (formerly MelcoLot) and the two common directors and officers of the Company and Loto Interactive have resigned from the board of directors of Loto Interactive on July 10, 2017. As such, Loto Interactive ceased to be a related party of the Company as of July 10, 2017.

During the three months and six months ended October 31, 2020 and 2019, the Company incurred the following transactions to officers or directors of the Company or companies with common directors:

	<b>Three months ended October 31,</b>		<b>Six months ended October 31,</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Directors' fee	69,000	69,000	138,000	138,000
Salaries and wages	165,000	165,000	330,000	330,000
Dividend income	-	16,058	8,144	22,170
<b>Total</b>	<b>234,000</b>	<b>250,058</b>	<b>476,144</b>	<b>490,170</b>

Included in the accounts payable and accrued liabilities as of October 31, 2020 is \$97,500 (2019 – \$78,000) of salaries and director fees payable to the Company's directors and officers.