

ALPHA PEAK LEISURE INC.

Interim Condensed Consolidated Financial Statements  
As of and for the three months and nine months ended  
September 30, 2017  
(Expressed in Canadian dollars)  
(Unaudited)

ALPHA PEAK LEISURE INC.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF AND FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2017  
*(unaudited)*

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

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim condensed consolidated financial statements, the statements must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The Group'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 interim condensed consolidated 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 interim condensed consolidated financial statements.

The Group 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)

*"Bing Liu "*

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Chief Financial Officer

November 27, 2017

ALPHA PEAK LEISURE INC.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
 AT SEPTEMBER 30, 2017  
 (expressed in Canadian Dollars)  
 (unaudited)

	<u>NOTES</u>	September 30, <u>2017</u>	December 31, <u>2016</u>
		\$	\$
Non-current assets			
Property, plant and equipment	4	19,213,939	19,582,723
Intangible asset arising from a service concession arrangement	5	7,628,169	8,063,027
Prepaid lease payment		291,199	307,865
Intangible assets		8,855	12,474
Advances to a local authority	6	1,961,554	1,904,130
Time deposits		2,744	-
		<u>29,106,460</u>	<u>29,870,219</u>
Current assets			
Inventories		26,804	30,085
Trade and other receivables	7	89,510	125,988
Time deposits		12,140	-
Bank balances and cash		5,580,885	7,740,423
		<u>5,709,339</u>	<u>7,896,496</u>
Current liabilities			
Other payables	8	2,256,332	1,690,527
Amount due to a shareholder	9	-	201,277
Amount due to related parties	10	23,858	-
		<u>2,280,190</u>	<u>1,891,804</u>
Net current assets		<u>3,429,149</u>	<u>6,004,692</u>
Total assets less current liabilities		<u>32,535,609</u>	<u>35,874,911</u>
Non-current liabilities			
Loan from a shareholder	9	-	2,075,712
Loan from related parties	10	1,908,669	-
		<u>1,908,669</u>	<u>2,075,712</u>
Net assets		<u>30,626,940</u>	<u>33,799,199</u>
Equity			
Share capital	11	69,390,091	67,658,582
Reserves		(38,763,151)	(33,859,383)
		<u>30,626,940</u>	<u>33,799,199</u>

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

The interim condensed consolidated financial statements on pages 2 to 13 were approved and authorised for issuance by the Board of Directors on [Date of approval] and are signed on its behalf by:

“Zhao Yuxiu”

\_\_\_\_\_  
Zhao Yuxiu, Director

“Pennie Zhong”

\_\_\_\_\_  
Pennie Zong, Director

ALPHA PEAK LEISURE INC.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
 COMPREHENSIVE INCOME  
 FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2017  
 (expressed in Canadian Dollars)  
 (unaudited)

	NOTES	For the three months ended Sep 30,		For the nine months ended Sep 30,	
		2017	2016	2017	2016
		\$	\$	\$	\$
Revenue	12	392,025	355,240	1,020,836	1,288,807
Cost of sales/services		(589,467)	(533,821)	(1,576,959)	(1,965,261)
Gross loss		(197,442)	(178,581)	(556,123)	(676,454)
Other income		44,399	37,660	130,937	114,645
Finance costs		(23,956)	(25,344)	(75,120)	(76,217)
Marketing expenses		(372,126)	(238,473)	(1,139,497)	(922,351)
Other gain and (loss)	13	39,216	(48,944)	118,856	679,646
Administrative expenses		(806,330)	(631,330)	(2,393,313)	(1,828,962)
Loss before tax		(1,316,239)	(1,085,012)	(3,914,260)	(2,709,693)
Income tax recovery	14	-	12,515	-	33,726
Loss for the period		(1,316,239)	(1,072,497)	(3,914,260)	(2,675,967)
Other comprehensive income (loss)					
<b>Item that may be reclassified to profit or loss</b>					
Exchange difference arising on translation of foreign operations		(782,482)	373,023	(989,508)	(3,531,517)
<b>Items that will not be reclassified to profit or loss:</b>					
Gain on revaluation of property, plant and equipment		-	-	-	585,447
Recognition of deferred tax liability on revaluation of property, plant and equipment		-	-	-	(146,362)
Other comprehensive income (loss) for the period		(782,482)	373,023	(989,508)	(3,092,432)
Total comprehensive loss for the period		(2,098,721)	(699,474)	(4,903,768)	(5,768,399)
Losses per share:	16				
Basic		(0.02)	(0.02)	(0.06)	(0.04)
Diluted		(0.02)	(0.02)	(0.06)	(0.04)
Weighted average number of common shares outstanding:	16				
Basic		53,997,339	64,346,480	64,826,115	64,346,480
Diluted		53,997,339	64,346,480	64,826,115	64,346,480

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

ALPHA PEAK LEISURE INC.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2017  
(expressed in Canadian Dollars)  
(unaudited)

	Share capital \$	Capital reserve \$ (Note)	Share option reserve \$	Revaluation reserve \$	Exchange reserve \$	Accumulated losses \$	Total \$
At January 1, 2016	67,658,582	3,210,875	1,734,040	3,503,042	10,898,900	(40,479,963)	46,525,476
Loss for the period	-	-	-	-	-	(2,675,967)	(2,675,967)
Other comprehensive income (loss) for the period	-	-	-	439,085	(3,531,517)	-	(3,092,432)
Total comprehensive income (loss) for the period	-	-	-	439,085	(3,531,517)	(2,675,967)	(5,768,399)
Forfeiture of share options	-	-	(586,513)	-	-	586,513	-
At September 30, 2016	<u>67,658,582</u>	<u>3,210,875</u>	<u>1,147,527</u>	<u>3,942,127</u>	<u>7,367,383</u>	<u>(42,569,417)</u>	<u>40,757,077</u>
At January 1, 2017	<u>67,658,582</u>	<u>3,210,875</u>	<u>1,147,527</u>	-	<u>5,938,947</u>	<u>(44,156,732)</u>	<u>33,799,199</u>
Loss for the period	-	-	-	-	-	(3,914,260)	(3,914,260)
Other comprehensive loss for the period	-	-	-	-	(989,508)	-	(989,508)
Total comprehensive loss for the period	-	-	-	-	(989,508)	(3,914,260)	(4,903,768)
Issuance of shares in connection to the Financing (Note 1 and 20)	1,731,509	-	-	-	-	-	1,731,509
At September 30, 2017	<u><u>69,390,091</u></u>	<u><u>3,210,875</u></u>	<u><u>1,147,527</u></u>	<u><u>-</u></u>	<u><u>4,949,439</u></u>	<u><u>(48,070,992)</u></u>	<u><u>30,626,940</u></u>

Note: The capital reserve represents 1) the amount of a loan waived by a shareholder in previous years and 2) adjustment arising from a group reorganisation in previous years.

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

**ALPHA PEAK LEISURE INC.**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2017**  
*(expressed in Canadian Dollars)*  
*(unaudited)*

	For the three months ended Sep 30,		For the nine months ended Sep 30,	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	\$	\$	\$	\$
<b>NET CASH USED IN OPERATING ACTIVITIES</b>				
Loss for the period	(1,316,239)	(1,072,497)	(3,914,260)	(2,675,967)
Items not affecting cash:				
Depreciation of property, plant and equipment	183,301	161,491	564,815	488,443
Amortisation of intangible asset arising from a service concession arrangement	64,344	67,375	193,512	200,380
Interest expense	23,956	25,344	75,120	76,217
Loss on disposal of property, plant and equipment	4,656	-	15,771	12,203
Release of prepaid lease payments	2,437	1,606	7,453	6,195
Amortisation of intangible assets	1,072	2,383	3,257	7,139
Bank interest income	(5,225)	(7,134)	(11,182)	(23,924)
Income tax recovery	-	(12,515)	-	(33,726)
Imputed interest income on advances to a local authority	(38,617)	(29,160)	(118,131)	(88,912)
Provision of construction services under a service concession arrangement	-	(116,113)	-	(730,061)
(Increase) decrease in inventories	(1,174)	2,996	2,364	9,830
Decrease in trade and other receivables	113,839	7,643	32,639	273,391
Decrease (increase) in other payables	237,793	(79,142)	614,085	(120,727)
Increase in amount due from a shareholder	-	-	-	901
Increase in amount due to related parties	-	10,738	-	-
	<u>(729,857)</u>	<u>(1,036,985)</u>	<u>(2,534,557)</u>	<u>(2,598,618)</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>				
Purchases of property, plant and equipment	(106,356)	(212,139)	(657,814)	(649,656)
Mature/ (placement) of time deposits	21,295	-	(14,884)	-
Interest received	5,225	7,134	11,182	23,924
	<u>(79,836)</u>	<u>(205,005)</u>	<u>(661,516)</u>	<u>(625,732)</u>
<b>NET CASH FROM FINANCING ACTIVITIES</b>				
Proceeds from private placement financing	1,731,509	-	1,731,509	-
Repayment to amounts due to a shareholder	(234,960)	-	(234,960)	-
	<u>1,496,549</u>	<u>-</u>	<u>1,496,549</u>	<u>-</u>
<b>EFFECTS OF FOREIGN EXCHANGE RATE CHANGES</b>				
	<u>(193,617)</u>	<u>186,084</u>	<u>(460,014)</u>	<u>(607,875)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>493,239</b>	<b>(1,055,906)</b>	<b>(2,159,538)</b>	<b>(3,832,225)</b>
<b>CASH AT BEGINNING OF THE PERIOD</b>	<b>5,087,646</b>	<b>9,775,471</b>	<b>7,740,423</b>	<b>12,551,790</b>
<b>CASH AT END OF THE PERIOD</b>	<b><u>5,580,885</u></b>	<b><u>8,719,565</u></b>	<b><u>5,580,885</u></b>	<b><u>8,719,565</u></b>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2017

(expressed in Canadian Dollars)

(unaudited)

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1. NOTICE TO READER OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements of Alpha Peak Leisure Inc. and its subsidiaries (collectively referred to as the "Group"), which include the accompanying interim condensed consolidated statement of financial position as at September 30, 2017 and the interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three months and six months then ended, are the responsibility of the Group's management. These interim condensed consolidated financial statements have not been audited or reviewed on behalf of the shareholders by the independent external auditors of the Group. The interim condensed consolidated financial statements have been prepared by management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these financial statements in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

Alpha Peak Leisure Inc. ("Alpha Peak") was incorporated on June 24, 2011 under the *British Columbia Business Corporation Act* and commenced trading on TSX Venture Exchange (the "TSX-V") as a Capital Pool Company pursuant to Exchange Policy 2.4. Its registered office is located at 250 Howe Street, 20th Floor, Vancouver, British Columbia V6C 3R8, Canada.

On September 14, 2017, Alpha Peak issued 7,730,593 common shares through non-brokered private placement financing (the "Financing") with Ms. Zhao Yuxiu, at a subscription price of \$0.225 per common share.

The principal activities of the Group are developing and operating Swallow Gully Scenic Area ("Swallow Gully"), a large scale tourist attraction site in Sichuan Province, the People's Republic of China (the "PRC").

2. BASIS OF PREPARATION

**Statement of compliance**

The interim condensed consolidated financial statements have been prepared in accordance with IAS 34 as issued by the International Accounting Standards Board ("IASB"). Accordingly, they do not include all of the information required for full annual financial statements required by IAS 1 *Presentation of Financial Statements of the International Financial Reporting Standards* as issued by the IASB. Therefore, the interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements of the Group for the years ended December 31, 2016 and 2015, which include information necessary to understand the Group's business and financial statement presentation.

The interim condensed consolidated financial statements were authorized for issuance by the Board of Directors on [Date of approval].

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2017  
(expressed in Canadian Dollars)  
(unaudited)

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3. SIGNIFICANT ACCOUNTING POLICIES

The interim condensed consolidated financial statements have been prepared on the historical cost basis except for certain property, plant and equipment that are measured at revalued amount.

Except as described below, the accounting policies and methods of computation used in the interim condensed consolidated financial statements for the three months and nine months ended September 30, 2017 are the same as those followed in the preparation of the consolidated financial statements of the Group for the years ended December 31, 2016 and 2015.

In the current interim period, the Group has applied for the first time the following amendments to International Financial Reporting Standards ("IFRSs") issued by the IASB that are relevant for the preparation of the Group's interim condensed consolidated financial statements.

Amendments to IAS 1	Disclosure Initiative
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle

The application of these amendments to IFRSs in the current interim period has had no material effect on the amounts reported and/or disclosure set out in these interim condensed consolidated financial statements.

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective that are relevant for the preparation of the Group's interim condensed consolidated financial statements:

IFRS 9	Financial Instruments <sup>1</sup>
IFRS 15	Revenue from Contracts with Customers <sup>1</sup>
IFRS 16	Leases <sup>2</sup>
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions <sup>1</sup>
Amendments to IFRS 15	Clarifications to IFRS 15 Revenue from Contracts with Customers <sup>1</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to IAS 7	Disclosure Initiative <sup>4</sup>
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after January 1, 2018

<sup>2</sup> Effective for annual periods beginning on or after January 1, 2019

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined

<sup>4</sup> Effective for annual periods beginning on or after January 1, 2017

Management anticipates that the application of the new and amendments to IFRSs issued but not yet effective will have no material effect on the amounts reported and/or disclosure set out in these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2017  
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(unaudited)

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4. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the three months and nine months ended September 30, 2017, the Group acquired property, plant and equipment of \$89,770 and \$814,464, respectively (three months and nine months ended September 30, 2016: \$46,446 and \$711,238, respectively). Depreciation of property, plant and equipment for the three months and nine months ended September 30, 2017 is \$183,301 and \$564,815, respectively (three months and nine months ended September 30, 2016: \$161,491 and \$488,443, respectively).

In the opinion of management, there was no material difference between the fair value of the property, plant and equipment measured at revaluation basis and their carrying amounts as of September 30, 2017, accordingly, no revaluation is performed for these assets.

5. INTANGIBLE ASSET ARISING FROM A SERVICE CONCESSION ARRANGEMENT

Gonga Terraferma Limited, a wholly owned subsidiary of the Company, entered into a service concession arrangement with Ganzi Hailuogou Attractions Authority ("Hailuogou Authority"), a local authority in the PRC, in 2007 for the construction and operation of tourist attraction business in Sichuan Province, the PRC. The service concession period is 40 years.

The subsidiary acted as an operator in the service concession arrangement to construct the tourist attraction and to operate and maintain the tourist attraction at a specified level of serviceability on behalf of the local authority over the service concession period on a build-operate-transfer ("BOT") basis. The tourist attraction on a BOT basis mainly includes the basic infrastructure in the tourist attraction such as the pavements, electricity supply, restaurants etc.

Under the service concession arrangement, the Group is entitled to 80% of the revenue from admission ticket sales with the remaining 20% entitled by the Hailuogou Authority. During the three months and nine months ended September 30, 2017, the Group recognised revenue from admission ticket sales of approximately \$151,395 and \$370,016, respectively (three months and nine months ended September 30, 2016: \$83,673 and \$219,829, respectively). Construction costs plus attributable profits on the construction services provided were recognised as an intangible asset arising from the service concession arrangement.

Intangible asset arising from a service concession arrangement represents costs incurred by the Group for the construction services rendered under a service concession arrangement for the tourist attraction in the PRC on a BOT basis. Revenue and costs relating to the construction phase of the contract are accounted for in accordance with IAS 11 *Construction Contracts* which the revenue on construction is recognised by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by the proportion that contract costs incurred for work performed to date to the estimated total contract costs.

Revenue and costs relating to the operation phase of the contract are accounted for in accordance with IAS 18 *Revenue* which revenue is measured at the fair value of the consideration received or receivable.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2017  
(expressed in Canadian Dollars)  
(unaudited)

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5. INTANGIBLE ASSET ARISING FROM A SERVICE CONCESSION ARRANGEMENT -  
continued

During the three months and nine months ended September 30, 2017, the Group has no revenue from construction services in relation to the tourist attraction under BOT (three months and nine months ended September 30, 2016: \$116,113 and \$730,061, respectively) by reference to the stage of completion of the construction work.

The intangible asset arising from a service concession arrangement has finite useful lives and amortised over the period which commence from the date when the part of the tourist attraction site is available for use, i.e. 37 to 40 years, using a straight-line method.

6. ADVANCES TO A LOCAL AUTHORITY

The amount represents the funds advanced to Hailuogou Authority in relation to the construction of the infrastructure outside the tourist attraction site.

The advances are non-interest bearing and unsecured. In the opinion of management, the advances will not be settled in the coming twelve months from the end of the reporting period and is accordingly classified as non-current assets.

7. TRADE AND OTHER RECEIVABLES

	September 30, <u>2017</u> \$	December 31, <u>2016</u> \$
Trade receivables	5,793	9,878
Less: allowance for bad and doubtful debts	-	-
	<u>5,793</u>	<u>9,878</u>
Prepayment	68,621	77,608
Other receivables	15,096	38,502
	<u>89,510</u>	<u>125,988</u>

The Group's admission tickets and attraction tickets sales are largely operated on cash on delivery or due immediately from date of billing, except for a credit term of 30 days is granted to certain travel agents.

ALPHA PEAK LEISURE INC.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2017  
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8. OTHER PAYABLES

	September 30, <u>2017</u> \$	December 31, <u>2016</u> \$
Construction expenses	651,026	439,093
Admission ticket sales proceeds entitled by a local authority	404,456	338,729
Legal and professional fee	105,564	172,976
Advertising expenses	687,516	454,373
Director fee	140,578	-
Salary expenses	59,613	62,584
Sub-contracting expenses	10,670	9,654
Others	196,729	213,118
	<u>2,256,332</u>	<u>1,690,527</u>

9. AMOUNT DUE TO/ LOAN FROM A SHAREHOLDER

Amount due to a shareholder represents interest payable arising from a loan from the shareholder.

The amount is unsecured, non-interest bearing and repayable on demand.

Loan from a shareholder is unsecured, interest bearing at Hong Kong Prime Rate of 5% per annum (December 31, 2016: Hong Kong Prime Rate of 5% per annum) with maturity on December 31, 2018. On September 1, 2017, the right of receiving the loan principle and all its interest accrued is agreed to assign to Mr. Chong Hok Shan, Mr. Chong Hot Hoi and Mr. Chong Hok Hei, Charles.

10. AMOUNT DUE TO/ LOAN FROM RELATED PARTIES

Amount due to related parties represents interest payable arising from a loan from Mr. Chong Hok Shan, Mr. Chong Hot Hoi and Mr. Chong Hok Hei, Charles, who have controlling interests in one of the Company's corporate shareholders.

The amount is unsecured, non-interest bearing and repayable on demand.

Loan from related parties is unsecured, interest bearing at Hong Kong Prime Rate of 5% per annum (December 31, 2016: Hong Kong Prime Rate of 5% per annum) with maturity on December 31, 2018.

ALPHA PEAK LEISURE INC.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2017  
(expressed in Canadian Dollars)  
(unaudited)

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11. SHARE CAPITAL

(a) Authorised

Unlimited number of common shares without par value

(b) Issued common shares

Movement of share capital of the Company

	<u>Number of common shares</u>
As of January 1, 2016 and December 31, 2016	64,346,480
Issue of shares in connection to the Financing (Note 1)	<u>7,730,593</u>
As of September 30, 2017	<u><u>72,077,073</u></u>

(c) Share options

Alpha Peak adopted a share option plan on December 21, 2011 under which it can grant options to directors, officers, employees, and consultants for up to 10% of the issued and outstanding common shares at a price of \$0.10 per common share for a period of ten years from January 31, 2013.

On June 23, 2016, 345,000 share options were forfeited following one year after the resignation of two share option holders.

As at December 31, 2016 and September 30, 2017, 675,000 share options of the Company were outstanding and were exercisable with a weighted average exercise price of \$0.10.

12. REVENUE

An analysis of the Group's revenue for the period is as follows:

	For the three months ended Sep 30,		For the nine months ended Sep 30,	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	\$	\$	\$	\$
Provision of construction services under a service concession arrangement	-	116,113	-	730,061
Admission ticket sales	151,395	83,673	370,016	219,829
Attraction ticket sales	238,527	154,450	644,579	335,707
Others	<u>2,103</u>	<u>1,004</u>	<u>6,241</u>	<u>3,210</u>
	<u><u>392,025</u></u>	<u><u>355,240</u></u>	<u><u>1,020,836</u></u>	<u><u>1,288,807</u></u>

ALPHA PEAK LEISURE INC.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2017  
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(unaudited)

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13. OTHER GAIN AND (LOSS)

	For the three months ended Sep 30,		For the nine months ended Sep 30,	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	\$	\$	\$	\$
Foreign exchange gain (loss), net	<u>39,261</u>	<u>(48,944)</u>	<u>118,856</u>	<u>679,646</u>

14. INCOME TAX RECOVERY

	For the three months ended Sep 30,		For the nine months ended Sep 30,	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	\$	\$	\$	\$
Deferred tax				
Current period	<u>-</u>	<u>12,515</u>	<u>-</u>	<u>33,726</u>

15. SEGMENTED INFORMATION

The Group determines its reportable and operating segments based on information reported to management, being the chief operating decision makers, for the purposes of resources allocation and assessment of segment performance.

The Group is engaged in the development and operation of Swallow Gully. Based on the Group's internal organizational structure, management requirements, internal reporting policies, management considers the Group itself is one operating segment and review the interim condensed consolidated financial statements as a whole.

The Company's subsidiary principally operates in the PRC. Majority of its non-current assets are located in the PRC.

16. LOSSES PER SHARE

The calculation of the basic and diluted losses per share attributable to the owners of the Company is based on the following data:

	For the three months ended Sep 30,		For the nine months ended Sep 30,	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	\$	\$	\$	\$
Loss for the period for the purposes of calculation of basic and diluted losses per share	<u>1,316,239</u>	<u>1,072,497</u>	<u>3,914,260</u>	<u>2,675,967</u>
Weighted average number of common shares outstanding for the purposes of calculation of basic and diluted losses per share	<u>53,997,339</u>	<u>64,346,480</u>	<u>64,826,115</u>	<u>64,346,480</u>

ALPHA PEAK LEISURE INC.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2017

*(expressed in Canadian Dollars)*

*(unaudited)*

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16. LOSSES PER SHARE - continued

The computation of diluted losses per share for both periods does not assume the exercise of the Company's outstanding share options and warrants since the assumed exercise of those share options and warrants would result in a decrease in losses per share.

17. RELATED PARTY TRANSACTIONS

- (a) During the three months and nine month ended September 30, 2017, the Group had the following transactions with a shareholder and related parties:

	For the three months ended Sep 30,		For the nine months ended Sep 30,	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	\$	\$	\$	\$
Interest paid to a shareholder	-	25,344	70,976	76,217
Interest paid to related parties	25,053	-	25,053	-
Management fee paid to a related party	10,021	10,138	30,064	30,488

- (b) Balances and other arrangements with related parties are set out in the condensed consolidated statement of financial position on page 2 and in Notes 9 and 10.
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