

ALPHA PEAK LEISURE INC.

Interim Condensed Consolidated Financial Statements
As of and for the three months and nine months ended
September 30, 2018
(Expressed in Canadian dollars)
(Unaudited)



INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2018
(*unaudited*)

<u>CONTENTS</u>	<u>PAGE(S)</u>
NOTICE OF NO AUDITOR REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	1
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	2
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	3
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	4
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	5
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	6 – 27



**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.

"Liu Bing"

Chief Financial Officer

Date: November 29, 2018



INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AT SEPTEMBER 30, 2018
 (expressed in Canadian Dollars)
 (unaudited)

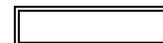
	<u>NOTES</u>	September 30, <u>2018</u> \$ (Unaudited)	December 31, <u>2017</u> \$ (Audited)
Non-current assets			
Property, plant and equipment	4	1,740,050	1,820,564
Prepaid lease payment		293,983	296,600
Intangible assets		4,898	8,003
Advances to a local authority	5	<u>2,092,809</u>	<u>2,014,733</u>
		<u>4,131,740</u>	<u>4,139,900</u>
Current assets			
Inventories		25,045	26,334
Trade and other receivables	6	169,455	128,776
Structured deposits		1,715,200	2,403,430
Bank balances and cash		<u>775,883</u>	<u>2,596,176</u>
		<u>2,685,583</u>	<u>5,154,716</u>
Current liabilities			
Other payables	7	1,156,846	2,012,879
Amounts due to related parties	8	51,302	48,216
Loan from related parties	8	<u>2,052,064</u>	<u>1,928,689</u>
		<u>3,260,212</u>	<u>3,989,784</u>
Net current assets		<u>(574,629)</u>	<u>1,164,932</u>
Total assets less current liabilities		<u>3,557,111</u>	<u>5,304,832</u>
Net assets		<u>3,557,111</u>	<u>5,304,832</u>
Equity			
Share capital	9	69,397,965	69,397,965
Reserves		<u>(65,840,854)</u>	<u>(64,093,133)</u>
		<u>3,557,111</u>	<u>5,304,832</u>

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

The interim condensed consolidated financial statements on pages 2 to 27 were approved and authorized for issuance by the Board of Directors on November 29, 2018 and are signed on its behalf by:

 Yuxiu Zhao, Director

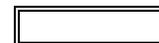
 Baihan Zong, Director



INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
 COMPREHENSIVE INCOME
 FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2018
(expressed in Canadian Dollars)
(unaudited)

September 30,	NOTES	For the three months ended September 30,		For the nine months ended	
		2018 \$	2017 \$	2018 \$	2017 \$
Revenue	11	72,944	392,025	375,363	1,020,836
Cost of sales/services		(160,910)	(589,467)	(451,049)	(1,576,959)
Gross loss		(87,966)	(197,442)	(75,686)	(556,123)
Other income		69,967	44,399	182,406	130,937
Finance costs		(23,845)	(23,956)	(72,316)	(75,120)
Marketing expenses		(165,482)	(372,126)	(575,401)	(1,139,497)
Other gain	12	(51,120)	39,216	56,065	118,856
Administrative expenses		(448,799)	(806,330)	(1,289,195)	(2,393,313)
Loss before tax		(707,245)	(1,316,239)	(1,774,127)	(3,914,260)
Income tax recovery	13	-	-	-	-
Loss for the period		(707,245)	(1,316,239)	(1,774,127)	(3,914,260)
Other comprehensive loss					
<i>Item that may be reclassified to profit or loss</i>					
Exchange difference arising on translation of foreign operations		(351,091)	(782,482)	26,406	(989,508)
Other comprehensive loss for the period		(351,091)	(782,482)	26,406	(989,508)
Total comprehensive loss for the period		(1,058,336)	(2,098,721)	(1,747,721)	(4,903,768)
Losses per share:	15				
Basic		(0.01)	(0.02)	(0.02)	(0.06)
Diluted		(0.01)	(0.02)	(0.02)	(0.06)
Weighted average number of common shares outstanding:	15				
Basic		72,077,073	53,997,339	72,077,073	64,826,115
Diluted		72,077,073	53,997,339	72,077,073	64,826,115

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



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE
THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2018

(expressed in Canadian Dollars)

(unaudited)

	Share capital \$	Capital reserve \$ (Note i)	Share option reserve \$	Revaluation reserve \$	Exchange reserve \$ (Note ii)	Accumulated losses \$	Total \$
At January 1, 2017	67,658,582	3,210,875	1,147,527	-	5,938,947	(44,156,732)	33,799,199
Loss for the period	-	-	-	-	-	(3,914,260)	(3,914,260)
Exchange difference arising on translation of foreign operation	-	-	-	-	(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	69,390,091	3,210,875	1,147,527	-	4,949,439	(48,070,992)	30,626,940
Loss for the period	-	-	-	-	-	(26,318,620)	(26,318,620)
Other comprehensive loss for the period	-	-	-	-	988,638	-	988,638
Total comprehensive loss for the period	-	-	-	-	988,638	(26,318,620)	(25,329,982)
Forfeiture of share options (Note 16)	-	-	(544,013)	-	-	544,013	-
Common shares issued (Note 16)	7,874	-	-	-	-	-	7,874
At January 1, 2018	69,397,965	3,210,875	603,514	-	5,938,077	(73,845,599)	5,304,832
Loss for the period	-	-	-	-	-	(1,774,127)	(1,774,127)
Other comprehensive loss for the year	-	-	-	-	26,406	-	26,406
Total comprehensive loss for the year	-	-	-	-	26,406	(1,774,127)	(1,747,721)
At September 30, 2018	69,397,965	3,210,875	603,514	-	5,964,483	(75,619,726)	3,557,111

Notes:

- (i) The capital reserve represents 1) the amount of a loan waived by a shareholder in previous years and 2) adjustment arising from the Group Reorganisation in relation to a share exchange agreement dated as of November 13, 2014.
- (ii) The exchange reserve includes other comprehensive income with a credit balance of \$7,221,376 that was arising on translation to presentation currency before the completion of a qualifying transaction on June 23, 2015 and will not be subsequently reclassified to profit or loss.

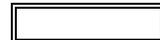
The accompanying notes are an integral part of these consolidated financial statements.



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2018
(expressed in Canadian Dollars)
(unaudited)

September 30,	For the three months ended September 30,		For the nine months ended	
	<u>2018</u> \$	<u>2017</u> \$	<u>2018</u> \$	<u>2017</u> \$
CASH FLOWS USED IN OPERATING ACTIVITIES				
Loss for the period	(707,245)	(1,316,239)	(1,774,127)	(3,914,260)
Items not affecting cash:				
Depreciation of property, plant and equipment	24,630	183,301	80,171	564,815
Amortisation of intangible asset arising from a service concession arrangement	-	64,344	-	193,512
Interest expense	23,845	23,956	72,316	75,120
Loss on write-off of property, plant and equipment	-	4,656	-	15,771
Release of prepaid lease payments	-	2,437	-	7,453
Amortisation of intangible assets	1,374	1,072	3,034	3,257
Bank interest income	(1,260)	(5,225)	(7,067)	(11,182)
Income tax recovery	-	-	-	-
Imputed interest income on advances to a local authority	(32,814)	(38,617)	(99,512)	(118,131)
(Increase) decrease in inventories	936	(1,174)	1,289	2,364
(Increase) decrease in trade and other receivables	(28,640)	113,839	(41,219)	32,639
Increase in other payables	1,169	237,793	(562,470)	614,085
	<u>(718,005)</u>	<u>(729,857)</u>	<u>(2,327,585)</u>	<u>(2,534,557)</u>
CASH FLOWS USED IN INVESTING ACTIVITIES				
Purchases of property, plant and equipment	-	(106,356)	(579)	(657,814)
Mature/ (placement) of time deposits	571,734	21,295	571,734	(14,884)
Interest received	1,260	5,225	7,067	11,182
	<u>572,994</u>	<u>(79,836)</u>	<u>578,222</u>	<u>(661,516)</u>
NET CASH FROM FINANCING ACTIVITIES				
Proceeds from private placement financing	-	1,731,509	-	1,731,509
Repayment to amounts due to a shareholder	-	(234,960)	-	(234,960)
	<u>-</u>	<u>1,496,549</u>	<u>-</u>	<u>1,496,549</u>
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES				
	<u>(11,657)</u>	<u>(193,617)</u>	<u>(70,930)</u>	<u>(460,014)</u>
NET DECREASE IN CASH	(156,668)	493,239	(1,820,293)	(2,159,538)
CASH AT BEGINNING OF THE PERIOD	<u>932,551</u>	<u>5,087,646</u>	<u>2,596,176</u>	<u>7,740,423</u>
CASH AT END OF THE PERIOD	<u><u>775,883</u></u>	<u><u>5,580,885</u></u>	<u><u>775,883</u></u>	<u><u>5,580,885</u></u>

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



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2018

(expressed in Canadian Dollars)
(unaudited)

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

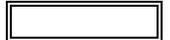
The interim condensed consolidated financial statements of Alpha Peak Leisure Inc. and its subsidiaries (collectively referred to as the “Group”), which include the accompanying interim condensed consolidated statement of financial position as at September 30, 2018 and December 31, 2017 and the interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three months 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 accounting principles generally accepted in Canada. These financial statements are prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* (“IAS 34”) and reflect management’s best estimates and judgment based on information currently available.

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 June 23, 2015 (the “Closing Date”), Alpha Peak completed a qualifying transaction pursuant to the policies of the TSX-V through a private placement financing and an amalgamation with 1016772 B.C. Ltd. (“6772BC”), a private limited company incorporated under the *British Columbia Business Corporation Act* on October 20, 2014 and amalgamated with 6772BC to continue as an amalgamated company (the “Amalco” or the “Company”).

Concurrent with the closing of the Qualifying Transaction, Amalco continued in the name of Alpha Peak and the business of 6772BC.

The principal activities of the Group are the development and operation of Swallow Gully Scenic Area, a large scale tourist attraction site in Sichuan Province, the People’s Republic of China (the “PRC”).



2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

These consolidated financial statements were authorised for issue by the Board of Directors of the Company on November 29, 2018.

Basis of preparation

At December 31, 2017, the Group has net current assets of \$1,164,932, the directors of the Company have given consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern basis. The directors of the Company consider that it has sufficient working capital to meet in full its financial obligations as they fall due for at least the next twelve months from the end of the reporting period and accordingly, the financial statements have been prepared on a going concern basis.

The consolidated financial statements have been prepared on the historical cost basis except for certain property, plant and equipment and certain financial instruments that are measured at revalued amounts or fair values, respectively, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods or services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.



3. SIGNIFICANT ACCOUNTING POLICIES - continued

Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for rebates and other similar allowances.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed.

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.



3. SIGNIFICANT ACCOUNTING POLICIES - continued

Revenue recognition - continued

The Group provides construction services in exchange for concession intangible assets. The revenue from construction services 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 compared to the estimated total contract costs.

Revenue from admission ticket sales and attraction ticket sales is recognised when the tickets are sold and delivered. Admission tickets allow visitors to enter into the tourist site while attraction tickets grant the rights to visitors to enjoy the use of the built-in facilities at the tourist site.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Construction contracts

Where the outcome of a construction contract including construction of the infrastructure under a service concession arrangement can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the statement of profit or loss in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised in the statement of profit or loss as an expense immediately.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense in the statement of profit or loss on a straight-line basis over the lease term.



3. SIGNIFICANT ACCOUNTING POLICIES - continued

Leasing - continued**Leasehold land and building**

When the Group makes payments for a property interest which includes both leasehold land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire property is accounted as an operating lease.

To the extent the allocation of the relevant lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payment" in the consolidated statement of financial position and is released over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the leasehold land and building elements, the entire property is generally classified as if the leasehold land is under finance lease.

Foreign currencies

These consolidated financial statements are presented in \$, which is the Company's functional currency and the Group's presentation currency. In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items are recognised in the statement of profit or loss in the period in which they arise.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. \$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive loss and accumulated in equity under the heading of exchange reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to the statement of profit or loss.



3. SIGNIFICANT ACCOUNTING POLICIES - continued

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the consolidated statement of profit or loss and other comprehensive income in the period in which they are incurred.

Retirement benefits costs

Payments to state-managed retirement benefit scheme and Mandatory Provident Fund Scheme are recognised as expenses when employees have rendered service entitling them to the contributions.

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense in the statement of profit or loss unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries and annual leave) after deduction of any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in the statement of profit or loss except to the extent that another IFRS requires or permits their inclusion in the cost of an asset.

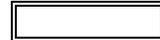
Share-based payment arrangements

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately in the statement of profit or loss with a corresponding increase in equity (share option reserve).

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share capital. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated losses.



3. SIGNIFICANT ACCOUNTING POLICIES - continued

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'loss before tax' as reported in the consolidated statement of profit or loss and other comprehensive loss because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in the statement of profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on a first-in, first-out basis. Net realisable value represents the estimated selling price for the inventories less all estimated costs of completion and costs necessary to make the sale.



3. SIGNIFICANT ACCOUNTING POLICIES - continued

Property, plant and equipment

Property, plant and equipment, mainly including motor vehicles, attractions and improvement and buildings, are stated in the consolidated statement of financial position at cost or revalued amount less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

The property, plant and equipment are depreciated on a straight-line basis over the following useful lives:

Attractions and improvement	10 to 40 years
Buildings	36 to 40 years
Others	3 - 5 years

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual value and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Any revaluation increase arising from revaluation of property, plant and equipment is recognised in other comprehensive income and accumulated in revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognise in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of property, plant and equipment is recognised in profit or loss to the extent that it exceeds the balance, if any, on the revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to retained profits.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of the property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The intangible assets are amortised on a straight-line basis over the following useful lives:

Hot spring prospecting rights	10 years
Trademark	10 years
Patent	10 years
Others	10 years



3. SIGNIFICANT ACCOUNTING POLICIES - continued

Intangible assets - continued

Intangible asset arising from a service concession arrangement

When the Group has a right to charge for usage of concession infrastructure as a consideration for providing construction service in a service concession arrangement, it recognises an intangible asset at fair value upon initial recognition. The intangible asset is carried at cost less accumulated amortisation and accumulated impairment loss, if any. Amortisation is recognised on a straight-line basis over their estimated useful lives, i.e. the period which commence from the date when the part of the tourist attraction site is available for use. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Any gain or loss arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in the statement of profit or loss when the asset is derecognised.

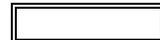
Impairment on tangible and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in the statement of profit or loss unless the asset is carried at revalued amount. Any impairment loss of a revalued asset shall be treated as a revaluation decrease and is recognised in other comprehensive income to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit or loss unless the relevant asset is carried at a revalued amount under another standard in which case the reversal of the impairment loss is treated as a revaluation increase under that standard.



3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in statement of profit or loss.

Financial assets

The Group's financial assets are classified into financial assets at fair value through profit or loss ("FVTPL") and loans and receivables.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in the 'other gain' in the financial statements. Fair value is determined in the manner described in Note 28c.



3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued**Financial assets** - continued*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, advances to a local authority and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment losses (see accounting policy on impairment on financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payment in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of an impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.



3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued**Financial assets** - continued***Impairment of financial assets*** - continued

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When the amount is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised in the statement of profit or loss. Changes in the carrying amounts of the allowance account are recognised in the statement of profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the statement of profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.



3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Financial liabilities and equity - continued

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities (including other payables, amounts due to a shareholder/related parties and loan from a shareholder/related parties) are subsequently measured at amortised cost, using the effective interest method.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the statement of profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit or loss.



3. SIGNIFICANT ACCOUNTING POLICIES - continued

Application of new and revised International Financial Reporting Standards ("IFRSs")*Application of amendments to IFRSs that are mandatorily effective for the current year*

The Group has applied the following amendments to IFRSs for the first time in the current year.

Amendments to IAS 7	Disclosure Initiative
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to IFRS 12	As part of the Annual Improvements to IFRS Standards 2014 - 2016 Cycle

Except as disclosed below, the application of the amendments to IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to IAS 7 *Disclosure Initiative*

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

A reconciliation between the opening and closing balances of these items is provided in Note 29. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in Note 29, the application of these amendments has had no impact on the Group's consolidated financial statements.



3. SIGNIFICANT ACCOUNTING POLICIES - continued

Application of new and revised International Financial Reporting Standards ("IFRSs") - continued*New and revised to IFRSs issued but not yet effective*

The Group has not early applied the following new and revised to IFRSs that have been issued but are not yet effective:

IFRS 9	Financial Instruments ¹
IFRS 15	Revenue from Contracts with Customers and the related Amendments ¹
IFRS 16	Leases ²
IFRS 17	Insurance Contracts ⁴
IFRIC 22	Foreign Currency Transactions and Advance Consideration ¹
IFRIC 23	Uncertainty over Income Tax Treatments ²
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions ¹
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts ¹
Amendments to IFRS 9	Prepayment Features with Negative Compensation ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement ²
Amendments to IAS 28	Long-term Interests in Associates and Joint Venture ²
Amendments to IAS 28	As part of the Annual Improvements to IFRS Standards 2014 - 2016 Cycle ¹
Amendments to IAS 40	Transfers of Investment Property ¹
Amendments to IFRSs	Annual Improvements to IFRS Standards 2015 - 2017 Cycle ²

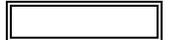
¹ Effective for annual periods beginning on or after 1 January 2018.

² Effective for annual periods beginning on or after 1 January 2019.

³ Effective for annual periods beginning on or after a date to be determined.

⁴ Effective for annual periods beginning on or after 1 January 2021.

Except for the new IFRSs mentioned below, management anticipates that the application of all other new and amendments to IFRSs and interpretations will have no material impact on the Group's consolidated financial statements in the foreseeable future.



3. SIGNIFICANT ACCOUNTING POLICIES - continued

Application of new and revised International Financial Reporting Standards ("IFRSs") - continued**IFRS 9 *Financial Instruments***

IFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets. Key requirements of IFRS 9 which are relevant to the Group are:

- all recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through profit or loss. All other financial assets are measured at their fair value at subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- in relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's financial instruments and risk management policies as at December 31, 2017, the directors of the Company anticipate the following potential impact on initial application of IFRS 9.

For the structured deposits as disclosed in Note 11, management anticipates that the Group would revoke its previous designation of financial assets as measured at fair value through profit or loss at initial application date. The contractual cash flows of these deposits do not represent solely payments of principal and interest on the principal outstanding, and accordingly, it is required to be classified at financial assets at fair value through profit or loss.

Except for financial assets which are subject to expected credit loss model under IFRS 9, all other financial assets and financial liabilities will continue to be measured on the same bases currently measured under IAS 39.



3. SIGNIFICANT ACCOUNTING POLICIES - continued

Application of new and revised International Financial Reporting Standards ("IFRSs") - continued**IFRS 9 *Financial Instruments* - continued**

In general, management anticipates that the application of the expected credit loss model of IFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost and other items that subject to the impairment provisions upon application of IFRS 9 by the Group.

Based on the assessment by the management, if the expected credit loss model were to be applied by the Group, an immaterial amount of impairment loss would be recognised by the Group as at 1 January 2018, mainly attributable to expected credit loss position on trade receivables. Such impairment recognised under expected credit loss model would increase the opening accumulated losses at January 1, 2018.

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

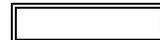
The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

In 2016, the IASB issued clarifications to IFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

Management anticipates that the application of IFRS 15 in the future may result in more disclosures, however, management does not anticipate that the application of IFRS 15 will have a material impact on the timing and amounts of revenue recognized in the respective reporting periods. The directors of the Company intend to apply the limited retrospective method with cumulative effect on initial application recognised in opening balance of equity at January 1, 2018.



3. SIGNIFICANT ACCOUNTING POLICIES - continued

Application of new and revised International Financial Reporting Standards ("IFRSs") - continued

IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede IAS 17 *Leases* and the related interpretations when it becomes effective.

IFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use while other operating lease payments are presented as operating cash flows. Upon application of IFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

4. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the nine months ended September 30 2018, the Group acquired property, plant and equipment of approximately \$579 (2017: \$814,464). Depreciation of property, plant and equipment for the nine months ended September 30, 2018 is \$80,171(2017: \$564,815).



5. ADVANCES TO A LOCAL AUTHORITY

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

The advances are interest-free 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.

6. TRADE AND OTHER RECEIVABLES

	September 30, <u>2018</u> \$ (Unaudited)	December 31, <u>2017</u> \$ (Audited)
Trade receivables	-	6,812
Less: allowance for bad and doubtful debts	-	-
	<u>-</u>	<u>6,812</u>
Prepayment	106,710	77,566
Other receivables	62,745	44,398
	<u>169,455</u>	<u>128,776</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 travel agents.

7. OTHER PAYABLES

	September 30, <u>2018</u> \$ (Unaudited)	December 31, <u>2017</u> \$ (Audited)
Constructions expenses	400,369	575,025
Admission ticket sales proceeds entitled by a local authority	494,060	451,450
Legal and professional fee	-	101,743
Advertising expenses	118,739	524,215
Salary expenses	84,872	58,505
Sub-contracting expenses	-	18,666
Others	58,806	283,275
	<u>1,156,846</u>	<u>2,012,879</u>



8. AMOUNTS DUE TO/ LOAN FROM A SHAREHOLDER/RELATED PARTIES

As at December 31, 2016, amount due to a shareholder amounted to \$201,277 which represents interest payable arising from a loan from the shareholder. The amount is unsecured, non-interest bearing and repayable on demand.

As at December 31, 2016, loan from a shareholder amounted \$2,075,712 is unsecured, interest bearing at Hong Kong Prime Rate of 5% per annum with maturity on December 31, 2018.

On September 1, 2017, the Group entered into a loan assignment agreement with the shareholder and related parties that the shareholder assigned its right relating to the loan and all its interest accrued with an aggregate amount of HK\$12,100,000 (equivalent to approximately \$2,000,000), to the related parties with immediate effective.

As at September 30, 2018, loan from related parties amounted \$2,02,064 is unsecured, interest bearing at Hong Kong Prime Rate of 5% per annum with maturity on December 31, 2018 and amounts due to related parties amounted \$72,316, representing interest payable from such loan, is unsecured, no interest bearing and repayable on demand.

9. 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, 2017	64,346,480
Issue of shares (Note)	<u>7,730,593</u>
As of December 31, 2017 and September 30, 2018	<u><u>72,077,073</u></u>

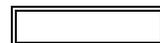
Note: On September 14, 2017, 7,730,593 common shares were subscribed by an independent third party at a subscription price of \$0.225 per common share with a total amount of \$1,739,383.

(c) Share options

The Company 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. The Company granted 800,000 on December 21, 2011 and an additional 220,000 on September 30, 2012, for a total of 1,020,000 share options to its directors and officers at an exercise price of \$0.10 per common share. Each share option entitles its holder to purchase one common share at a price of \$0.10 per common share till January 31, 2023.

During the year ended December 31, 2017, 320,000 share options were forfeited following 90 days after the resignation of two share option holders

As at December 31, 2017 and September 30, 2018, 355,000 share options of the Company were outstanding and were exercisable with a weighted average exercise price of \$0.10.



10. 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	\$	\$	\$	\$
Admission ticket sales	21,329	151,395	115,115	370,016
Attraction ticket sales	43,725	238,527	228,063	644,579
Others	7,890	2,103	32,185	6,241
	<u>72,944</u>	<u>465,620</u>	<u>375,363</u>	<u>1,020,836</u>

11. OTHER GAIN

	For the three months ended Sep 30,		For the nine months ended Sep 30,	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	\$	\$	\$	\$
Foreign exchange gain, net	<u>(51,120)</u>	<u>39,261</u>	<u>56,065</u>	<u>118,856</u>

12. INCOME TAX CREDIT

	For the three months ended Sep 30,		For the nine months ended Sep 30,	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	\$	\$	\$	\$
Deferred tax				
Current period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

13. LOSSES PER SHARE

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

	For the three months ended Sep 30,		For the nine months ended Sep 30,	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	\$	\$	\$	\$
Loss for the period for the purposes of calculation of basic and diluted losses per share	<u>707,245</u>	<u>1,316,239</u>	<u>1,774,127</u>	<u>3,914,260</u>
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Weighted average number of common shares outstanding for the purposes of calculation of basic and diluted losses per share	<u>72,077,073</u>	<u>53,997,339</u>	<u>72,077,073</u>	<u>64,826,115</u>

The computation of diluted losses per share for both years does not assume the exercise of the Company's outstanding share options since the assumed exercise of those share options would be anti-dilutive.



14. SEGMENTED INFORMATION

The Group determines its reportable and operating segments based on information reported to the 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 organisational structure, management requirements, internal reporting policies, the management considers the Group itself is one operating segment and reviews the consolidated financial statements as a whole.

The Group principally operates in the PRC. Majority of non-current assets of the Group are located in the PRC.

15. RELATED PARTY TRANSACTIONS

(a) During the year, the Group had the following transactions with a shareholder and a related party:

	For the three months ended Sep 30,		For the nine months ended Sep 30,	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	\$	\$	\$	\$
Interest payable to a shareholder	-	-	-	70,976
Management fee payable to a related party	-	10,021	-	30,064
Interest expenses to related parties	<u>23,845</u>	<u>25,053</u>	<u>72,316</u>	<u>25,053</u>

(b) Balances and other arrangements with related parties are set out in the consolidated statement of financial position on pages 2 and in Note 9.