

# **GLORIOUS CREATION LIMITED**

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

**June 30, 2019**

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**NOTICE OF NO AUDITORS' REVIEW OF  
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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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, 2019	December 31, 2018
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash	7,989	34,820
Amounts receivable (Note 6)	85,792	80,816
Inventory (Note 8)	2,077	15,895
Prepaid expenses (Note 7)	41,400	59,927
<b>Total current assets</b>	<b>137,188</b>	<b>191,458</b>
Investment in associate (Note 16)	15,018	15,029
Capital assets (Note 10)	45,342	112,405
<b>Total assets</b>	<b>197,548</b>	<b>318,892</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	159,158	187,491
Due to related parties (Note 12)	122,485	72,136
Due to associate (Note 16)	118,844	123,974
Loans (Note 9)	443,024	288,965
<b>Total current liabilities</b>	<b>843,511</b>	<b>672,566</b>
<b>Shareholders' equity (deficiency)</b>		
Share capital (Note 11)	2,831,023	2,831,023
Reserve (Note 11)	769,961	663,909
Accumulated other comprehensive loss	(7,611)	(21,660)
Deficit	(4,043,499)	(3,654,821)
<b>Equity (deficiency) attributable to shareholders</b>	<b>(450,126)</b>	<b>(181,549)</b>
Non-controlling interest (Note 15)	(195,837)	(172,125)
<b>Total shareholders' equity (deficiency)</b>	<b>(645,963)</b>	<b>(353,674)</b>
<b>Total liabilities and shareholders' equity (deficiency)</b>	<b>197,548</b>	<b>318,892</b>

Nature of operations (Note 1)

Basis of preparation and going concern (Note 2)

Events subsequent to the reporting period (Note 19)

On behalf of the Board:

\_\_\_\_\_  
"Ian Mallmann"

Director

\_\_\_\_\_  
"Norm Yurik"

Director

# Glorious Creation Limited

## Condensed Interim Consolidated Statements of Loss

Expressed in Canadian dollars

Unaudited

	Three months ended June 30, 2019	Three months ended June 30, 2018	Six months ended June 30, 2018	Six months ended June 30, 2018
	\$	\$	\$	\$
<b>Revenue</b>				
Sales of goods	-	11,319	4,117	11,779
Costs of goods sold	-	(11,807)	(13,864)	(12,210)
Service income	-	6,168	2,075	12,119
Service costs	-	(3,911)	(2,679)	(9,697)
Selling expenses	-	(33,063)	(31,954)	(66,583)
<b>Gross profit (loss)</b>	-	(34,832)	(41,675)	(64,592)
<b>General and administrative expenses</b>				
Amortization	14,278	20,968	32,882	41,311
Accounting and auditing (Note 11)	(13,538)	5,470	(12,180)	6,718
Consulting	-	17,738	-	17,738
Director fees	6,000	9,000	12,000	18,000
Legal	10,520	4,076	10,936	19,359
Loan charges and interest	1,070	2,972	2,227	3,294
Management fees (Note 11)	21,000	43,823	51,000	91,235
Office and miscellaneous (Note 11)	9,563	28,063	19,969	56,945
Rent	27,162	20,051	31,879	44,996
Salaries and benefits	31,443	50,516	71,417	100,915
Share-based compensation	53,319	117,325	106,052	233,361
Travel and related	-	20,993	544	33,173
Registration and filing	12,494	6,412	14,444	10,147
Loss on sales of capital assets	13,978	-	27,366	-
<b>Total general and administrative expenses</b>	(188,557)	(380,470)	(370,704)	(743,775)
Equity loss from associate (Note 15)	-	(207)	(11)	(212)
<b>Net loss for the period</b>	(188,557)	(378,908)	(412,390)	(741,996)
<b>Net loss attributable to</b>				
Shareholders of the Company	(178,290)	(360,961)	(388,678)	(705,523)
Non-controlling interest (Note 14)	(10,267)	(17,947)	(23,712)	(36,473)
<b>Weighted average number of common shares outstanding</b>				
	39,222,001	39,222,001	39,222,001	38,771,670
<b>Basic and diluted loss per common share</b>	(0.00)	(0.01)	(0.01)	(0.02)

# Glorious Creation Limited

## Condensed Interim Consolidated Statements of Comprehensive Loss

Expressed in Canadian dollars

Unaudited

	Three months ended June 30, 2019	Three months ended June 30, 2018	Six months ended June 30, 2019	Six months ended June 30, 2018
	\$	\$	\$	\$
<b>Net loss for the period</b>	(188,557)	(378,908)	(420,390)	(741,996)
<b>Other comprehensive income (loss)</b>				
Foreign exchange gain (loss) on translating foreign operations	10,099	(28,869)	14,049	(31,781)
<b>Comprehensive loss</b>	(178,458)	(407,777)	(398,341)	(773,777)
<b>Comprehensive loss attributable to</b>				
Shareholders of the Company	(168,191)	(389,830)	(374,629)	(737,304)
Non-controlling interest	(10,267)	(17,947)	(23,712)	(36,473)

# Glorious Creation Limited

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

Expressed in Canadian dollars

Unaudited

	Share Capital		Reserve	Accumulated other comprehensive loss	Deficit	Non- controlling interest	Total
	Number of common shares	Amount					
		\$	\$	\$	\$	\$	\$
<b>Balance, December 31, 2017</b>	<b>38,222,001</b>	<b>2,382,148</b>	<b>276,505</b>	<b>(9,225)</b>	<b>(2,169,521)</b>	<b>(91,767)</b>	<b>388,140</b>
Private placement	1,000,000	450,000	-	-	-	-	450,000
Share issuance costs	-	(1,125)	-	-	-	-	(1,125)
Share-based compensation	-	-	233,361	-	-	-	233,361
Loss for the period	-	-	-	-	(705,523)	(36,473)	(741,996)
Foreign currency translation difference	-	-	-	(31,781)	-	-	(31,781)
<b>Balance, June 30, 2018</b>	<b>39,222,001</b>	<b>2,831,023</b>	<b>509,866</b>	<b>(41,006)</b>	<b>(2,875,044)</b>	<b>(128,240)</b>	<b>296,599</b>
Share-based compensation	-	-	154,043	-	-	-	154,043
Loss for the period	-	-	-	-	(779,777)	(43,885)	(823,662)
Foreign currency translation difference	-	-	-	19,346	-	-	19,346
<b>Balance, December 31, 2018</b>	<b>39,222,001</b>	<b>2,831,023</b>	<b>663,909</b>	<b>(21,660)</b>	<b>(3,654,821)</b>	<b>(172,125)</b>	<b>(353,674)</b>
Share-based compensation	-	-	52,733	-	-	-	52,733
Loss for the period	-	-	-	-	(388,678)	(23,712)	(412,390)
Foreign currency translation difference	-	-	-	14,049	-	-	14,049
<b>Balance, June 30, 2019</b>	<b>39,222,001</b>	<b>2,831,023</b>	<b>716,642</b>	<b>(7,611)</b>	<b>(4,043,499)</b>	<b>(195,837)</b>	<b>(645,963)</b>

# Glorious Creation Limited

## Condensed Interim Consolidated Statements of Cash Flows

Expressed in Canadian dollars

Unaudited

	Six months ended June 30, 2019	Six months ended June 30, 2018
	\$	\$
<b>Operating activities</b>		
Net loss for the period	(412,390)	(741,996)
Non-cash items:		
Amortization	32,882	41,311
Equity loss from associate	11	212
Accretion of loan interest	2,227	-
Share-based compensation	106,052	233,361
Loss on sales of capital assets	27,366	-
Changes in non-cash working capital items:		
Amounts receivable	(4,976)	(2,303)
Prepaid expenses	31,027	(5,504)
Accounts payable and accrued liabilities	(40,833)	(6,191)
Inventories	13,888	(91,941)
,Due to/from related parties	50,349	(1,417)
<b>Total cash used in operating activities</b>	<b>(194,397)</b>	<b>(574,468)</b>
<b>Investing activities</b>		
Purchase of capital assets	-	(5,762)
Proceeds from sales of capital assets	7,248	-
<b>Total cash used in investing activities</b>	<b>7,248</b>	<b>(5,762)</b>
<b>Financing activities</b>		
Proceeds from loan	172,767	76,751
Repayment of loan	(9,927)	(8,853)
Proceeds from share issuance	-	450,000
Share issuance costs	-	(1,125)
<b>Total cash provided by financing activities</b>	<b>162,840</b>	<b>516,773</b>
<b>Change in cash</b>	<b>(24,309)</b>	<b>(63,457)</b>
Effect of exchange rate changes on balance of cash held in foreign currencies	(2,522)	(25,104)
<b>Cash, beginning of the period</b>	<b>34,820</b>	<b>269,562</b>
<b>Cash, end of the period</b>	<b>7,989</b>	<b>181,001</b>

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 six months ended June 30, 2019

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### 1. NATURE OF OPERATIONS

Glorious Creation Limited (the “Company”) was incorporated under the Canada Business Corporations Act on December 24, 2015 and was registered as an extra-provincial company in British Columbia on January 28, 2016. 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 to facility 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, 2018.

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on August 6, 2019.

#### *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).



# Glorious Creation Limited

## Notes to the Condensed Interim Consolidated Financial Statements

Expressed in Canadian dollars

Unaudited

For the six months ended June 30, 2019

## 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	
				June 30, 2019	December 31, 2018
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%
Glorious (Vietnam) Food and Beverage Company Limited ("F&B")	July 6, 2018	Ho Chi Minh City, Vietnam	Food and beverage import and export, wholesale and 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. During the six months ended June 30, 2019, the Company incurred losses of \$412,390. As of June 30, 2019, the Company has an accumulated deficit of \$4,043,499 and working capital deficiency of \$781,144. 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

# Glorious Creation Limited

## Notes to the Condensed Interim Consolidated Financial Statements

Expressed in Canadian dollars

Unaudited

For the six months ended June 30, 2019

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### 2. BASIS OF PREPARATION AND GOING CONCERN (continued)

#### *Going concern* (continued)

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.

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 a business (note 5).

# Glorious Creation Limited

## Notes to the Condensed Interim Consolidated Financial Statements

Expressed in Canadian dollars

Unaudited

For the six months ended June 30, 2019

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### 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

#### (iv) Investment in associate

The accounting for investments in other companies can vary depending on the degree of control and influence over those other companies. Management is required to assess at each reporting date the Company's control and influence over these other companies. Management has used its judgement to determine which companies are controlled and require consolidation and those which are significantly influenced and require equity accounting. There would be different accounting results should these judgments change.

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.

#### (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 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.

# Glorious Creation Limited

## Notes to the Condensed Interim Consolidated Financial Statements

Expressed in Canadian dollars

Unaudited

For the six months ended June 30, 2019

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### 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, 2018.

#### *Adoption of accounting policies*

The Company adopted IFRS 16, Lease, starting January 1, 2019. The adoption of the standard has no significant impact on the measurement or presentation of balances or transactions as reported in these financial statements.

### 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. In April 2018, Glorious Vietnam paid additional VND80,000,000 (\$4,480) towards the acquisition which was recorded as intangible assets, and then impaired as of December 31, 2018.

### 6. AMOUNTS RECEIVABLE

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

	June 30	December 31
	2019	2018
	\$	\$
VAT receivable	70,671	77,736
GST receivable	9,451	3,080
Service income receivable	5,670	-
Total amounts receivable	<u>85,792</u>	<u>80,816</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.

# Glorious Creation Limited

## Notes to the Condensed Interim Consolidated Financial Statements

Expressed in Canadian dollars

Unaudited

For the six months ended June 30, 2019

### 7. PREPAID EXPENSES

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

	June 30, 2019	December 31, 2018
	\$	\$
Rent deposit and prepaid rent	35,295	56,215
Prepaid directors' and officers' insurance	5,000	-
Other prepaids	1,105	3,712
Total prepaid expenses	41,400	59,927

### 8. INVENTORY

Inventory was comprised of the following:

	June 30, 2019	December 31, 2018
	\$	\$
Agricultural products and food	-	4,822
Electronic products	2,007	11,073
Total inventory	2,007	15,895

### 9. LOANS

The Company's significant financing transactions are as follows:

	June 30, 2019	December 31, 2018
	\$	\$
Balance, beginning of the period	288,965	14,852
Advances	172,767	286,661
Repayments	(9,927)	(33,506)
Loan charges and interest	2,227	6,700
Foreign exchange	(11,008)	14,258
Balance, end of the period	443,024	288,965

#### Shareholders' loans

During the year ended December 31, 2018, the Company received loans of HK\$1,070,000 from certain shareholders. The loan is non-secured, bears interest at 8% per annum, and has no fixed term of repayment. As of December 31, 2018, the loan balance was HK\$1,070,000 (\$186,180).

During the six months ended June 30, 2019, the Company received loans of HK\$36,000 from certain shareholders. The loan is non-secured, non-interest bearing, and have no fixed term of repayment. As of June 30, 2019, the loan balance was HK\$1,106,000 (\$185,255).

# Glorious Creation Limited

## Notes to the Condensed Interim Consolidated Financial Statements

Expressed in Canadian dollars

Unaudited

For the six months ended June 30, 2019

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### 9. LOANS (continued)

#### Loan from former CEO

During the year ended December 31, 2018, the Company received HK\$190,000 from the former CEO. As of December 31, 2018, the loan balance was HK\$190,000 (\$33,060).

During the six months ended June 30, 2019, the Company received HK\$98,000 from the former CEO. As of June 30, 2019, the loan balance was HK\$288,000 (\$48,240).

The loan is non-secured, non interest-bearing and due on demand.

#### Bank loans

The Company entered into a loan agreement with HSBC on June 4, 2018. According to the loan agreement, the Company received a loan of HK\$470,000 from HSBC for a period of 36 months. The loan bears interest of 9.94% per annum and is payable at a fixed amount of HK\$14,607 per month. As of June 30, 2019, the loan balance was HK\$355,398 (\$59,529) (December 31, 2018 - HK\$400,716 (\$69,725)).

#### Other loans

In April and May 2019, the Company received loans of \$150,000 from some private lenders. The loans bear no interest and mature on demand by the lenders. The Company provides all of its currently held and after-acquired assets as security for the loans. Subsequent to June 30, 2019, the Company received additional loans of \$25,000 from the same lenders.

# Glorious Creation Limited

## Notes to the Condensed Interim Consolidated Financial Statements

Expressed in Canadian dollars

Unaudited

For the six months ended June 30, 2019

### 10. CAPITAL ASSETS

	Computer equipment	Office furniture and fixtures	Computer software	Leasehold improvement	Total
	\$	\$	\$	\$	\$
<b>Cost</b>					
Balance, December 31, 2017	96,411	2,050	3,464	116,470	218,395
Additions	2,633	2,321	722	12,838	18,514
Disposals	-	(1,005)	-	-	(1,005)
Balance, December 31, 2018	99,044	3,366	4,186	129,308	235,904
Additions	-	-	-	-	-
Disposals	(35,407)	(1,704)	-	(12,837)	(49,949)
Balance, June 30, 2019	63,637	1,662	4,186	116,474	185,959
<b>Accumulated amortization</b>					
Balance, December 31, 2017	24,112	1,683	3,464	12,457	41,716
Additions	18,554	976	361	62,059	81,950
Disposals	-	(167)	-	-	(167)
Balance, December 31, 2018	42,666	2,492	3,825	74,516	123,499
Additions	6,187	91	184	26,419	32,882
Disposals	(14,848)	(922)	-	-	(15,769)
Balance, June 30, 2019	34,006	1,662	4,010	100,939	140,616
<b>Carrying amounts</b>					
At December 31, 2018	56,378	874	361	54,792	112,405
At June 30, 2019	29,631	-	176	15,535	45,342

# Glorious Creation Limited

## Notes to the Condensed Interim Consolidated Financial Statements

Expressed in Canadian dollars

Unaudited

For the six months ended June 30, 2019

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### 11. SHAREHOLDERS' EQUITY

#### *Share capital*

Authorized:

Unlimited common shares without par value

As of June 30, 2019, the Company has 39,222,001 (December 31, 2018 – 39,222,001) common shares outstanding, of which 6,351,185 (December 31, 2018 – 8,468,246) common shares are held in escrow.

There was no share issuance during the six months ended June 30, 2019.

During the year ended December 31, 2018, the Company 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.

#### *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.

There were no stock option transactions during the year ended December 31, 2018 or the six months ended June 30, 2019.

As at June 30, 2019, the following incentive stock options are outstanding:

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

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# Glorious Creation Limited

## Notes to the Condensed Interim Consolidated Financial Statements

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For the six months ended June 30, 2019

### 11. SHAREHOLDERS' EQUITY (continued)

#### Warrants

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, at December 31, 2017	209,480	\$ 0.30
Issued	<u>1,000,000</u>	<u>0.75</u>
Balance, at December 31, 2018 and June 30, 2019	<u>1,209,480</u>	<u>\$ 0.67</u>
Exercisable, at June 30, 2019	<u>1,209,480</u>	<u>\$ 0.67</u>

As at June 30, 2019, the following warrants are outstanding:

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

### 12. RELATED PARTY TRANSACTIONS

- a) During the six months ended June 30, 2019, the Company paid or accrued fees of \$Nil (2018 - \$49,235) to the former CEO of the Company. As of June 30, 2019, \$16,585 (December 31, 2018 - \$10,336) was owed to the former CEO.

During the six months ended June 30, 2019, the Company received HK\$98,000 from the former CEO. As of June 30, 2019, the loan balance was HK\$288,000 (\$48,240) (December 31, 2018 - HK\$190,000 (\$33,060)).

- b) During the six months ended June 30, 2019, the Company paid or accrued fees of \$51,000 (2018 - \$42,000) to a company controlled by the CFO of the Company. As of June 30, 2019, \$87,000 (December 31, 2018 - \$55,500) was owed to the company controlled by the CFO.
- c) During the six months ended June 30, 2019, the Company paid or accrued directors' fees of \$12,000 (2018 - \$18,000) to the directors. As of June 30, 2019, \$18,900 (December 31, 2018 - \$6,300) was owed to the directors.

# Glorious Creation Limited

## Notes to the Condensed Interim Consolidated Financial Statements

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Unaudited

For the six months ended June 30, 2019

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### 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 June 30, 2019, 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 June 30, 2019 and December 31, 2018, 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 June 30, 2019 and December 31, 2018. As such, the Company has not hedged its exposure to currency fluctuations.

# Glorious Creation Limited

## Notes to the Condensed Interim Consolidated Financial Statements

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Unaudited

For the six months ended June 30, 2019

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### 14. FAIR VALUE AND RISK MANAGEMENT (continued)

#### *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, 2019, the Company had a cash balance of \$7,989 to settle current liabilities of \$843,511. 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, so its exposure to interest rate risks is insignificant. Loans bear a fixed interest rate.

### 15. NON-CONTROLLING INTEREST

As of June 30, 2019 and December 31, 2018, non-controlling interest includes a 14% interest in Glorious Vietnam and its subsidiaries, KTT and F&B, 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, 2019	December 31, 2018
	\$	\$
Non-controlling interest, beginning of period	(172,125)	(91,767)
Share of loss – Glorious Vietnam and its subsidiaries	(23,506)	(78,131)
Share of loss – VnTrans	(206)	(2,227)
Non-controlling interest, end of period	(195,837)	(172,125)

# Glorious Creation Limited

## Notes to the Condensed Interim Consolidated Financial Statements

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Unaudited

For the six months ended June 30, 2019

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

The table below disclose selected financial information of Glorious Vietnam and its subsidiaries, KTT and F&B on a 100% basis:

	June 30, 2019	December 31, 2018
	\$	\$
Non-controlling percentage	14%	14%
Total assets	170,241	232,286
Total liabilities	(1,480,966)	(1,445,707)
Net assets (liabilities)	(1,310,725)	(1,213,421)
<b>Summarized income statement</b>		
Loss and comprehensive loss	(167,896)	(558,079)
Loss allocated to non-controlling interest	(23,505)	(78,131)
<b>Summarized cash flow</b>		
Cash used in operating activities	(18,761)	(467,832)
Cash used in investing activities	3,497	(5,441)
Cash from financing activities	16,271	455,599

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

	June 30, 2019	December 31, 2018
	\$	\$
Non-controlling percentage	28%	28%
Total assets	14,187	15,166
Total liabilities	(53,782)	(56,120)
Net assets (liabilities)	(39,595)	(40,954)
<b>Summarized income statement</b>		
Loss and comprehensive loss	(736)	(7,954)
Loss allocated to non-controlling interest	(206)	(2,227)
<b>Summarized cash flow</b>		
Cash used in operating activities	(995)	(2,168)
Cash used in investing activities	-	-
Cash from financing activities	872	1,394

# Glorious Creation Limited

## Notes to the Condensed Interim Consolidated Financial Statements

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For the six months ended June 30, 2019

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### 16. INVESTMENT IN ASSOCIATE

The Company accounts for its investment in Transinall Limited. (“Transinall”) using the equity method of accounting. As at June 30, 2019 and December 31, 2018, the Company holds a 16.1% interest in Transinall.

Investment in associate is as follows:

	June 30, 2019	December 31, 2018
	\$	\$
Balance, beginning of the period	15,029	15,281
Equity loss for the period	(11)	(252)
Balance, end of the period	15,018	15,029

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

	June 30, 2019	December 31, 2018
	\$	\$
Loss for the period	(68)	(1,568)
Comprehensive income (loss) for the period	8,937	7,727
Current assets	117	2,722
Non-current assets	123,620	125,887
Total assets	123,737	128,609
Current and total liabilities	8,375	8,700
Total shareholders' equity	115,362	119,909

As of June 30, 2019, Transinall advanced cash of \$118,844 (December 31, 2018 - \$123,974) 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

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Unaudited

For the six months ended June 30, 2019

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### 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.

#### *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 six months ended June 30, 2019 and 2018:

<b>Six months ended June 30, 2019</b>	<b>International trade agency and consulting</b>	<b>VCB business platform</b>	<b>Totals</b>
Revenue	\$ 5,913	\$ 909	\$ 6,822
Operating loss	\$ 322,556	\$ 89,834	\$ 412,390
Capital assets	\$ 44,776	\$ 566	\$ 45,342

<b>Six months ended June 30, 2018</b>	<b>International trade agency and consulting</b>	<b>VCB business platform</b>	<b>Totals</b>
Revenue	\$ 12,119	\$ 11,779	\$ 23,898
Operating loss	\$ 639,423	\$ 102,573	\$ 741,996
Capital assets	\$ 122,630	\$ 18,506	\$ 141,136

# Glorious Creation Limited

## Notes to the Condensed Interim Consolidated Financial Statements

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For the six months ended June 30, 2019

### 17. SEGMENTED INFORMATION (continued)

The table below provides geographic information of the Company for the six months ended June 30, 2019 and 2018:

Six months ended June 30, 2019	Canada	Hong Kong	Vietnam	China	Totals
Revenue	\$ -	\$ -	\$ 5,913	\$ 909	\$ 6,822
Operating loss	\$ 188,635	\$ 8,158	\$ 168,632	\$ 46,965	\$ 412,390
Capital assets	\$ -	\$ -	\$ 44,776	\$ 566	\$ 45,342

Six months ended June 30, 2018	Canada	Hong Kong	Vietnam	China	Totals
Revenue	\$ -	\$ -	\$ 23,805	\$ 93	\$ 23,898
Operating loss	\$ 347,257	\$ 100,127	\$ 253,885	\$ 40,727	\$ 741,996
Capital assets	\$ -	\$ -	\$ 122,630	\$ 18,506	\$ 141,136

### 18. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

There were no significant non-cash investing and financing transactions during the six months ended June 30, 2019 and 2018.

### 19. EVENTS SUBSEQUENT TO THE REPORTING PERIOD

On July 31, 2019, the Company entered into an agreement with its former CEO to sell 100% of shares of Glorious IT which includes all subsidiaries in Asia for a consideration of \$200. This Transaction is subject to the shareholders' and regulators' approval.

As of June 30, 2019, the net liabilities of consolidated Glorious IT and its subsidiaries are as follows:

	\$
Cash	2,260
Receivables	76,341
Prepays	36,400
Inventory	2,007
Investment in associate	15,018
Capital assets	45,342
Accounts payable and accrued liabilities	(156,148)
Short-term loans	(293,024)
Due from associate	(118,844)
Due from Glorious Canada	(1,684,478)
Deficit attributed to non-controlling interest	195,837
Accumulated other comprehensive income	<u>7,611</u>
Net liabilities	<u>(1,871,678)</u>

# Glorious Creation Limited

## Notes to the Condensed Interim Consolidated Financial Statements

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Unaudited

For the six months ended June 30, 2019

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### 19. EVENTS SUBSEQUENT TO THE REPORTING PERIOD (continued)

The Company's non-consolidated statement of financial position is as follows assuming that the Company had sold 100% shares of Glorious IT as of June 30, 2019:

	<b>June 30, 2019</b>
	\$
<b>Assets</b>	
<b>Current assets</b>	
Cash	5,729
Amounts receivable	9,451
Prepaid expenses	5,000
<b>Total assets</b>	<b>20,180</b>
<b>Liabilities</b>	
<b>Current liabilities</b>	
Accounts payable and accrued liabilities	19,670
Due to related parties	106,124
Loans	150,000
<b>Total current liabilities</b>	<b>275,495</b>
<b>Shareholders' equity (deficiency)</b>	
Share capital	2,831,023
Reserve	769,961
Deficit	(4,023,773)
<b>Total shareholders' equity (deficiency)</b>	<b>(255,315)</b>
<b>Total liabilities and shareholders' equity (deficiency)</b>	<b>20,180</b>