

GLORIOUS CREATION LIMITED

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

March 31, 2018

Glorious Creation Limited

Condensed Interim Consolidated Statements of Financial Position

Expressed in Canadian dollars

Unaudited

As at

	March 31 2018	December 31, 2017
	\$	\$
Assets		
Current assets		
Cash	499,895	269,562
Amounts receivable (Note 6)	58,729	63,459
Inventory (Note 8)	47,416	44,144
Prepaid expenses (Note 7)	104,412	68,835
Total current assets	710,452	446,000
Investment in associate (Note 16)	15,276	15,281
Capital assets (Note 10)	160,470	176,679
Total assets	886,198	637,960
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	117,839	103,798
Due to related parties (Note 12)	8,558	21,229
Due to associate (Note 16)	112,912	109,941
Loans (Note 9)	59,838	14,852
Total current liabilities	299,147	249,820
Shareholders' equity		
Share capital (Note 11)	2,831,023	2,382,148
Reserve (Note 11)	392,542	276,505
Accumulated other comprehensive loss	(12,137)	(9,225)
Deficit	(2,514,084)	(2,169,521)
Equity attributable to shareholders	697,344	479,907
Non-controlling interest (Note 15)	(110,293)	(91,767)
Total shareholders' equity	587,051	388,140
Total liabilities and shareholders' equity	886,198	637,960

Nature of operations (Note 1)

Basis of preparation and going concern (Note 2)

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 March 31, 2018	Three months ended March 31, 2017
	\$	\$
Revenue		
Sales of goods	460	12,559
Costs of goods sold	(403)	(18,202)
Service income	5,951	6,276
Service costs	(5,786)	(1,199)
Gross profit (loss)	222	(566)
General and administrative expenses		
Amortization	20,343	3,530
Accounting and auditing	1,248	36,889
Director fee (Note 12)	9,000	-
Legal	15,283	90,800
Loan interest	322	-
Management fees (Note 12)	47,412	24,980
Marketing	33,520	-
Office and miscellaneous	28,882	19,252
Rent	24,945	16,059
Salaries and benefits	50,399	29,802
Share-based compensation	116,036	-
Travel and related	12,180	12,040
Transfer agent and shareholder costs	1,785	-
Registration and filing	1,950	13,115
Total general and administrative expenses	(363,305)	(246,468)
Equity loss from associate (Note 16)	(5)	(49)
Net loss for the period	(363,088)	(247,083)
Net loss attributable to		
Shareholders of the Company	(344,562)	(239,193)
Non-controlling interest (Note 15)	(18,526)	(7,890)
Weighted average number of common shares outstanding		
	38,466,445	32,684,583
Basic and diluted loss per common share	(0.01)	(0.01)

Glorious Creation Limited

Condensed Interim Consolidated Statements of Comprehensive Loss

Expressed in Canadian dollars

Unaudited

	Three months ended March 31, 2018	Three months ended March 31, 2017
	\$	\$
Net loss for the period	(363,088)	(247,083)
Other comprehensive income (loss)		
Foreign exchange loss on translating foreign operations	(2,912)	(1,398)
Comprehensive loss	(366,000)	(248,481)
Comprehensive loss attributable to		
Shareholders of the Company	(347,474)	(240,591)
Non-controlling interest	(18,526)	(7,890)

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	Deficit	Non- controlling interest	Total
		\$	\$	\$	\$	\$	\$
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	-	-	-	-	(239,193)	(7,890)	(247,083)
Foreign currency translation difference	-	-	-	(1,398)	-	-	(1,398)
Balance, March 31, 2017	33,500,001	1,115,027	-	(21,794)	(1,256,525)	(51,799)	(215,091)
Share issued for IPO	4,722,000	1,416,600	-	-	-	-	1,416,600
Share issuance costs	-	(149,479)	38,447	-	-	-	(111,032)
Share-based compensation	-	-	238,058	-	-	-	238,058
Loss for the period	-	-	-	-	(912,996)	(39,968)	(952,964)
Foreign currency translation difference	-	-	-	12,569	-	-	12,569
Balance, December 31, 2017	38,222,001	2,382,148	276,505	(9,225)	(2,169,521)	(91,767)	388,140
Private placement	1,000,000	450,000	-	-	-	-	450,000
Share issuance costs	-	(1,125)	-	-	-	-	(1,125)
Share-based compensation	-	-	116,036	-	-	-	116,036
Loss for the period	-	-	-	-	(344,562)	(18,526)	(363,088)
Foreign currency translation difference	-	-	-	(2,912)	-	-	(2,912)
Balance, March 31, 2018	39,222,001	2,831,023	392,542	(12,137)	(2,514,084)	(110,293)	587,051

Glorious Creation Limited

Condensed Interim Consolidated Statements of Cash Flows

Expressed in Canadian dollars

Unaudited

	Three months ended March 31, 2018	Three months ended March 31, 2017
	\$	\$
Operating activities		
Net loss for the period	(363,088)	(247,083)
Non-cash items:		
Amortization	20,343	3,530
Equity loss from associate	5	49
Share-based compensation	116,036	-
Changes in non-cash working capital items:		
Amounts receivable	4,730	(16,697)
Prepaid expenses	(35,577)	(3,455)
Accounts payable and accrued liabilities	14,041	86,539
Inventories	312	(8,754)
Due to/from related parties	(12,671)	(17,723)
Total cash used in operating activities	(255,869)	(203,594)
Investing activities		
Purchase of capital assets	(4,128)	(638)
Total cash used in investing activities	(4,128)	(638)
Financing activities		
Proceeds from loan	48,462	59,691
Repayment of loan	(4,546)	-
Proceeds from share issuance	450,000	103,775
Share issuance costs	(1,125)	(17,500)
Total cash provided by financing activities	492,791	145,966
Change in cash	232,794	(58,266)
Effect of exchange rate changes on balance of cash held in foreign currencies	(2,461)	(3,160)
Cash, beginning of the period	269,562	133,408
Cash, end of the period	499,895	71,982

Supplement disclosure with respect to cash flows (Note 18)

Glorious Creation Limited

Notes to the Condensed Interim Consolidated Financial Statements

Expressed in Canadian dollars

Unaudited

For the three months ended March 31, 2018

1. NATURE OF OPERATIONS

Glorious Creation Limited (the “Company”) was incorporated under the Canada Business Corporations Act on December 24, 2015. Through its subsidiaries in Vietnam, Hong Kong and China, the Company provides necessary operating licenses and operational infrastructure to facilitate intra-ASEAN trade and trade between Vietnam and China. The Company is now focusing on building an e-commerce platform based on block-chain technology to facility its members’ trading and settling between China, Vietnam and other south east Asian countries.

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, 2017.

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on May 16, 2018.

Basis of measurement

These 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 (“\$”). The functional currency of the Company is the Canadian dollar. The functional currency of Glorious HK is the Hong Kong Dollar (“HKD”), for Glorious SZ Chinese Yuan (“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 three months ended March 31, 2018

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	
				March 31, 2018	December 31, 2017
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%	100%
Shenzhen Glorious Internet Co., Ltd. ("Glorious Internet")	October 23, 2017	Shenzhen, China	IT development	100%	100%
Glorious (Vietnam) Company Limited ("Glorious Vietnam")	January 18, 2012	Ho Chi Minh City, Vietnam	Internet technology services	86%	86%
Glorious (Vietnam) Trading Company Limited (formerly Khai Tam Tri Limited) ("KTT")	December 7, 2017	Ho Chi Minh City, Vietnam	Retail	86%	86%
VnTrans Limited ("VnTrans")	September 29, 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 March 31, 2018, the Company has an accumulated deficit of \$2,514,084. 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. Additional financing will be required in order to expand the Company's operations. A portion of the Company's operating assets and sales originate in China; the Company is therefore subject to the considerations and risks of operating in China. These include risks associated with the political and economic environment, foreign currency exchange and the legal system in China. Changes in the political and economic policies of the People's Republic of China ("PRC") government may adversely affect the Company's business, financial condition and results of operations and may result in the Company's inability to sustain growth and expansion. There is also no assurance that the Company will not be adversely affected by changes in other governmental policies or any unfavorable change in the political, economic or social conditions, laws or regulations, or the rate or method of taxation in China. 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.

Glorious Creation Limited

Notes to the Condensed Interim Consolidated Financial Statements

Expressed in Canadian dollars

Unaudited

For the three months ended March 31, 2018

2. BASIS OF PREPARATION AND GOING CONCERN (continued)

Going concern (continued)

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.

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.

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

(i) 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.

(ii) Functional currencies

Management is required to assess the functional currency of each entity of the Company. In concluding on the functional currencies of the parent and its subsidiaries, management considered the currency that mainly influences the sale prices of goods and services and the cost of providing goods and services in each jurisdiction in which the Company operates. As no single currency was clearly dominant the Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.

(iii) Business acquisition

The determination of whether a set of assets acquired and liabilities assumed constitute a business may require the Company to make certain judgments, taking into account all facts and circumstances. A business is presumed to be an integrated set of activities and assets capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or economic benefits. The acquisition of KTT was determined to constitute an acquisition of business (note 5).

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year:

(i) Inventories

The Company estimates the net realizable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

Glorious Creation Limited

Notes to the Condensed Interim Consolidated Financial Statements

Expressed in Canadian dollars

Unaudited

For the three months ended March 31, 2018

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(ii) Income taxes

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

(iii) 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 recoverable amount of the assets and charges the difference between the recoverable amount 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.

(iv) 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.

(v) Share-based payments

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of the subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's net loss and share-based payment reserve.

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, 2017.

Adoption of accounting policies

i) IFRS 15 Revenue from Contracts with Clients

The Company has adopted IFRS 15 Revenue from Contracts with Clients. The standard establishes a comprehensive framework for determining whether, how much, and when revenue is recognized. The adoption of IFRS 15 has no significant impact on the Company's consolidated financial statements.

According to IFRS 15, revenue is recognized when a client obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement. Revenue is measured based on the consideration specified in the contract with a client and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control over a product or service to a client.

The Corporation has the following services from which it generates revenue:

The Company provides its customers hardware and software sales, installation and implementation services, staff training, and monthly access and maintenance services.

Glorious Creation Limited

Notes to the Condensed Interim Consolidated Financial Statements

Expressed in Canadian dollars

Unaudited

For the three months ended March 31, 2018

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from the sale of hardware and software in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns. Revenue from the sale of hardware and software is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the control has been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of products can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Revenue from the provision of services is recognized when the amount can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Company, and the costs incurred for the transaction and costs to complete the transaction can be measured reliably.

Monthly access and maintenance revenue is recognized over the term of the related agreement on a straight-line basis.

When two or more revenue generating activities or deliverables are sold under a single arrangement, each deliverable that is considered to be a separate unit of account is accounted for separately. The allocation of consideration from a revenue arrangement to its separate unit of account is based on the relative fair values of each unit. If the fair value of the delivered item is not reliably measurable, then revenue is allocated based on the difference between the total arrangement consideration and the fair value of the undelivered item.

ii) IFRS 9 Financial Instruments

The Company adopted IFRS 9, Financial Instruments ("IFRS 9"), on January 1, 2018.

IFRS 9, Financial instruments, replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces a model for classification and measurement, a single, forward-looking expected loss impairment model and a substantially reformed approach to hedge accounting. The new single, principle-based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of an entity's own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognized in profit or loss. The adoption of this new standard had no significant impact on the Company's interim consolidated financial statements and the new accounting policy was defined as follows:

The Company recognizes a financial asset or a financial liability in its statement of financial position when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures a financial asset or a financial liability at its fair value plus or minus, in the case of a financial asset or a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or the financial liability.

Glorious Creation Limited

Notes to the Condensed Interim Consolidated Financial Statements

Expressed in Canadian dollars

Unaudited

For the three months ended March 31, 2018

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets

The Company will classify financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss, based on its business model for managing the financial asset and the financial asset's contractual cash flow characteristics. The three categories are defined as follows:

- a) Amortized cost—a financial asset is measured at amortized cost if both of the following conditions are met:
 - the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
 - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- b) Fair value through other comprehensive income—financial assets are classified and measured at fair value through other comprehensive income if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- c) Fair value through profit or loss—any financial assets that are not held in one of the two business models mentioned are measured at fair value through profit or loss.

When, and only when, the Company changes its business model for managing financial assets it must reclassify all affected financial assets.

The Company financial assets comprise of cash and receivables, which are all at amortized cost.

Financial liabilities

The Company's liabilities include accounts payable and accrued liabilities, due to related parties, due to association and short-term loans which are all measured at amortized cost. After initial recognition, an entity cannot reclassify any financial liability.

Impairment

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

Future changes in accounting policies

Certain new accounting standards and interpretations have been published that are not mandatory for the March 31, 2018 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 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.

Glorious Creation Limited

Notes to the Condensed Interim Consolidated Financial Statements

Expressed in Canadian dollars

Unaudited

For the three months ended March 31, 2018

5. BUSINESS COMBINATION

On November 30, 2017, Glorious (Vietnam) Company Limited (“Glorious Vietnam”) acquired 100% of Khai Tam Tri Limited (“KTT”) by paying VND120,000,000 (\$6,600)

The purchase price has been allocated as follows:

	\$
Cash assumed	829
Receivables	12,757
Inventory	35,612
Capital assets	9,394
Amounts payable to Glorious Vietnam	(91,792)
Intangible assets	<u>26,600</u>
	<u>6,600</u>

Intangible assets were attributed to the business licenses that KTT holds. As at December 31, 2017, the Company determined that the intangible assets are impaired and recorded an impairment charge totalling \$26,600.

6. AMOUNTS RECEIVABLE

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

	March 31, 2018	December 31, 2017
	\$	\$
VAT receivable	56,557	43,338
GST receivable	2,172	15,757
Service income receivable	-	4,364
Total amounts receivable	<u>58,729</u>	<u>63,459</u>

The Company’s amounts receivable arise from two main sources: value-added taxes (“VAT”) paid on purchases in Vietnam and Goods and Services Tax (“GST”) paid in Canada. These taxes are recoverable from the respective authorities upon filing of the prescribed returns.

7. PREPAID EXPENSES

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

	March 31, 2018	December 31, 2017
	\$	\$
Rent deposit and prepaid rent	65,945	54,802
Prepaid directors’ and officers’ insurance	10,000	12,500
Other prepaids	28,467	1,533
Total prepaid expenses	<u>104,412</u>	<u>68,835</u>

Glorious Creation Limited

Notes to the Condensed Interim Consolidated Financial Statements

Expressed in Canadian dollars

Unaudited

For the three months ended March 31, 2018

8. INVENTORY

Inventory was comprised of the following:

	March 31, 2018	December 31, 2017
	\$	\$
Agricultural products and food	4,694	2,608
Paint	5,715	5,514
Electronic products	37,007	36,022
Total inventory	47,416	44,144

9. LOANS

In December 2015, the Company borrowed HK\$400,000 from four shareholders. The loans were used to purchase energy saving equipment which was sold in 2016. The loan was non-secured, bore interest at a rate of 8% per annum and had a two year term. The loan principal and interest were fully repaid in October 2017.

From March to July 2017, the Company received loans of HK\$990,000 from certain shareholders. The loan is non-secured, bears interest at 8% per annum, and has no fixed term of repayment. In September and October 2017, the Company fully repaid HK\$990,000 of principal and HK\$31,675 (\$5,068) of interest.

In February 2018, the CEO of the Company advanced HK\$300,000 (\$49,271) to the Company. Subsequent to the period ended March 31, 2018, the Company repaid full amount to the CEO without interest.

The Company entered into a loan agreement with HSBC on October 30, 2017. According to the loan agreement, the Company received a loan of HK\$110,000 from HSBC for a period of 12 months. The loan bears interest of 9.60% per annum and is payable at a fixed amount of HK\$10,047 per month. As of March 31, 2018, the loan balance was HK\$64,343 (\$10,567) (December 31, 2017 - HK\$92,487 (\$14,852)).

The Company's significant financing transactions are as follows:

	March 31, 2018	December 31, 2017
	\$	\$
Balance, beginning of the period	14,852	69,280
Advances	48,462	177,538
Repayments	(4,868)	(232,699)
Interest expenses	322	5,529
Foreign exchange	1,070	(4,796)
Balance, end of the period	59,838	14,852

Glorious Creation Limited

Notes to the Condensed Interim Consolidated Financial Statements

Expressed in Canadian dollars

Unaudited

For the three months ended March 31, 2018

10. CAPITAL ASSETS

	Computer equipment	Office furniture and fixtures	Computer software	Leasehold improvement	Total
	\$	\$	\$	\$	\$
Cost					
Balance, December 31, 2016	38,283	1,698	3,464	12,701	56,146
Additions	58,128	352	-	103,773	162,253
Disposals	-	-	-	-	-
Balance, December 31, 2017	96,411	2,050	3,464	116,474	218,399
Additions	2,627	792	710	-	4,129
Disposals	-	-	-	-	-
Balance, March 31, 2018	99,038	2,842	4,174	116,474	222,528
Accumulated amortization					
Balance, December 31, 2016	15,508	1,257	3,144	4,083	23,992
Additions	8,604	426	320	8,374	17,724
Disposals	-	-	-	-	-
Balance, December 31, 2017	24,112	1,683	3,464	12,457	41,716
Additions	4,852	176	89	15,225	20,342
Disposals	-	-	-	-	-
Balance, March 31, 2018	28,965	1,859	3,553	27,681	62,058
Carrying amounts					
At December 31, 2017	72,299	367	-	104,013	176,679
At March 31, 2018	70,073	983	620	88,793	160,470

11. SHAREHOLDERS' EQUITY

Share capital

Authorized:

Unlimited common shares without par value

As of March 31, 2018, the Company has 39,222,001 (December 31, 2017 – 38,222,001) common shares outstanding, of which 12,702,317 (December 31, 2017 – 12,702,317) common shares are held in escrow.

Glorious Creation Limited

Notes to the Condensed Interim Consolidated Financial Statements

Expressed in Canadian dollars

Unaudited

For the three months ended March 31, 2018

11. SHAREHOLDERS' EQUITY (continued)

During the three months ended March 31, 2018, the Company

1) closed a non-brokered private placement by issuing 1,000,000 units at a price of \$0.45 per unit for total proceeds of \$450,000. Each unit consists of one common share and one share purchase warrant. Each warrant can be exercised into one common share of the Company at the price of \$0.75 per share for a period of two years. In connection with the offering, the Company will pay total finders fees of \$1,125.

During the year ended December 31, 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 Company also incurred legal and other expenses of \$30,688 in connection with 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 (\$37,436) of the Agent's warrants was 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

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 was listed on the CSE. The options vest at 10% at grant, and 30% at each anniversary for 3 years. The fair value of the stock options granted was \$764,530 (\$0.25 per option). During the year ended December 31, 2017, \$216,977 was amortized into the statement of loss.

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. The options vest at 10% at grant, and 30% at each anniversary for 3 years. The fair value of the stock options granted was \$91,229 (\$0.30 per option). During the year ended December 31, 2017, \$21,081 was amortized into the statement of loss.

Glorious Creation Limited

Notes to the Condensed Interim Consolidated Financial Statements

Expressed in Canadian dollars

Unaudited

For the three months ended March 31, 2018

11. SHAREHOLDERS' EQUITY (continued)

Stock options (continued)

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

Weighted average assumptions	March 31, 2018	December 31, 2017
Risk free interest rate	-	1.55%
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	3,320,000	\$ 0.31
Balance, December 31, 2017 and March 31, 2018	3,320,000	\$ 0.31
Exercisable, at March 31, 2018	332,000	\$ 0.31

As at March 31, 2018, the following incentive stock options are outstanding:

Number of Options	Exercise Price	Expiry Date
3,020,000	\$ 0.30	September 5, 2022
300,000	\$ 0.36	October 5, 2022

Glorious Creation Limited

Notes to the Condensed Interim Consolidated Financial Statements

Expressed in Canadian dollars

Unaudited

For the three months ended March 31, 2018

11. SHAREHOLDERS' EQUITY (continued)

Warrants

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 December 31, 2017	209,480	\$ 0.30
Issued	<u>1,000,000</u>	<u>0.75</u>
Balance, at March 31, 2018	<u>1,209,480</u>	<u>\$ 0.67</u>
Exercisable, at March 31, 2018	<u>1,209,480</u>	<u>\$ 0.67</u>

As at March 31, 2018, the following warrants are outstanding:

Number of Warrants	Exercise Price	Expiry Date
209,480	\$ 0.30	September 5, 2019
1,000,000	\$ 0.75	March 28, 2020

12. RELATED PARTY TRANSACTIONS

- a) During the three months ended March 31, 2018, the Company paid or accrued fees of \$26,412 (2017 - \$17,907) to the CEO of the Company. As of, March 31, 2018, \$8,558 (December 31, 2017 - \$5,756) was owed to the CEO.

During the three months ended March 31, 2018, the CEO advanced \$49,271 to the Company which was fully repaid subsequent to the period ended March 31, 2018 (Note 9).

During the year ended December 31, 2017, the CEO advanced funds totaling \$72,290 to the Company which was fully repaid before the year end December 31, 2017. (Note 9).

- b) During the three months ended March 31, 2018, the Company paid or accrued fees of \$21,000 (2017 - \$7,073) to a company controlled by the CFO of the Company. As of March 31, 2018, \$Nil (December 31, 2017 - \$12,373) was owed to the company controlled by the CFO.
- c) During the three months ended March 31, 2018, the Company paid or accrued directors' fees of \$9,000 (2017 - \$Nil) to three directors. As of March 31, 2018, \$Nil (December 31, 2017 - \$3,100) was owed to the directors.

Glorious Creation Limited

Notes to the Condensed Interim Consolidated Financial Statements

Expressed in Canadian dollars

Unaudited

For the three months ended March 31, 2018

13. CAPITAL RISK MANAGEMENT

The Company defines capital as the items included in shareholders' equity (deficiency). 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 the 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. 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.

14. FAIR VALUE AND RISK MANAGEMENT

The Company has measured its accounts payable and accrued liabilities, due to related parties, due to association and short-term loans at amortized cost. The Company measure its financial assets, receivables, also at amortized cost. The Company's carrying values of these items approximate their fair value due to the relatively short periods to maturity of the instruments.

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 March 31, 2018, 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 financial institutions in Hong Kong and Canada. 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 March 31, 2018 and December 31, 2017, 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, Chinese RMB 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, Chinese RMB 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 March 31, 2018 and December 31, 2017. 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 March 31, 2018, the Company had a cash balance of \$499,895 to settle current liabilities of \$299,147. 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.

Glorious Creation Limited

Notes to the Condensed Interim Consolidated Financial Statements

Expressed in Canadian dollars

Unaudited

For the three months ended March 31, 2018

14. FAIR VALUE AND RISK MANAGEMENT (continued)

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, so its exposure to interest rate risks is insignificant. Loans bear a fixed interest rate.

15. NON-CONTROLLING INTEREST

As of March 31, 2018 and December 31, 2017, non-controlling interest includes a 14% interest in Glorious Vietnam and its subsidiary KTT, 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.

	March 31, 2018	December 31, 2017
	\$	\$
Non-controlling interest, beginning of period	(91,767)	(43,909)
Share of loss – Glorious Vietnam and KTT	(17,594)	(42,493)
Share of loss – VnTrans	(932)	(5,365)
Non-controlling interest, end of period	(110,293)	(91,767)

The table below disclose selected financial information of Glorious Vietnam and its subsidiary KTT on a 100% basis:

	March 31, 2018	December 31, 2017
	\$	\$
Non-controlling percentage	14%	14%
Total assets	302,538	308,147
Total liabilities	(1,034,420)	(920,570)
Net assets (liabilities)	(731,882)	(612,423)

Summarized income statement

Loss and comprehensive loss	(129,012)	(313,071)
Loss allocated to non-controlling interest	(17,594)	(42,493)

Summarized cash flow

Cash used in operating activities	(134,187)	(350,682)
Cash used in investing activities	(3,474)	(124,665)
Cash from financing activities	125,422	477,646

Glorious Creation Limited

Notes to the Condensed Interim Consolidated Financial Statements

Expressed in Canadian dollars

Unaudited

For the three months ended March 31, 2018

15. NON-CONTROLLING INTEREST (cont'd...)

The table below disclose selected financial information of VnTrans on a 100% basis:

	March 31, 2018	December 31, 2017
	\$	\$
Non-controlling percentage	28%	28%
Total assets	21,376	20,639
Total liabilities	(56,296)	(51,005)
Net assets (liabilities)	(34,920)	(30,366)
Summarized income statement		
Loss and comprehensive loss	(3,071)	(17,675)
Loss allocated to non-controlling interest	(932)	(5,365)
Summarized cash flow		
Cash used in operating activities	(3,700)	(14,605)
Cash used in investing activities	-	-
Cash from financing activities	3,003	15,358

16. INVESTMENT IN ASSOCIATE

The Company accounts for its investment in Transinall Limited. ("Transinall") using the equity method of accounting. As at March 31, 2018 and December 31, 2017, the Company holds a 16.1% interest in Transinall.

Investment in associate is as follows:

	March 31, 2018	December 31, 2017
	\$	\$
Balance, beginning of the period	15,281	15,592
Equity loss for the period	(5)	(311)
Balance, end of the period	15,276	15,281

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

	March 31, 2018	December 31, 2017
	\$	\$
Loss for the period	(32)	(1,932)
Comprehensive income (loss) for the period	6,640	(8,956)
Current assets	121,986	111,185
Non-current assets	2,569	10,634
Total assets	124,555	121,819
Current and total liabilities	(9,854)	(9,634)
Total shareholders' equity	(114,401)	(112,185)

As of March 31, 2018, Transinall advanced cash of \$112,912 (December 31, 2017 - \$109,941) 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 three months ended March 31, 2018

17. 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 three months ended March 31, 2018 and 2017:

	International trade agency and consulting	VCB business platform	Totals
Three months ended March 31, 2018			
Revenue	\$ 5,951	\$ 460	\$ 6,411
Operating loss	\$ 310,393	\$ 52,695	\$ 363,088
Capital assets	\$ 141,634	\$ 18,836	\$ 160,470

	International trade agency and consulting	VCB business platform	Totals
Three months ended March 31, 2017			
Revenue	\$ 18,478	\$ 357	\$ 18,835
Operating loss	\$ 219,666	\$ 27,417	\$ 247,083
Capital assets	\$ 28,633	\$ 625	\$ 29,258

Glorious Creation Limited

Notes to the Condensed Interim Consolidated Financial Statements

Expressed in Canadian dollars

Unaudited

For the three months ended March 31, 2018

17. SEGMENTED INFORMATION (continued)

The table below provides geographic information of the Company for the three months ended March 31, 2018 and 2017:

Three months ended March 31, 2018	Canada	Hong Kong	Vietnam	China	Totals
Revenue	\$ -	\$ -	\$ 6,318	\$ 93	\$ 6,411
Operating loss	\$ 165,273	\$ 46,912	\$ 129,003	\$ 21,900	\$ 363,088
Capital assets	\$ -	\$ -	\$ 18,836	\$ 141,634	\$ 160,470

Three months ended March 31, 2017	Canada	Hong Kong	Vietnam	China	Totals
Revenue	\$ -	\$ -	\$ 18,478	\$ 357	\$ 18,835
Operating loss	\$ 148,521	\$ 36,369	\$ 55,292	\$ 6,901	\$ 247,083
Capital assets	\$ -	\$ -	\$ 28,633	\$ 625	\$ 29,258

18. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

There were no significant non-cash investing and financing transactions during the three months ended March 31, 2018 and 2017.