

GLORIOUS CREATION LIMITED

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

September 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

	September 30, 2017	December 31, 2016
	\$	\$
Assets		
Current assets		
Cash	815,270	133,408
Amounts receivable (Note 6)	90,039	82,754
Due from related parties (Note 11)	-	4,437
Inventory	39,068	-
Prepaid expenses (Note 7)	83,480	12,845
Total current assets	1,027,857	233,444
Investment in associate (Note 15)	15,288	15,592
Capital assets (Note 9)	24,802	32,150
Total assets	1,067,947	281,186
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	45,777	114,661
Due to related parties (Note 11)	31,438	30,713
Due to associate (Note 15)	108,835	119,417
Loans (Note 8)	167,540	69,280
Total current liabilities	353,590	334,071
Shareholders' equity (deficiency)		
Share capital (Note 10)	2,384,247	1,028,752
Reserve (Note 10)	149,456	-
Accumulated other comprehensive loss	(4,189)	(20,396)
Deficit	(1,742,663)	(1,017,332)
Equity (deficiency) attributable to shareholders	786,851	(8,976)
Non-controlling interest (Note 14)	(72,494)	(43,909)
Total shareholders' equity (deficiency)	714,357	(52,885)
Total liabilities and shareholders' equity (deficiency)	1,067,947	281,186

Nature of operations (Note 1)

Basis of preparation and going concern (Note 2)

Events subsequent to the reporting period (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 September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016
	\$	\$	\$	\$
Revenue				
Sales of goods	42	75,478	14,568	75,478
Costs of goods sold	(1,116)	(151,993)	(21,953)	(151,993)
Service income	5,626	20,144	18,178	28,245
Service costs	(6,378)	-	(21,037)	(2,301)
Gross profit (loss)	(1,826)	(56,371)	(10,244)	(50,571)
General and administrative expenses				
Amortization (Note 9)	2,798	3,831	9,790	12,346
Accounting and auditing	(4,634)	10,232	63,225	25,613
Directors fee (Note 11)	3,000	-	3,000	-
Foreign exchange	1,260	-	1,260	-
Legal	25,562	21,676	167,044	60,977
Loan interest (Note 8)	943	-	943	-
Management fees (Note 11)	25,855	43,014	98,862	69,716
Office and miscellaneous	11,001	26,543	45,099	64,268
Rent	17,809	13,189	54,524	37,143
Salaries and benefits	35,520	27,326	97,529	84,827
Share-based compensation (Note 10)	111,009	-	111,009	-
Travel and related	15,094	11,647	39,191	38,180
Registration and filing	10,500	-	24,255	-
Write-off of receivables	(987)	-	27,637	-
Total general and administrative expenses	(254,730)	(157,458)	(743,368)	(393,070)
Equity loss from associate (Note 15)	(8)	-	(304)	(114)
Net loss for the period	(256,564)	(213,829)	(753,916)	(443,755)
Net loss attributable to				
Shareholders of the Company	(249,514)	(208,244)	(725,332)	(420,425)
Non-controlling interest (Note 14)	(7,050)	(5,585)	(28,584)	(23,330)
Weighted average number of common shares outstanding				
	35,039,784	10,473,283	33,750,083	10,473,283
Basic and diluted loss per common share	(0.01)	(0.01)	(0.02)	(0.01)

Glorious Creation Limited

Condensed Interim Consolidated Statements of Comprehensive Loss

Expressed in Canadian dollars

Unaudited

	Three months ended September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016
	\$	\$	\$	\$
Net loss for the period	(256,564)	(213,829)	(753,916)	(443,755)
Other comprehensive income (loss)				
Foreign exchange gain on translating foreign operations	10,560	(3,700)	16,207	(1,513)
Comprehensive loss	(246,004)	(217,529)	(737,709)	(445,268)
Comprehensive loss attributable to				
Shareholders of the Company	(238,954)	(211,944)	(709,125)	(421,938)
Non-controlling interest	(7,050)	(5,585)	(28,584)	(23,330)

Glorious Creation Limited

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

Expressed in Canadian dollars

Unaudited

Share Capital								
	Number of common shares	Amount \$	Reserve \$	Accumulated other comprehensive loss \$	Share subscription received in advance \$	Deficit \$	Non- controlling interest \$	Total \$
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	-	-	-	-	479,225	-	-	479,225
Loss for the period	-	-	-	-	-	(420,426)	(23,329)	(443,755)
Foreign currency translation difference	-	-	-	(1,513)	-	-	-	(1,513)
Balance, September 30, 2016	12,000,000	410,752	-	(7,826)	479,225	(688,256)	(32,209)	161,687
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 issued at IPO	4,722,000	1,416,600	-	-	-	-	-	1,416,600
Share issuance costs	-	(164,880)	38,447	-	-	-	-	(126,433)
Share-based compensation	-	-	111,009	-	-	-	-	111,009
Loss for the period	-	-	-	-	-	(725,331)	(28,585)	(753,916)
Foreign currency translation difference	-	-	-	16,207	-	-	-	16,207
Balance, September 30, 2017	38,222,001	2,384,247	149,456	(4,189)	-	(1,742,663)	(72,494)	714,357

Glorious Creation Limited

Condensed Interim Consolidated Statements of Cash Flows

Expressed in Canadian dollars

Unaudited

	Nine months ended September 30, 2017	Nine months ended September 30, 2016
	\$	\$
Operating activities		
Net loss for the period	(753,916)	(443,755)
Non-cash items:		
Amortization	9,790	12,346
Equity loss from associate	304	114
Share-based compensation	111,009	-
Write-off of receivables	27,637	-
Changes in non-cash working capital items:		
Amounts receivable	(34,922)	(9,537)
Prepaid expenses	(70,635)	36,925
Accounts payable and accrued liabilities	(68,884)	9,443
Inventories	(39,068)	(654)
, Due to/from related parties	5,162	(9,727)
Total cash used in operating activities	(813,523)	(404,845)
Investing activities		
Purchase of capital assets	(2,440)	(10,036)
Total cash used in investing activities	(2,440)	(10,036)
Financing activities		
Proceeds from shareholder loan	169,575	-
Repayment of shareholder loan	(58,238)	-
Due to/from associate	(1,028)	(2,194)
Proceeds from share issuance	1,520,375	68,266
Share subscriptions received in advance	-	479,225
Share issuance costs	(126,433)	-
Total cash provided by financing activities	1,504,251	545,297
Change in cash	688,288	130,416
Effect of exchange rate changes on balance of cash held in foreign currencies	(6,426)	(6,298)
Cash, beginning of the period	133,408	25,274
Cash, end of the period	815,270	149,392

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 nine months ended September 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.

On September 5, 2017, the Company completed its initial public offering ("IPO") and trading of the Company's common shares commenced on the Canadian Securities Exchange ("CSE").

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 November 1, 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).

Glorious Creation Limited

Notes to the Condensed Interim Consolidated Financial Statements

Expressed in Canadian dollars

Unaudited

For the nine months ended September 30, 2017

2. BASIS OF PREPARATION AND GOING CONCERN (continued)

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.

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	
				September 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 September 30, 2017, the Company has an accumulated deficit of \$1,742,633. 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 nine months ended September 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.

Glorious Creation Limited

Notes to the Condensed Interim Consolidated Financial Statements

Expressed in Canadian dollars

Unaudited

For the nine months ended September 30, 2017

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.

Future changes in accounting policies

Certain new accounting standards and interpretations have been published that are not mandatory for the September 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 nine months ended September 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:

	September 30, 2017	December 31, 2016
	\$	\$
Tax receivable	40,405	16,078
Trade receivable	15,543	-
Receivable on recovery of leasehold improvement	33,011	52,190
Short term advances	1,080	14,486
Total amounts receivable	<u>90,039</u>	<u>82,754</u>

7. PREPAID EXPENSES

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

	September 30, 2017	December 31, 2016
	\$	\$
Rent deposit and prepaid rent	41,871	11,379
Prepaid for purchase of equipment	40,198	-
Other prepaids	1,411	1,466
Total prepaid expenses	<u>83,480</u>	<u>12,845</u>

Glorious Creation Limited

Notes to the Condensed Interim Consolidated Financial Statements

Expressed in Canadian dollars

Unaudited

For the nine months ended September 30, 2017

8. LOANS

In December 2015, the Company borrowed HK\$400,000 (September 30, 2017 - \$63,825; 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 nine month ended September 30, 2017, the Company received loan of HK\$990,000 (\$169,575) from certain shareholders. In September 2017, the Company repaid HK\$340,000 (\$58,238) of principal and HK\$5,675 (\$963) of interest. As of September 30, 2017, there is HK\$650,000 (\$103,715) outstanding. 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	2,082	358	-	-	2,440
Disposals	-	-	-	-	-
Balance, September 30, 2017	40,365	2,056	3,464	12,697	58,582
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	6,365	356	320	2,749	9,790
Disposals	-	-	-	-	-
Balance, September 30, 2017	21,873	1,613	3,464	6,831	33,782
Carrying amounts					
At December 31, 2016	22,775	441	320	8,614	32,150
At September 30, 2017	18,492	443	-	5,866	24,802

Glorious Creation Limited

Notes to the Condensed Interim Consolidated Financial Statements

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For the nine months ended September 30, 2017

10. SHAREHOLDERS' EQUITY

Share capital

Authorized:

Unlimited common shares without par value

As of September 30, 2017, the Company has 38,222,001 (December 31, 2016 – 31,770,415) common shares outstanding.

During the nine months ended September 30, 2017, the Company:

1) issued 1,729,586 shares at \$0.06 per share for total proceeds of \$103,775;

2) On August 31, 2017, the Company completed its initial Public Offering ("IPO") and issued 4,722,000 common shares at a price of \$0.30 per share for total proceeds of \$1,416,600. Pursuant to an Agency Agreement between the Company and Mackie Research Capital Corp. (the "Agent"), the Agent received a cash commission of \$62,844 and a corporate finance fee of \$35,000. The Agent also incurred legal and other expenses of \$28,589 towards the IPO. Effective September 5, 2017, the date that the Company's common shares are listed for trading on the CSE, the Company issued Agent's warrants to acquire 209,480 common shares at \$0.30 per share exercisable up until September 5, 2019. The fair value (\$38,447) of the Agent warrants has been included in share issue costs.

The fair value of the Agent's warrants has been estimated using the Black-Scholes option pricing model. Assumptions used in the pricing model are as follows:

Risk free interest rate	1.24%
Annual dividends	-
Expected stock price volatility	125%
Expected life	2 years

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).

Glorious Creation Limited

Notes to the Condensed Interim Consolidated Financial Statements

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For the nine months ended September 30, 2017

10. SHAREHOLDERS' EQUITY (continued)

Share capital (continued)

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.

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.

At the closing of the IPO, the Company granted 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. The options shall vest at 10% at grant, and 30% at each anniversary for 3 years. The fair value of the stock options granted was \$764,530 (\$0.2532 per option). During the nine months ended September 30, 2017, \$111,009 was amortized into the statement of loss.

The fair value of the stock options granted was determined using the following assumptions:

Weighted average assumptions	Nine months ended September 30, 2017
Risk free interest rate	1.53%
Volatility	125%
Expected life of options	5 years
Dividend rate	0%

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2016	-	\$ -
Granted	<u>3,020,000</u>	<u>\$ 0.30</u>
Balance, September 30, 2017	<u>3,020,000</u>	<u>\$ 0.30</u>
Exercisable, at September 30, 2017	<u>302,000</u>	<u>\$ 0.30</u>

Glorious Creation Limited

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10. SHAREHOLDERS' EQUITY (continued)

Stock options (continued)

As at September 30, 2017, the following incentive stock options are outstanding:

Number of Options	Exercise Price	Expiry Date
3,020,000	\$ 0.30	September 5, 2022

Warrants

At the closing of the IPO, the Company issued the Company issued Agent's warrants to acquire 209,480 common shares at \$0.30 per share exercisable up until September 5, 2019.

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2016	-	\$ -
Issued	<u>209,480</u>	<u>0.30</u>
Balance, at September 30, 2017	209,480	\$ 0.30
Exercisable, at September 30, 2017	209,480	\$ 0.30

As at September 30, 2017, the following warrants are outstanding:

Number of Warrants	Exercise Price	Expiry Date
209,480	\$ 0.30	September 5, 2019

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11. RELATED PARTY TRANSACTIONS

- a) During the nine months ended September 30, 2017, the Company paid or accrued fees of \$54,015 (2016 - \$44,416) to the CEO of the Company. As of September 30, 2017, \$20,733 (December 31, 2016 - \$(3,257)) was owed to the CEO.
- b) During the nine months ended September 30, 2017, the Company paid or accrued fees of \$44,847 (2016 - \$25,300) to a company controlled by the CFO of the Company. As of September 30, 2017, \$7,605 (December 31, 2016 - \$20,213) was owed to the company controlled by the CFO.
- c) As of September 30, 2017, the Company was owed \$1,080 (December 31, 2016 - \$1,180) from Au Si Kinh, who owns 10% of VnTrans.
- d) During the nine months ended September 30, 2017, the Company paid or accrued directors' fees of \$3,000 (2016 - \$Nil) to three directors. As of September 30, 2017, \$3,100 (December 31, 2016 - \$10,500) was owed to the three directors.
- e) During the nine months ended September 30, 2017, 1,350,000 stock options (2016 - Nil) were granted to directors and officers having a fair value on issuance of \$341,760 (2016 - \$Nil), of which \$96,993 (2016 - \$Nil) was amortized in the nine months ended September 30, 2017.

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 September 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).

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13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

As at September 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.

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 September 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 September 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 September 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 September 30, 2017, the Company had a cash balance of \$815,270 to settle current liabilities of \$353,590. 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.

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14. NON-CONTROLLING INTEREST

As of September 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.

	September 30, 2017	December 31, 2016
	\$	\$
Non-controlling interest, beginning of period	(43,909)	(8,880)
Share of loss – Glorious Vietnam	(24,208)	(32,268)
Share of loss – VnTrans	(4,377)	(2,761)
Non-controlling interest, end of period	(72,494)	(43,909)

15. INVESTMENT IN ASSOCIATE

The Company accounts for its investment in Transinall Limited. (“Transinall”) using the equity method of accounting. As at September 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	(304)
Balance as at September 30, 2017	15,288

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

	September 30, 2017	September 30, 2016
	\$	\$
Loss for the period	(1,887)	(704)
Comprehensive income (loss) for the period	11,503	(9,449)
Total assets	113,163	122,444
Total liabilities	(1,596)	-
Total shareholders' equity	(111,567)	(122,444)

As of September 30, 2017, Transinall advanced cash of \$108,835 (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.

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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.

The table below provides information regarding the Company’s identified segments for the nine months ended September 30, 2017 and 2016:

Nine months ended September 30, 2017	International trade agency and consulting	VCB business platform	Totals
Revenue	\$ 30,586	\$ 2,160	\$ 32,746
Operating loss	\$ 648,842	\$ 105,074	\$ 753,916
Capital assets	\$ 22,866	\$ 1,936	\$ 24,802

Nine months ended September 30, 2016	International trade agency and consulting	VCB business platform	Totals
Revenue	\$ 103,723	\$ -	\$ 103,723
Operating loss	\$ 443,755	\$ -	\$ 443,755
Capital assets	\$ 32,150	\$ -	\$ 32,150

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16. SEGMENTED INFORMATION (continued)

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

Nine months ended September 30, 2017	Canada	Hong Kong	Vietnam	China	Totals
Revenue	\$ -	\$ -	\$ 30,586	\$ 2,160	\$ 32,746
Operating loss	\$ 409,656	\$ 125,183	\$ 188,544	\$ 30,533	\$ 753,916
Capital assets	\$ -	\$ -	\$ 22,866	\$ 1,936	\$ 24,802

Nine months ended September 30, 2016	Canada	Hong Kong	Vietnam	China	Totals
Revenue	\$ -	\$ -	\$ 103,723	\$ -	\$ 103,723
Operating loss	\$ -	\$ 283,002	\$ 160,753	\$ -	\$ 443,755
Capital assets	\$ -	\$ -	\$ 32,150	\$ -	\$ 32,150

17. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

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

18. EVENTS SUBSEQUENT TO THE REPORT PERIOD

Stock option

On October 6, 2017, the Company granted 300,000 stock options to a director and a consultant of the Company. The options are exercisable for a period of five years at a price of \$0.36 per share.