

GLORIOUS CREATION LIMITED

Condensed Interim Consolidated Financial Statements (Expressed in Canadian dollars - unaudited)

June 30, 2017

**NOTICE OF NO AUDITORS' REVIEW OF
CONDENSED INTERIM 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 condensed interim consolidated financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Glorious Creation Limited

Condensed Interim Consolidated Statements of Financial Position

Expressed in Canadian dollars

Unaudited

As at

	June 30, 2017	December 31, 2016
	\$	\$
Assets		
Current assets		
Cash	49,444	133,408
Amounts receivable (Note 6)	71,213	82,754
Due from related parties (Note 11)	-	4,437
Inventory	9,081	-
Prepaid expenses (Note 7)	16,712	12,845
Total current assets	146,450	233,444
Investment in associate (Note 15)	15,296	15,592
Capital assets (Note 9)	26,423	32,150
Total assets	188,169	281,186
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	252,117	114,661
Due to related parties (Note 11)	44,334	30,713
Due to associate (Note 15)	113,883	119,417
Loans (Note 8)	236,150	69,280
Total current liabilities	646,484	334,071
Shareholders' equity (deficiency)		
Share capital (Note 10)	1,115,027	1,028,752
Accumulated other comprehensive loss	(14,749)	(20,396)
Deficit	(1,493,149)	(1,017,332)
Equity (deficiency) attributable to shareholders	(392,871)	(8,976)
Non-controlling interest (Note 14)	(65,444)	(43,909)
Total shareholders' equity (deficiency)	(458,315)	(52,885)
Total liabilities and shareholders' equity (deficiency)	188,169	281,186

Nature of operations (Note 1)

Basis of preparation and going concern (Note 2)

Proposed transactions (Note 18)

On behalf of the Board:

"Ian Mallman"

Director

"Kong Yuk Kan"

Director

Glorious Creation Limited

Condensed Interim Consolidated Statements of Loss

Expressed in Canadian dollars

Unaudited

	Three months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2017	Six months ended June 30, 2016
	\$	\$	\$	\$
Revenue				
Sales of goods	1,967	-	14,526	-
Costs of goods sold	(2,635)	-	(20,837)	-
Service income	6,276	1,897	12,552	8,596
Service costs	(13,460)	(703)	(14,659)	(2,796)
Gross profit (loss)	(7,852)	1,194	(8,418)	5,800
General and administrative expenses				
Amortization	3,462	4,808	6,992	8,515
Accounting and auditing (Note 11)	60,934	1,137	104,896	15,381
Legal	50,682	19,773	141,482	39,301
Management fees (Note 11)	18,063	16,282	35,970	26,702
Office and miscellaneous (Note 11)	14,845	15,855	34,098	37,725
Rent	20,656	11,923	36,715	23,954
Salaries and benefits	32,207	28,651	62,009	57,501
Travel and related	12,057	15,256	24,097	26,533
Registration and filing	640	-	13,755	-
Write-off of receivables	28,624	-	28,624	-
Total general and administrative expenses	(242,170)	(113,685)	(488,638)	(235,612)
Equity loss from associate (Note 15)	(247)	(15)	(296)	(114)
Net loss for the period	(250,269)	(112,506)	(497,352)	(229,926)
Net loss attributable to				
Shareholders of the Company	(236,625)	(104,060)	(475,817)	(212,181)
Non-controlling interest (Note 14)	(13,644)	(8,446)	(21,535)	(17,745)
Weighted average number of common shares outstanding				
	32,684,583	10,473,283	32,684,583	10,473,283
Basic and diluted loss per common share				
	(0.01)	(0.01)	(0.01)	(0.01)

Glorious Creation Limited

Condensed Interim Consolidated Statements of Comprehensive Loss

Expressed in Canadian dollars

Unaudited

	Three months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2017	Six months ended June 30, 2016
	\$	\$	\$	\$
Net loss for the period	(250,269)	(112,506)	(497,352)	(229,926)
Other comprehensive income (loss)				
Foreign exchange gain on translating foreign operations	7,045	9,578	5,647	2,222
Comprehensive loss	(243,224)	(102,928)	(491,705)	(227,704)
Comprehensive loss attributable to				
Shareholders of the Company	(229,580)	(94,482)	(470,170)	(209,959)
Non-controlling interest	(13,644)	(8,446)	(21,535)	(17,745)

Glorious Creation Limited

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

Expressed in Canadian dollars

Unaudited

	Share Capital		Accumulated other comprehensive loss	Share subscription received in advance	Deficit	Non- controlling interest	Total
	Number of common shares	Amount					
		\$	\$	\$	\$	\$	\$
Balance, December 31, 2015	10,167,940	342,486	(6,313)	-	(267,830)	(8,880)	59,463
Shares issued for cash	1,832,060	68,266	-	-	-	-	68,266
Share subscription received in advance	-	-	-	265,840	-	-	265,840
Loss for the period	-	-	-	-	(212,181)	(17,745)	(229,926)
Foreign currency translation difference	-	-	2,222	-	-	-	2,222
Balance, June 30, 2016	12,000,000	410,752	(4,091)	265,840	(480,011)	(26,625)	165,865
Balance, December 31, 2016	31,770,415	1,028,752	(20,396)	-	(1,017,332)	(43,909)	(52,885)
Private placement	1,729,586	103,775	-	-	-	-	103,775
Share issuance costs	-	(17,500)	-	-	-	-	(17,500)
Loss for the period	-	-	-	-	(475,817)	(21,535)	(497,352)
Foreign currency translation difference	-	-	5,647	-	-	-	5,647
Balance, June 30, 2017	33,500,001	1,115,027	(14,749)	-	(1,493,149)	(65,444)	(458,315)

Glorious Creation Limited

Condensed Interim Consolidated Statements of Cash Flows

Expressed in Canadian dollars

Unaudited

	Six months ended June 30, 2017	Six months ended June 30, 2016
	\$	\$
Operating activities		
Net loss for the period	(497,352)	(229,926)
Non-cash items:		
Amortization	6,992	8,515
Equity loss from associate	2,96	114
Write-off of receivables	21,534	-
Changes in non-cash working capital items:		
Amounts receivable	(9,993)	(4,172)
Prepaid expenses	(3,867)	67,368
Accounts payable and accrued liabilities	137,456	19,865
Inventories	(9,81)	(141,831)
Customer deposit	-	80,431
, Due to/from related parties	18,058	(2,583)
Total cash used in operating activities	(335,957)	(202,309)
Investing activities		
Purchase of capital assets	(1,284)	(8,021)
Total cash used in investing activities	(1,284)	(8,021)
Financing activities		
Proceeds from loan	174,714	-
Due to/from associate	(1,028)	(4,069)
Proceeds from share issuance	103,775	68,266
Share subscriptions received in advance	-	265,840
Share issuance costs	(17,500)	-
Total cash provided by financing activities	259,961	330,037
Change in cash	(77,280)	119,707
Effect of exchange rate changes on balance of cash held in foreign currencies	(6,684)	(3,658)
Cash, beginning of the period	133,408	25,274
Cash, end of the period	49,444	141,323

Supplement disclosure with respect to cash flows (Note 17)

Glorious Creation Limited

Notes to the Condensed Interim Consolidated Financial Statements

Expressed in Canadian dollars

Unaudited

For the six months ended June 30, 2017

1. NATURE OF OPERATIONS

Glorious Creation Limited (the "Company") was incorporated under the Canada Business Corporations Act on December 24, 2015. Through a share exchange arrangement (Note 5), the Company acquired Glorious IT Creation Limited ("Glorious HK"), a company incorporated under the laws of Hong Kong on July 19, 2011. Glorious HK is involved mainly in trading and the internet technology and service business in Vietnam. In January 2017, Glorious HK incorporated Shenzhen Qianhai Glorious Creation Co. ("Glorious SZ"), Ltd., a wholly-owned subsidiary in Shenzhen, China. The subsidiary was set up for developing business in China.

The Company's head office and principal address is 405 - 1328 West Pender Street, Vancouver, BC, Canada and the registered and records office of the Company is located at Suite 1100 - 736 Granville Street, Vancouver, BC, Canada.

2. BASIS OF PREPARATION AND GOING CONCERN

Statement of compliance

These unaudited condensed interim consolidated financial statements ("Financial Statements") have been prepared in accordance with IAS 34 – Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the IASB have been condensed or omitted and therefore, these unaudited condensed interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2016.

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on August 3, 2017.

Basis of measurement

These unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Functional and presentation currency

The Company's presentation currency is the Canadian Dollar ("C\$"). The functional currency of the Company is the Canadian dollar. The functional currency of Glorious HK is the Hong Kong Dollar ("HKD"), for its Chinese subsidiary Glorious SZ, the Renminbi ("RMB"), and for its Vietnamese subsidiaries, the Vietnamese Dong ("VND"). These consolidated financial statements have been translated to the presentation currency in accordance with IAS 21 The Effects of Changes in Foreign Exchange Rates. This standard requires that assets and liabilities be translated using the exchange rate at period end, and income, expenses and cash flow items be translated using the rate that approximates the exchange rates at the dates of the transactions (i.e. the average rate for the period). All exchange differences are reported as a separate component of other comprehensive income (loss).

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries. Subsidiaries are entities controlled by the Company. All inter-company transactions and balances between the Company and its subsidiaries have been eliminated upon consolidation.

Glorious Creation Limited

Notes to the Condensed Interim Consolidated Financial Statements

Expressed in Canadian dollars

Unaudited

For the six months ended June 30, 2017

2. BASIS OF PREPARATION AND GOING CONCERN (continued)

Consolidation (continued)

The subsidiaries are consolidated from the date on which control is transferred to the Company and will cease to be consolidated from the date on which control is transferred out of the Company. The Company also assesses existence of control where it does not have more than 50% of voting power but is able to control the investee by virtue of de facto control. De facto control may arise in circumstances where the size of the group's voting rights relative to the size and dispersion of holdings of other shareholders gives the group the power to govern the financial and operating policies.

Details of the Company's subsidiaries are as follows:

Name	Date of incorporation or acquisition	Location	Principal activities	Ownership	
				June 30, 2017	December 31, 2016
Glorious IT Creation Limited ("Glorious HK")	July 19, 2011	Hong Kong, China	Asian head office	100%	100%
Shenzhen Qianhai Glorious Creation Co., Ltd. ("Glorious SZ")	January 3, 2017	Shenzhen, China	Virtual cross-border business platform	100%	Not applicable
Glorious (Vietnam) Company Limited ("Glorious Vietnam")	September, 2011	Ho Chi Minh City, Vietnam	Internet technology services	86%	86%
VnTrans Limited ("VnTrans")	September, 2014	Ho Chi Minh City, Vietnam	Transportation and logistic management	72%	72%

Going Concern

These financial statements have been prepared in accordance with IFRS on a going concern basis which assumes the continued realization of assets and satisfaction of liabilities and commitments in the normal course of business.

The Company currently has generated revenue from hardware and software sales, installation and implementation services, staff training, and monthly access and maintenance services. However, it has only a few customers and has not developed a mature line of business. As of June 30, 2017, the Company has an accumulated deficit of \$1,493,149. The Company's ability to continue as a going concern in the short term depends upon the successful completion of the proposed initial public offering as described in Note 18. The proceeds from the IPO should be sufficient for the Company to maintain and develop its business for the next 12 months. However, contributing uncertainties to the Company being a going concern include, but are not limited to, the Company's current working capital which limits the Company's ability to advertise their product offerings. Incurring losses since inception, additional financing will be sought in order to expand the Company's operations. These factors indicate the existence of a material uncertainty that may cast significant doubt upon the ability of the Company to continue as a going concern.

These financial statements do not indicate any adjustments that might be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities other than in the normal course of business.

Glorious Creation Limited

Notes to the Condensed Interim Consolidated Financial Statements

Expressed in Canadian dollars

Unaudited

For the six months ended June 30, 2017

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

a) Going concern evaluation

As discussed in Note 2, these financial statements have been prepared under the assumptions applicable to a going concern. If the going concern assumption were not appropriate for these financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used and such adjustments could be material.

The Company reviews the going concern assessment at the end of each reporting period.

b) Valuation of deferred tax assets and liabilities

Deferred tax assets and liabilities require management judgment in order to determine the amounts to be recognized. This includes assessing the timing of the reversal of temporary differences to which deferred income tax rates are applied. Deferred tax assets are estimated with consideration given to the timing, sources and amounts of future taxable income.

c) Valuation and useful lives of capital assets

Changes in technology or the intended use of these assets as well as changes in economic or industry factors may create indicators of impairment or cause the estimated useful lives of these assets to change. Where impairment is indicated, the Company estimates the fair value of the assets and charges the difference between the fair value and the carrying amount, if any, to impairment expense. The estimates of the useful lives of property and equipment are reviewed on an annual basis. Depreciation or amortization is adjusted on a prospective basis, if and when required.

d) Revenue recognition

The Company has service agreements with regards to some of its sales which requires management to make judgements regarding the timing and allocation of revenue. Specifically, revenue recognized on these contracts is dependent on the estimated percentage of completion at a point in time. The estimated work remaining to complete a project is judgemental in nature and are estimated by experienced staff using their knowledge of the time necessary to complete the work.

4. SIGNIFICANT ACCOUNTING POLICIES

These Condensed Interim Financial Statements have been prepared using accounting policies consistent with those used in the Company's audited consolidated financial statements for the year ended December 31, 2016.

Glorious Creation Limited

Notes to the Condensed Interim Consolidated Financial Statements

Expressed in Canadian dollars

Unaudited

For the six months ended June 30, 2017

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Future changes in accounting policies

Certain new accounting standards and interpretations have been published that are not mandatory for the June 30, 2017 reporting period. Management does not expect these standards will have a significant impact on the measurement or presentation of balances or transactions as reported in these financial statements.

(a) IFRS 9, Financial Instruments

The IASB intends to replace IAS 39 – “*Financial Instruments: Recognition and Measurement*” in its entirety with IFRS 9 in three main phases. IFRS 9 will be the new standard for the financial reporting of financial instruments that is principles-based and less complex than IAS 39. IFRS 9 requires that all financial assets be classified and subsequently measured at amortized cost or at fair value based on the Company’s business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities classified as at fair value through profit or loss, financial guarantees and certain other exceptions. IFRS 9 can currently be adopted voluntarily, but is mandatory for years beginning on or after January 1, 2018.

(b) IFRS 15, Revenue from Contracts with Customers

IFRS 15 contains new standards on revenue recognition that will supersede IAS 18, *Revenue*, IAS 11, *Construction Contracts* and related interpretations. These standards are effective for the fiscal periods beginning on or after January 1, 2018.

(c) IFRS 16, Leases

The new standard on leases, supersedes IAS 17, *Leases*, and related interpretations. The standard is effective for years beginning on or after January 1, 2019.

5. REVERSE TAKEOVER TRANSACTION (“RTO”)

The Company was incorporated under the Canada Business Corporations Act on December 24, 2015 by Yuk Kan Kong (the “Principal”) of the Company. On April 25, 2016, the Company issued 10,000,000 founders’ shares, 7,500,000 of which were issued to the Principal.

Glorious IT Creation Limited (“Glorious HK”) was incorporated under the laws of Hong Kong on July 19, 2011. Glorious HK is involved mainly in trading and the internet technology and service business in Vietnam. It owns two subsidiaries in Vietnam: an 86% interest in Glorious (Vietnam) Company Limited (“Glorious Vietnam”) and a 72% interest in VnTrans Limited (“VnTrans”)

As of December 14, 2016, Glorious HK had 2,620,001 shares issued and outstanding, of which 920,001 was owned by the Principal, who is the largest shareholder and also the sole director and officer of Glorious HK.

Effective December 15, 2016, the Company, Glorious HK and the shareholders of Glorious HK completed a share exchange. The shareholders of Glorious HK exchanged their 100% interest in the shares of Glorious HK in return for an aggregate of 12,000,000 shares (the “Transaction”) of the Company. The Company exchanged its common shares for the shares of Glorious HK at a ratio of 4.5802 common shares of the Company for each Glorious HK share. As a result of the Transaction, Glorious HK became a wholly owned subsidiary of the Company.

Glorious Creation Limited

Notes to the Condensed Interim Consolidated Financial Statements

Expressed in Canadian dollars

Unaudited

For the six months ended June 30, 2017

5. REVERSE TAKEOVER TRANSACTION (“RTO”) (continued)

The transaction has been treated as an RTO that was not a business combination and effectively a capital transaction of the Company. Prior to giving effect to the Transaction, the Company’s issued and outstanding share capital consisted of 10,000,000 common shares with a fair value at \$600,000 as per the stock price of the private placements closed subsequently on December 30, 2016.

Because the former shareholders of Glorious HK obtained control of the Company, the Transaction is considered a purchase of the Company’s operations by Glorious HK and is accounted for as re-capitalization. As Glorious HK is deemed to be the acquirer for accounting purposes, its assets and liabilities and operations since incorporation are included in the consolidated financial statements at their historical carrying value. The Company’s results of operations are included from the date of the transaction onwards. The legal capital continues to be that of Glorious Canada, the legal parent. These financial statements are a continuation of those of Glorious HK.

The determination and allocation of the purchase prices is summarized below:

Purchase price	<u>\$600,000</u>
Allocation of purchase price:	
Net assets	\$578,225
Recapitalization expense	<u>21,775</u>
	<u>\$600,000</u>

6. AMOUNTS RECEIVABLE

The items comprising the Company’s amounts receivable are summarized below:

	June 30, 2017	December 31, 2016
	\$	\$
Tax receivable	21,401	16,078
Trade receivable	13,827	-
Receivable on recovery of leasehold improvement	34,845	52,190
Short term advances	1,140	14,486
Total amounts receivable	<u>71,213</u>	<u>82,754</u>

7. PREPAID EXPENSES

The items comprising the Company’s prepaid expenses are summarized below:

	June 30, 2017	December 31, 2016
	\$	\$
Rent deposit and prepaid rent	14,441	11,379
Other prepaids	2,271	1,466
Total prepaid expenses	<u>16,712</u>	<u>12,845</u>

Glorious Creation Limited

Notes to the Condensed Interim Consolidated Financial Statements

Expressed in Canadian dollars

Unaudited

For the six months ended June 30, 2017

8. LOANS

In December 2015, the Company borrowed HK\$400,000 (June 30, 2017 - \$66,521; December 31, 2016 - \$69,280) from four shareholders. The loans were used to purchase energy saving equipment which was sold in 2016. The loan is non-secured, bears interest at a rate of 8% per annum and has a two year term.

During the six month ended June 30, 2017, the Company received loan of HK\$1,020,000 (\$169,629) from certain shareholders. There is no written agreement. The Company verbally agreed to pay interest at 8% per annum. The loan is non-secured and has no fixed term of repayment.

9. CAPITAL ASSETS

	Computer equipment	Office furniture and fixtures	Computer software	Leasehold improvement	Total
	\$	\$	\$	\$	\$
Cost					
Balance, December 31, 2015	33,991	1,412	3,464	7,239	46,106
Additions	4,292	286	-	5,458	10,036
Disposals	-	-	-	-	-
Balance, December 31, 2016	38,283	1,698	3,464	12,697	56,142
Additions	1,264	-	-	-	1,264
Disposals	-	-	-	-	-
Balance, June 30, 2017	39,547	1,698	3,464	12,697	57,406
Accumulated amortization					
Balance, December 31, 2015	5,911	694	1,868	374	8,847
Additions	9,597	563	1,276	3,709	15,145
Disposals	-	-	-	-	-
Balance, December 31, 2016	15,508	1,257	3,144	4,083	23,992
Additions	4,509	279	306	1,898	6,992
Disposals	-	-	-	-	-
Balance, June 30, 2017	20,017	1,536	3,450	5,981	30,984
Carrying amounts					
At December 31, 2016	22,775	441	320	8,614	32,150
At June 30, 2017	19,530	162	14	6,716	26,422

Glorious Creation Limited

Notes to the Condensed Interim Consolidated Financial Statements

Expressed in Canadian dollars

Unaudited

For the six months ended June 30, 2017

10. SHAREHOLDERS' EQUITY

Share capital

Authorized:

Unlimited common shares without par value

As of June 30, 2017, the Company has 33,500,001 common shares outstanding.

During the six months ended June 30, 2017, the Company issued 1,729,586 shares at \$0.06 per share for total proceeds of \$103,775.

During the year ended December 31, 2016, the Company issued:

- 1) 12,000,000 shares in exchange for 100% of the issued and outstanding shares of Glorious HK valued at \$600,000 (Note 5);
- 2) 9,770,414 common shares at \$0.06 per share for total proceeds of \$586,225.

Prior to the share exchange completed on December 15, 2016 (Note 5), the share capital represents shares issued in Glorious HK:

- i) As of January 1, 2015, Glorious HK had 3,755,729 shares (820,001 pre-RTO shares) issued and outstanding valued at \$111,657 (HK\$820,001);
- ii) During the year ended December 31, 2015, Glorious HK issued 6,412,211 common shares (1,400,000 pre-RTO common shares at HK\$1 per share) for total proceeds of \$230,829 (HK\$1,400,000);
- iii) In April 2016, Glorious HK issued 1,832,060 common shares (400,000 pre-RTO common shares at HK\$1 per share) for total proceeds of \$68,266 (HK\$400,000).

As of December 15, 2016, Glorious HK had a total of 2,620,001 pre-RTO shares issued and outstanding.

The Company issued 12,000,000 common shares for the 2,620,001 outstanding shares of Glorious HK at the time of share exchange. The issued number of common shares of Glorious HK up to the RTO has been adjusted to reflect the exchange ratio established in the RTO transaction of 1 common share of Glorious HK for 4.5802 common shares of the Company.

11. RELATED PARTY TRANSACTIONS

- a) During the six months ended June 30, 2017, the Company paid or accrued fees of \$35,970 (2016 - \$26,702) to the CEO of the Company. As of June 30, 2017, \$6,334 (December 31, 2016 - \$(3,257)) was owed to the CEO.
- b) During the six months ended June 30, 2017, the Company paid or accrued fees of \$37,073 (2016 - \$14,000) to a company controlled by the CFO of the Company. As of June 30, 2017, \$38,000 (December 31, 2016 - \$20,213) was owed to the company controlled by the CFO.

Glorious Creation Limited

Notes to the Condensed Interim Consolidated Financial Statements

Expressed in Canadian dollars

Unaudited

For the six months ended June 30, 2017

11. RELATED PARTY TRANSACTIONS (cont'd...)

- c) As of June 30, 2017, the Company was owed \$1,140 (December 31, 2016 - \$1,180) from Au Si Kinh, who owns 10% of VnTrans.
- d) During the six months ended June 30, 2017, the Company paid or accrued fees of \$Nil (2016 - \$Nil) in the office and miscellaneous expenses to two companies controlled by two directors respectively for the preparation of a business plan. As of June 30, 2017, \$Nil (December 31, 2016 - \$10,500) was owed to the two companies.

12. CAPITAL RISK MANAGEMENT

The Company defines capital as the items included in shareholders' equity. The Company's objectives in managing capital are to safeguard the Company's ability to continue as a going concern, ensure sufficient capital and liquidity to complete its technology developments, establish commercial markets and pursue its growth strategy.

To support these objectives, the Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and risk characteristics of underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents. In order to maximize the development efforts, the Company does not pay out dividends during its development stage.

The Company is not subject to any externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the reporting period.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at June 30, 2017, the Company's financial instruments comprised cash, amounts receivable, due to/from related parties, accounts payable and accrued liabilities, due to associate and short term loans. With the exception of cash, all financial instruments held by the Company are measured at amortized cost. The fair values of these financial instruments approximate their carrying value due to their short-term maturities. Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values.

The levels of the fair value hierarchy are as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs that are not based on observable market data (unobservable inputs).

As at June 30, 2017, the fair value of cash held by the Company was based on level 1 of the fair value hierarchy.

The Company's financial instruments are exposed to certain financial risks, including credit risk, currency risk, liquidity risk, interest rate risk, and price risk.

Glorious Creation Limited

Notes to the Condensed Interim Consolidated Financial Statements

Expressed in Canadian dollars

Unaudited

For the six months ended June 30, 2017

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. As of June 30, 2017, the Company's maximum exposure to credit risk is limited to its cash. The Company limits exposure to credit risk by maintaining its cash with large Hong Kong financial institutions. The Company wires funds to Vietnamese subsidiaries according to a detailed budget and maintains a low level of cash balances in its Vietnamese banks.

The Company is exposed to credit risk on trade receivables. The Company regularly reviews the collectability of its trade and other receivables and establishes an allowance account for credit losses based on its best estimate of any potentially uncollectible amounts. As of June 30, 2017 and December 31, 2016, the Company has minimal trade receivables.

Currency risk

The Company has raised funds in Canadian dollars and Hong Kong Dollars. A portion of the Company's expenses are incurred in Hong Kong dollars, Renminbi and the Vietnamese Dong and financial instrument balances are held in these currencies. A change in the currency exchange rates between Canadian dollars, Hong Kong dollars, Renminbi and Vietnamese Dong could have a negative effect on the Company's results of operations, financial position or cash flows. However, as the Company does not maintain significant cash balances in foreign currencies and settles any transactions in foreign currencies quickly, its exposure to currency risk is considered insignificant as at June 30, 2017 and December 31, 2016. As such, the Company has not hedged its exposure to currency fluctuations.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As at June 30, 2017, the Company had a cash balance of \$49,444 to settle current liabilities of \$646,484. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. The Company needs further funding to meet its short-term and long-term cash requirements.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company currently has no interest-bearing financial instruments other than cash and loans which bear a fixed interest rate. Its exposure to interest rate risks is insignificant.

Glorious Creation Limited

Notes to the Condensed Interim Consolidated Financial Statements

Expressed in Canadian dollars

Unaudited

For the six months ended June 30, 2017

14. NON-CONTROLLING INTEREST

As of June 30, 2017 and December 31, 2016, non-controlling interest includes a 14% interest in Glorious Vietnam, and a 28% interest in VnTrans.

A percentage of profit on each component of other comprehensive income is attributed to the owners of the non-controlling interests.

	June 30, 2017	December 31, 2016
	\$	\$
Non-controlling interest, beginning of period	(43,909)	(8,880)
Share of loss – Glorious Vietnam	(17,944)	(32,268)
Share of loss – VnTrans	(3,591)	(2,761)
Non-controlling interest, end of period	(65,444)	(43,909)

15. INVESTMENT IN ASSOCIATE

The Company accounts for its investment in Transinall Limited. (“Transinall”) using the equity method of accounting. As at June 30, 2017 and December 31, 2016, the Company holds a 16.1% interest in Transinall.

Investment in associate is as follows:

	Investment in Transinall
	\$
Balance as at December 31, 2015	16,076
Equity loss for the year	(484)
Balance as at December 31, 2016	15,592
Equity loss for the period	(296)
Balance as at June 30, 2017	15,296

The table below discloses selected financial information of Transinall on a 100% basis:

	June 30, 2017	June 30, 2016
	\$	\$
Loss for the period	(1,842)	(708)
Comprehensive income (loss) for the period	6,387	(8,332)
Total assets	118,044	120,544
Total liabilities	(1,663)	-
Total shareholders' equity	(116,381)	(120,544)

As of June 30, 2017, Transinall advanced cash of \$113,883 (December 31, 2016 - \$119,417) to the Company and its subsidiary VnTrans. The advances bear no interest, are unsecured and have no fixed terms of repayment.

Glorious Creation Limited

Notes to the Condensed Interim Consolidated Financial Statements

Expressed in Canadian dollars

Unaudited

For the six months ended June 30, 2017

16. SEGMENTED INFORMATION

The Company has two reportable segments: the international trade agency and consulting business and the virtual cross-border business platform.

International trade agency and consulting

The Company provides IT consulting, internet marketing and sales support, logistics and administrative services, and access to various government licenses essential for doing business in Vietnam. This segment is operated by Glorious HK and its Vietnamese subsidiaries Glorious Vietnam and VnTrans. Prior to January 1, 2017, this segment was divided into two segments, IT consulting and internet marketing business and the transportation and logistic business.

Virtual cross border (“VCB”) business platform

The Company is launching an e-commerce platform that provides all the IT services and logistics management for the execution of commerce across national borders and multiple currencies. The VCB business platform also provides a business to business (“B2B”) online marketplace for linking small and medium size enterprises (“SMEs”) in southern China and southern Vietnam. This segment is operated by Glorious HK and its Chinese subsidiary Glorious SZ.

Accounting policies relating to each segment are identical to those used for the purposes of the consolidated financial statements. Inter-segment sales are made in the normal course of business and have been recorded at the exchange amount, which approximate prevailing prices in the markets serviced.

Glorious Creation Limited

Notes to the Condensed Interim Consolidated Financial Statements

Expressed in Canadian dollars

Unaudited

For the six months ended June 30, 2017

16. SEGMENTED INFORMATION (cont'd...)

The table below provides information regarding the Company's identified segments for the six months ended June 30, 2017 and 2016:

Six months ended June 30, 2017	International trade agency and consulting	VCB business platform	Totals
Revenue	\$ 25,402	\$ 1,676	\$ 27,078
Operating loss	\$ 421,524	\$ 54,293	\$ 475,817
Capital assets	\$ 25,225	\$ 1,197	\$ 26,422

Six months ended June 30, 2016	International trade agency and consulting	VCB business platform	Totals
Revenue	\$ 8,596	\$ -	\$ 8,596
Operating loss	\$ 212,181	\$ -	\$ 212,181
Capital assets	\$ 37,668	\$ -	\$ 37,668

The table below provides geographic information of the Company for the six months ended June 30, 2017 and 2016:

Six months ended June 30, 2017	Canada	Hong Kong	Vietnam	China	Totals
Revenue	\$ -	\$ -	\$ 25,402	\$ 1,676	\$ 27,078
Operating loss	\$ 259,548	\$ 81,428	\$ 119,455	\$ 15,386	\$ 475,817
Capital assets	\$ -	\$ -	\$ 25,225	\$ 1,197	\$ 26,422

Six months ended June 30, 2016	Canada	Hong Kong	Vietnam	China	Totals
Revenue	\$ -	\$ -	\$ 8,596	\$ -	\$ 8,596
Operating loss	\$ -	\$ 63,457	\$ 148,724	\$ -	\$ 212,181
Capital assets	\$ -	\$ -	\$ 37,668	\$ -	\$ 37,668

17. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

There were no significant non-cash investing and financing transactions during the six months ended June 30, 2017 and 2016.

Glorious Creation Limited

Notes to the Condensed Interim Consolidated Financial Statements

Expressed in Canadian dollars

Unaudited

For the six months ended June 30, 2017

18. PROPOSED TRANSACTIONS

Proposed initial public offering (“IPO”)

On June 21, 2017, the Company filed the final prospectus in relation to its IPO. Pursuant to the prospectus, the Company is to offer a minimum of 4,700,000 common shares (the “Minimum Offering”) and a maximum of 8,000,000 common shares (the “Maximum Offering”) at \$0.30 per share for total proceeds from \$1,410,000 at Minimum Offering to \$2,400,000 at Maximum Offering. Mackie Research Capital Corporation (the “Agent”) will be paid an 8% cash commission based on shares sold pursuant at closing; subject to the reduced rate of 4% with respect to investment from subscribers listed on the President’s List. In addition, the Company will issue to the Agent, at closing, compensation options equal to 8% of all shares sold at closing; subject to the reduced rate of 4% with respect to investment from subscribers listed on the President’s List. The compensation options are exercisable at \$0.30 per share within 24 months from the day the common shares of the Company are listed on the Canadian Securities Exchange.

The Company will also pay the Agent a finance fee of \$35,000 and due diligence costs capped at \$20,000. In February 2017, the Company paid \$17,500 to the Agent as a retainer.

Stock options

In January 2017, the Company adopted an incentive stock option plan (the “Option Plan”) which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with CSE requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares. Such options will be exercisable for a period of up to 10 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

Upon completion of the IPO, the Company intends to grant 3,020,000 stock options to officers, directors and employees at a price of \$0.30 per share expiring five years from the date the Company is listed on the CSE upon the closing of the Company’s IPO. The options shall vest at 10% at grant, and 30% at each anniversary for 3 years.