



**ALPHA PEAK LEISURE INC.**  
**160 – 170 6751 Graybar Road**  
**Richmond, BC V6W 1H3**

**Alpha Peak Announces Proposed Distribution, Reduction of Stated Capital and Sale of Shares of its Wholly-Owned Subsidiary, Total Wonder Enterprises Limited**

**December 21, 2018** – Alpha Peak Leisure Inc. (TSX-V: AAP) (“**Alpha Peak**” or the “**Company**”) announces that it proposes (i) to effect a cash distribution of \$0.075 per common share (the “**Common Share**”) to shareholders by way of a return of capital (the “**Distribution**”) and to correspondingly reduce the stated capital (the “**Stated Capital Reduction**”) of the Common Shares, and (ii) to sell (the “**Transaction**”) all of the shares (“**TWEL Shares**”) of its wholly-owned subsidiary, Total Wonder Enterprises Limited (“**TWEL**”) to certain shareholders of the Company (the “**Purchasers**”).

Alpha Peak shareholders (the “**Disinterested Shareholders**”), other than the Purchasers, will receive the Distribution in the form of cash. Purchasers will apply their proceeds from the Distribution to purchase TWEL Shares pursuant to the Transaction by means of a set-off in accordance with each of their share purchase agreements with the Company. No cash payment will be made to the Purchasers on account of the Distribution.

Pursuant to the Transaction, the Company proposes to sell all of the TWEL Shares to the following Purchasers, each of whom holds the number of and percentage of outstanding Common Shares set out opposite their names and proposes to purchase the number of and percentage of TWEL Shares at the purchase price set out opposite their names:

<b>Name of Purchaser</b>	<b>Number of Common Shares / Percentage of Outstanding Common Shares</b>	<b>Number of TWEL Shares / Percentage of TWEL Shares proposed to be purchased (Purchase Price)</b>
CN Lifestyle Limited <sup>(1)</sup>	25,106,746 / 34.83%	13,854 / 47.89% (\$1,883,005.95)
Peter Kai-Sing So	10,361,351 / 14.38%	5,718 / 19.76% (\$777,101.33)
Yuxiu Zhao <sup>(2)</sup>	7,730,593 / 10.73%	4,266 / 14.75% (\$579,794.48)
Belva Global Company Limited <sup>(3)</sup>	5,555,556 / 7.71%	3,066 / 10.60% (\$416,666.70)
Merit Sign Holding Limited	3,672,378/ 5.10%	2,026/ 7.00% (\$275,428.35)
Total	52,426,624 / 72.74%	28,930 / 100% (\$3,931,996.80)

**Notes:**

- (1) Controlled by Messrs. Bob Hot-Hoi Chong and Charles Hok-Hei Chong who are former directors of the Company.
- (2) Ms. Zhao is the Chairperson and Acting Chief Executive Officer of the Company.
- (3) Wholly owned by Ms. Pennie Baihan Zong, a director of the Company.

TWEL will also pay the Company \$1,473,783.68 upon redemption of 10,843 TWEL Shares, which amount is also equal to the Distribution amount payable to Disinterested Shareholders (and which, together with the aggregate purchase price of \$3,931,996.80 set forth above to be paid by the Purchasers for the TWEL Shares, represents the aggregate transaction consideration of \$5,405,780.48).

The Distribution, Stated Capital Reduction and the Transaction are subject to certain closing conditions, including, without limitation, the approval thereof by the Company's special meeting of shareholders currently scheduled to be held in Toronto on January 24, 2019.

Following completion of the Distribution, Stated Capital Reduction and the Transaction, the Company will remain a reporting issuer in the Provinces of British Columbia and Alberta. The Company will be a "shell" company with no material assets or liabilities and no active business. The Company understands that the Common Shares will have to be transferred to the NEX board of the TSX Venture Exchange (the "TSXV"). The TWEL Shares will be owned exclusively by the Purchasers and TWEL will continue as a private company.

In addition, the maturity of a loan (the "Loan") to the Company's subsidiary, Merit Sign Investments Limited, from certain interested parties in the amount of \$2,052,064, has been extended to December 31, 2019. The Loan is unsecured and bears interest at a Hong Kong Prime Rate of 5% per annum (of which \$72,316 interest was payable as of September 30, 2018).

### **Related Party Transactions and Valuation Report and Fairness Opinion**

Certain Purchasers are related parties of the Company since, as indicated above, they fall into one or more of the following categories: (i) director of the company; (ii) officer of the Company; and (iii) owner of more than 10% of the outstanding Common Shares. There is an exemption available from the valuation requirements of Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("MI 61-101") for the Distribution, the Transaction and the Loan since the Common Shares are listed on the TSXV and not on the specified markets set forth in MI 61-101. In any event, the Company has obtained a valuation report and fairness opinion (the "**Valuation Report and Fairness Opinion**" from Hong Kong Appraisal Advisory Limited in connection with the Distribution and the Transaction as further described in the Circular (as defined below). Minority approval is not required for the Loan amendment pursuant to Section 5.7(1)(f) of MI 61-101. Furthermore, in accordance with the rules of the TSXV and MI 61-101, the Company will also seek minority approval for the Distribution and the Transaction. Any Common Shares held by the Purchasers will be excluded from determining such approvals (the "**Disinterested Shareholder Approval**").

The Valuation Report and Fairness Opinion from Hong Kong Appraisal Advisory Limited provides that the fair market value of the Company's 100% equity interest in TWEL (including its subsidiaries) and the equity interest of TWEL indirectly held by the Disinterested Shareholders as at September 30, 2018 is in the range of \$3,822,000 to \$4,718,000 (the "**Fair Market Value**") and approximately \$825,000 to \$1,022,000, respectively, and that the Distribution amount payable to the Disinterested Shareholders, which is \$1,473,783.68 (or \$0.075 on a per Common Share basis), is fair from a financial point of view to the Disinterested Shareholders of the Company as at December 19, 2018. The proposed cash Distribution of \$0.075 per Common Share, represents a premium of 27% to the average Fair Market Value per Common Share and a premium of 28% over the 60-day volume weighted average trading price of the Common Shares on the TSXV prior to the date hereof.

## **The Special Meeting of Shareholders**

In connection with the special meeting of shareholders, the Company will file a management information circular (the “**Circular**”) and related voting materials which provide further details regarding the Distribution, Stated Capital Reduction and the Transaction to be approved by the shareholders. Shareholders of the Company should receive these meeting materials by mail shortly. These meeting materials will also be available on SEDAR at [www.sedar.com](http://www.sedar.com).

The Company has decided to seek: (i) the combined approval of the Distribution and the Stated Capital Reduction; and (ii) approval of the Transaction; in each case by way of special resolution (being approval by two thirds of all votes cast at the Meeting) (the “**Special Resolution**”) and by way of Disinterested Shareholder Approval.

**HOWEVER, to proceed with the Distribution and Stated Capital Reduction, the Transaction must also be approved.** Approval of the Transaction will proceed to a vote only if the Distribution and Stated Capital Reduction are accordingly approved at the meeting. As described in the Circular, shareholders have dissent rights in connection with the Transaction.

Your vote is important. The Company encourages shareholders to read the materials in detail. To ensure that your Common Shares will be represented at the special meeting, shareholders should carefully follow the voting instructions in the meeting materials. The deadline for the receipt of proxies is currently 8:30 a.m. (Toronto time) on January 22, 2019 or before 48 hours (excluding Saturdays, Sundays and holidays) before any adjournment of the meeting.

## **Recommendation of the Board of Directors**

After consulting with management and its financial and legal advisors and the receipt and review of the recommendation of the independent special committee, the Board of Directors has unanimously recommended that Shareholders vote FOR the Special Resolutions approving the Distribution and Stated Capital Reduction, and the Transaction.

## **The Distribution**

The record date for the Distribution will be such date as the Board of Directors in its sole discretion may determine (the “**Distribution Record Date**”). If all of the above mentioned shareholder approvals are obtained, and the Company proceeds with the Distribution, the Distribution is expected to be effected by the Company on the date that is not later than 14 days after the Distribution Record Date or at such other date to be determined by the Board of Directors in its sole discretion.

Shareholders will retain their Common Shares and are not expected to exchange or forfeit any Common Shares to receive their Distributions.

## **Early Warning Reporting**

As announced in a news release of the Company dated September 15, 2017, the Company closed, effective September 14, 2017, a non-brokered private placement at a price of \$0.225 per share for total consideration of \$1,739,383.43. As reported on the System for Electronic Disclosure by Insiders (SEDI), this purchaser was Yuxiu Zhao, a director of the Company, whose acquisition represents approximately 10.7% of the Company's outstanding common shares. Prior thereto, Ms. Zhao did not own any securities of the Company. Also, further to each of the early warning reports dated June 25, 2015 of Peter Kai-Sing So and CN Lifestyle Limited (together with Ms. Zhao, the "**Acquirors**"), the Acquirors confirm that they are also Purchasers and will vote in favour of the Special Resolutions, but will be excluded from voting with respect to Disinterested Shareholder Approvals. The Acquirors may acquire additional securities of the Company on the open market or through private acquisitions or sell securities on the open market or through private dispositions depending on market conditions, reformulation of plans and/or other relevant factors.

A copy of the respective early warning reports will appear on the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com) and may also be obtained by contacting, as applicable, (i) for Ms. Zhao, Yuxiu Zhao at +86 553-5842035 (No.9 Urumqi Road, Baohe District, Anhui Province, Hefei, PRC), (ii) for CN Lifestyle Limited: Bob Hot-Hoi Chong, at +852 2861 5159 (20/F, Chung Nam Building, 1 Lockhart Road, Hong Kong), and (iii) Mr. So at +86 769 8680 6698 (5R Winner Building, 36 Man Yu Street, Hungghom, Kowloon, Hong Kong).

## **About Alpha Peak**

The Company, via its wholly-owned subsidiary, Total Wonder Enterprises Limited, has a 40-year operating and development right with the Hailuo Valley Scenic Area Administration for Swallows' Gully, a national scenic location in China encompassing an area of approximately 593 km<sup>2</sup>.

For more information, please contact:

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## **Forward-Looking Information**

Except for statements of historical fact contained herein, information in this press release may constitute "forward-looking information" within the meaning of Canadian securities laws. Other than statements of historical fact, all statements that involve various known and unknown risks, uncertainties and other factors are "forward-looking statements", including with respect to the dates of the special meeting of shareholders, the Distribution Record Date and the effective date of the Distribution, the ability of the Company to implement the Distribution, Stated Capital Reduction and Transaction on the terms described or at all, as well as the status of the Company and TWEL after the Transaction. There can be no assurance that such statements will prove accurate. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company in light of management's experience and perception of current conditions and expected developments, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements, including, without limitation, the risk factors set out in the Circular, and undue reliance should not be placed on such statements and information. Except as otherwise required by applicable law, Alpha Peak expressly disclaims any intention or obligation to update publicly any forward-looking information, whether as a result of new information, future events or otherwise.

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