ALPHA PEAK LEISURE INC.

Interim Condensed Consolidated Financial Statements
For the three months ended March 31, 2016 and 2015
(Expressed in Canadian dollars)
(Unaudited)

ALPHA PEAK LEISURE INC.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015
(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)

"Thurman Tat Hong So"

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Chief Financial Officer

May 28, 2016

ALPHA PEAK LEISURE INC.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT MARCH 31, 2016 AND DECEMBER 31, 2015
(expressed in Canadian Dollars)
(unaudited)

	NOTES	March 31, 2016 $	December 31, 2015 $
Non-current assets			
Property, plant and equipment	4	26,071,320	27,604,790
Intangible asset arising from a service concession arrangement	5	8,077,868	8,420,861
Prepaid lease payment		327,954	331,501
Intangible assets		19,848	23,569
Advances to a local authority	6	1,890,732	1,979,855
		36,387,722	38,360,576
Current assets			
Inventories		166,276	171,353
Trade and other receivables	7	303,350	441,746
Advance to a shareholder	8	903	966
Bank balances and cash		11,484,471	12,551,790
		11,955,000	13,165,855
Current liabilities			
Other payables	9	1,432,963	1,206,841
Amount due to a shareholder	10	119,389	100,864
Amount due to a related party	11	10,038	10,738
		1,562,390	1,318,443
Net current assets		10,392,610	11,847,412
Total assets less current liabilities		46,780,332	50,207,988
Non-current liabilities			
Deferred tax liability		1,424,554	1,535,001
Loan from a shareholder	10	2,007,630	2,147,511
		3,432,184	3,682,512
Net assets		43,348,148	46,525,476
Equity			
Share capital	12	67,658,582	67,658,582
Reserves		(24,310,434)	(21,133,106)
		43,348,148	46,525,476

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

The interim condensed consolidated financial statements on pages 2 to 12 were approved and authorised for issuance by the Board of Directors on May 28, 2016 and are signed on its behalf by:

"Kenneth Poon" — Kenneth Poon, Director

"Bob Hot Hoi Chong" — Bob Hot Hoi Chong, Director

ALPHA PEAK LEISURE INC.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015
(expressed in Canadian Dollars)
(unaudited)

	NOTES	2016 $	2015 $
Revenue	13	362,971	34,734
Cost of sales/services		(592,974)	(288,278)
Gross loss		(230,003)	(253,544)
Other income		39,777	31,788
Finance costs		(26,068)	(24,369)
Marketing expenses		(329,224)	(166,045)
Other gain and (loss)	14	610,003	(39,244)
Administrative expenses		(533,280)	(402,314)
Loss before tax		(468,795)	(853,728)
Income tax credit	15	10,870	-
Loss for the period		(457,925)	(853,728)
Other comprehensive (loss) income			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operation		(2,719,403)	-
Item that will not be reclassified to profit or loss:			
Exchange difference arising on translation to presentation currency		-	2,983,767
Other comprehensive (loss) income for the period		(2,719,403)	2,983,767
Total comprehensive (loss) income for the period		(3,177,328)	2,130,039
Losses per share:	17		
Basic		(0.01)	(0.02)
Diluted		(0.01)	(0.02)
Weighted average number of common shares Outstanding:	17		
Basic		64,346,480	45,356,146
Diluted		64,346,480	45,356,146

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015

(*expressed in Canadian Dollars)*

(unaudited)

	Share capital $	Capital reserve $ (Note i)	Share option reserve $	Revaluation reserve $	Exchange reserve $	Accumulated losses $	Total $
At January 1, 2015	34,238,642	3,210,875	-	3,867,030	5,143,434	(13,890,642)	32,569,339
Loss for the period	-	-	-	-	-	(853,728)	(853,728)
Other comprehensive income for the period	-	-	-	-	2,983,767	-	2,983,767
Total comprehensive income (loss) for the period	-	-	-	-	2,983,767	(853,728)	2,130,039
At March 31, 2015	34,238,642	3,210,875	-	3,867,030	8,127,201	(14,744,370)	34,699,378
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	-	-	-	-	-	(457,925)	(457,925)
Other comprehensive loss for the period (Note ii)	-	-	-	-	(2,719,403)	-	(2,719,403)
Total comprehensive loss for the period	-	-	-	-	(2,719,403)	(457,925)	(3,177,328)
At March 31, 2016	67,658,582	3,210,875	1,734,040	3,503,042	8,179,497	(40,937,888)	43,348,148

Notes:

(i) 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.

(ii) Other comprehensive loss for the current period represents exchange differences arising from the translation of the assets and liabilities of the Group's foreign operations from the functional currency to the presentation currency, in accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates.* Included in the other comprehensive loss for the current period of $2,719,403 was the exchange loss of approximately $632,000, which incurred due to the revaluation of Canadian dollars ("CAD") against Renminbi ("RMB"), the functional currency of one of the Group's subsidiaries, which held a bank balance of approximately $7.3 million denominated in CAD as of March 31, 2016 (December 31, 2015: $9.7 million), from which the Group recorded an exchange gain of approximately $645,000 in profit or loss during the three months ended March 31, 2016 (see Note 14).

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 ENDED MARCH 31, 2016 AND 2015
(expressed in Canadian Dollars)
(unaudited)

	2016 $	2015 $
CASH FLOWS USED IN OPERATING ACTIVITIES	(311,666)	(692,315)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Purchases of property, plant and equipment	-	(106,375)
Interest received	9,020	3,218
	9,020	(103,157)
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES ON CASH	(764,673)	212,232
DECREASE IN CASH	(1,067,319)	(583,240)
CASH AT BEGINNING OF THE PERIOD	12,551,790	2,275,848
CASH AT END OF THE PERIOD	11,484,471	1,692,608

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

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

The interim condensed consolidated financial statements of Alpha Peak Leisure Inc. ("Alpha Peak") and its subsidiaries (collectively referred to as the "Group"), which include the accompanying interim condensed consolidated statement of financial position as at March 31, 2016 and December 31, 2015 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 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 800 – 885 West Georgia Street, British Columbia V6C 3H1, Canada.

On June 23, 2015, Alpha Peak completed a qualifying transaction pursuant to the policies of the TSX-V through a private placement financing (the "Financing") and an amalgamation with 1016772 B.C. Ltd. ("6772BC") (the "Amalgamation"), a private limited company incorporated under the *British Columbia Business Corporation Act* on October 20, 2014 (collectively referred to as the "Qualifying Transaction") 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 ("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 IASB. Therefore, the interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the years ended December 31, 2015 and 2014 of the Group, 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 May 28, 2016.

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 fair values.

Except as described below, the accounting policies and methods of computation used in the interim condensed consolidated financial statements are the same as those followed in the preparation of the consolidated financial statements for the years ended December 31, 2015 and 2014.

(a) Newly Applied Accounting Standards

The following amended standards were applied as of January 1, 2016:

IFRS 10	Consolidated Financial Statements (amendment);
IAS 1	Presentation of Financial Statements (amendment);
IAS 16	Property, Plant and Equipment (amendment); and
IAS 38	Intangible Assets (amendment).

The adoption of these amended standards did not have a significant impact on the Group’s interim condensed consolidated financial statements.

(b) Accounting Standards Issued But Not Yet Effective

The Group has reviewed the new and revised accounting pronouncements that have been issued but are not yet effective and determined that there are no relevant updates in the current period.

4. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the three months ended March 31, 2016, the Group acquired property, plant and equipment of approximately $290,566 (2015: $106,375). Depreciation of property, plant and equipment for the three months ended March 31, 2016 is $161,460 (2015: $145,878).

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, 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 ended March 31, 2016, the Group recognised revenue from admission ticket sales of approximately $70,840 (2015: $12,361). 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.

During the three months ended March 31, 2016, the Group recognised revenue from construction services in relation to the tourist attraction under BOT of approximately $234,670 (2015: nil) by reference to the stage of completion of the construction work and revenue from operation services of approximately $128,301 (2015: $34,734).

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 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.

7. TRADE AND OTHER RECEIVABLES

	March 31, 2016 $	December 31, 2015 $
Trade receivables	1,049	2,135
Less: allowance for bad and doubtful debts	-	-
	1,049	2,135
Prepayment	257,637	419,871
Other receivables	44,664	19,740
	303,350	441,746

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.

8. ADVANCE TO A SHAREHOLDER

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

9. OTHER PAYABLES

	March 31, 2016 $	December 31, 2015 $
Constructions expenses	748,215	466,253
Admission ticket sales proceeds entitled by a local authority	282,156	282,707
Legal and professional fee	123,502	231,669
Salary expenses	69,607	66,427
Sub-contracting expenses	16,826	18,435
Others	192,657	141,350
	1,432,963	1,206,841

10. 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, 2015: 5% per annum) with maturity on December 31, 2018.

11. AMOUNT DUE TO A RELATED PARTY

Amount due to a related party represents management fee payable to CN Group Limited, of which the controlling shareholder is the same as one of the Company's corporate shareholders. The amount is unsecured, non-interest bearing and repayable on demand.

12. SHARE CAPITAL

(a) Authorised

Unlimited number of common shares without par value

(b) Issued common shares

Movement of share capital of the Company

	Number of common shares
As of January 1, 2015	10,204,800
Exercise of warrants	395,200
Issue of shares in connection to the Financing	8,355,334
Issue of shares in connection to the Amalgamation	45,356,146
Issue of shares to a sponsor in connection to a sponsorship agreement	35,000
As of December 31, 2015 and March 31, 2016	64,346,480

(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. On December 21, 2011, Alpha Peak granted 800,000 and on September 30, 2012 an additional 220,000, 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 for a period of ten years from January 31, 2013.

As at January 1, 2015, December 31, 2015 and March 31, 2016, there are 1,020,000 share options outstanding with a weighted average exercise price of $0.10.

(d) Warrants

On January 31, 2013, Alpha Peak granted an aggregate of 400,000 non-transferable warrants. Each warrant entitles its holder to purchase one common share at a price of $0.10 per common share for a period of 24 months from January 31, 2013.

As at January 1, 2015, 395,200 warrants were outstanding with a weighted average exercise price of $0.10. During the three months ended March 31, 2015, all the outstanding warrants were exercised.

13. REVENUE

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

	2016	2015
	$	$
Provision of construction services under a service concession arrangement	234,670	-
Admission ticket sales	70,840	12,361
Attraction ticket sales	56,289	21,602
Others	1,172	771
	362,971	34,734

14. OTHER GAIN AND (LOSS)

	2016	2015
	$	$
Exchange gain (loss), net	610,003	(39,244)

Other gain and (loss) comprises the exchange gain (loss), net, accounted for in accordance with IAS 21, by which exchange differences on monetary items in other currencies than its functional currency are recognised in profit or loss in the period in which they arise. During the three months ended March 31, 2016, the Group recorded an exchange gain of $610,003 (2015: exchange loss of $39,244). The exchange gain for the current period was mainly due to the revaluation of CAD against RMB, resulting in an unrealized exchange gain of approximately $645,000 (2015: nil) incurred by one of the Group’s subsidiaries, of which the functional currency is RMB. This subsidiary held a bank balance of approximately $7.3 million denominated in CAD as of March 31, 2016 (December 31, 2015: $9.7 million).

15. INCOME TAX CREDIT

	2016	2015
	$	$
Deferred tax:		
Current period	(10,870)	-
	(10,870)	-

16. 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 organizational structure, management requirements, internal reporting policies, the management considers the Group itself is one operating segment and review the condensed 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.

17. 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:

	2016	2015
	$	$
Loss for the period for the purposes of calculation of basic and diluted losses per share	457,925	853,728

	2016	2015
Weighted average number of common shares for the purposes of calculation of basic and diluted losses per share	64,346,480	45,356,146

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.

18. RELATED PARTY TRANSACTIONS

(a) During the three month ended March 31, 2016, the Group had the following transactions with a shareholder and a related party:

	2016	2015
	$	$
Interest payable to a shareholder	26,068	24,369
Management fee payable to a related party	10,429	-

(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 8, 10 and 11.