

OTC Markets

Novagant Corp.

Financial Statements

September 30, 2021 and 2020

Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

Financial Statements:

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Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

[Novagant Corp]

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[Quarterly] Report

For the Period Ending: [09/30/2021]
(the "Reporting Period")

As of [09/30/2021], the number of shares outstanding of our Common Stock was:

[349,989,704]

As of [06/30/2021], the number of shares outstanding of our Common Stock was:

[49,989,704]

As of [12/31/2020], the number of shares outstanding of our Common Stock was:

[61,271,562]

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934):

Yes: ☐ No: ☒

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: ☐ No: ☒

Indicate by check mark whether a Change in Control¹ of the company has occurred over this reporting period:

Yes: ☐ No: ☒

¹ "Change in Control" shall mean any events resulting in:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;

(ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;

(iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or

(iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

1) Name and address(es) of the issuer and its predecessors (if any)

In answering this item, provide the current name of the issuer any names used by predecessor entities, along with the dates of the name changes.

Name Change History:

- Initially incorporated as Kendrex Systems, Inc in Nevada. on February 23, 1987.
- Kendrex Systems, Inc. changed to HLHK World Group, Inc. on November 18, 1996.
- HLHK World Group, Inc. changed to Trimfast Group, Inc. in Nevada on September 4, 1998.
- Trimfast Group, Inc. changed to Edollars, Inc in Nevada on November, 2006.
- Edollars, Inc. changed to Forex, Inc. in June, 2007.
- Forex, Inc. changed to Petrogulf Corp. on March 26, 2008.
- Petrogulf Inc. changed to Novagant, Inc. on November 26, 2013.

The state of incorporation or registration of the issuer and of each of its predecessors (if any) during the past five years; Please also include the issuer's current standing in its state of incorporation (e.g. active, default, inactive):

The Company was incorporated as Kendrex Systems, Inc. in Nevada on February 23, 1987 and is currently active.

Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors since inception:

None

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

On September 21, 2021, the Company entered into a Share Exchange Agreement (the "Exchange Agreement") with Ever Full Logistics Limited ("EFL"), is registered and incorporated as a private limited liability company in Hong Kong and WeiQun Chen ("Chen"), the sole shareholder of EFL. Upon the closing of the share exchange transaction contemplated under the Exchange Agreement, Chen transferred all of his share capital in EFL to the Company in exchange for 300,000,000 shares of common stock of the Company, thus causing EFL to become a direct wholly-owned subsidiary of the Company. The Company now operates all of its business through EFL in Hong Kong only.

The address(es) of the issuer's principal executive office:

Flat D, 32/F, The Masterpiece, 18 Hanoi Road, Kowloon, Tsim Sha Tsui, Hong Kong

The address(es) of the issuer's principal place of business:

Check box if principal executive office and principal place of business are the same address: ☐

Unit A, Room V28, 5/F., Victory Industrial Building, 151-157 Wo Yi Hop Road, Kwai Chung, New Territories

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

Yes: ☐ No: ☒

If this issuer or any of its predecessors have been the subject of such proceedings, please provide additional details in the space below:

2) Security Information

| | | |
|---|----------------------|-----------------------------------|
| Trading symbol: | <u>NVGT</u> | |
| Exact title and class of securities outstanding: | <u>Common Stock</u> | |
| CUSIP: | <u>66989F201</u> | |
| Par or stated value: | <u>0.001</u> | |
| Total shares authorized: | <u>1,000,000,000</u> | as of date: <u>Sept. 30, 2021</u> |
| Total shares outstanding: | <u>349,989,704</u> | as of date: <u>Sept. 30, 2021</u> |
| Number of shares in the Public Float ² : | <u>9,929,540</u> | as of date: <u>Sept. 30, 2021</u> |
| Total number of shareholders of record: | <u>771</u> | as of date: <u>Sept. 30, 2021</u> |

All additional class(es) of publicly traded securities (if any):

| | | |
|--|-----------------|-----------------------------------|
| Trading symbol: | <u>N/A</u> | |
| Exact title and class of securities outstanding: | <u>Series A</u> | |
| CUSIP: | <u>N/A</u> | |
| Par or stated value: | <u>0.001</u> | |
| Total shares authorized: | <u>200,000</u> | as of date: <u>Sept. 30, 2021</u> |
| Total shares outstanding: | <u>200,000</u> | as of date: <u>Sept. 30, 2021</u> |

| | | |
|--|-----------------|-----------------------------------|
| Trading symbol: | <u>N/A</u> | |
| Exact title and class of securities outstanding: | <u>Series B</u> | |
| CUSIP: | <u>N/A</u> | |
| Par or stated value: | <u>0.001</u> | |
| Total shares authorized: | <u>500,000</u> | as of date: <u>Sept. 30, 2021</u> |
| Total shares outstanding: | <u>500,000</u> | as of date: <u>Sept. 30, 2021</u> |

Transfer Agent

Name: Colonial Stock Transfer Co., Inc.
Phone: 801-355-5740
Email: info@colonialstock.com
Address: 66 Exchange Place Suite 100 Salt Lake City, UT 84111

Is the Transfer Agent registered under the Exchange Act?³ Yes: ☒ No: ☐

3) Issuance History

The goal of this section is to provide disclosure with respect to each event that resulted in any direct changes to the total shares outstanding of any class of the issuer's securities **in the past two completed fiscal years and any subsequent interim period**.

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares, or any other securities or options to acquire such securities, issued for services. Using the tabular format below, please describe these events.

A. Changes to the Number of Outstanding Shares

Check this box to indicate there were no changes to the number of outstanding shares within the past two completed fiscal years and any subsequent periods: ☐

² "Public Float" shall mean the total number of unrestricted shares not held directly or indirectly by an officer, director, any person who is the beneficial owner of more than 10 percent of the total shares outstanding (a "control person"), or any affiliates thereof, or any immediate family members of officers, directors and control persons.

³ To be included in the Pink Current Information tier, the transfer agent must be registered under the Exchange Act.

| Shares Outstanding as of Second Most Recent Fiscal Year End: <div> <u>Opening Balance</u> Date <u>12/31/2019</u> Common: <u>61,271,562</u> Preferred: <u>200,000</u> </div> | | | *Right-click the rows below and select "Insert" to add rows as needed. | | | | | | |
|--|---|--|--|---|--|--|---|---|---------------------------------|
| Date of Transaction | Transaction type (e.g. new issuance, cancellation, shares returned to treasury) | Number of Shares Issued (or cancelled) | Class of Securities | Value of shares issued (\$/per share) at Issuance | Were the shares issued at a discount to market price at the time of issuance? (Yes/No) | Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed). | Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of Services Provided | Restricted or Unrestricted as of this filing. | Exemption or Registration Type. |
| <u>01/30/2020</u> | <u>New Issuance</u> | <u>500,000</u> | <u>Series Preferred B shares</u> | <u>\$0.03</u> | <u>No</u> | <u>Alexander M. Woods-Leo</u> | <u>Cash</u> | <u>Restricted</u> | <u>144</u> |
| <u>03/10/2021</u> | <u>New Issuance</u> | <u>800,000</u> | <u>Common</u> | <u>\$0.001</u> | <u>Yes</u> | <u>Entity shares to Leonite Capital – Avi Geller</u> | <u>Cash</u> | <u>Restricted</u> | <u>144</u> |
| <u>03/24/2021</u> | <u>New Issuance</u> | <u>10,000,000</u> | <u>Common</u> | <u>\$0.0639</u> | <u>No</u> | <u>Entity shares to Apex Farms Corp - Alexander M. Woods-Leo</u> | <u>Two Patents purchased from Apex Farms Corp.</u> | <u>Restricted</u> | <u>144</u> |
| <u>06/28/2021</u> | <u>Cancellation</u> | <u>(22,081,858)</u> | <u>Common</u> | <u>\$0.000</u> | <u>No</u> | <u>N/A</u> | <u>Shares Surrendered</u> | <u>Unrestricted</u> | <u>N/A</u> |
| <u>09/21/2021</u> | <u>New Issuance</u> | <u>(300,000,000)</u> | <u>Common</u> | <u>\$0.001</u> | <u>No</u> | <u>WeiQun Chen</u> | <u>Merger</u> | <u>Restricted</u> | <u>144</u> |
| Shares Outstanding on Date of This Report: <div> <u>Ending Balance</u> <u>Ending Balance:</u> Date <u>09/30/2021</u> Common: <u>349,989,704</u> Preferred: <u>700,000</u> </div> | | | | | | | | | |

Example: A company with a fiscal year end of December 31st, in addressing this item for its quarter ended September 30, 2020, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2018 through September 30, 2020 pursuant to the tabular format above.

Use the space below to provide any additional details, including footnotes to the table above:

B. Debt Securities, Including Promissory and Convertible Notes

Use the chart and additional space below to list and describe all outstanding promissory notes, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities.

Check this box if there are no outstanding promissory, convertible notes or debt arrangements: ☒

| Date of Note Issuance | Outstanding Balance (\$) | Principal Amount at Issuance (\$) | Interest Accrued (\$) | Maturity Date | Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares) | Name of Noteholder (entities must have individual with voting / investment control disclosed). | Reason for Issuance (e.g. Loan, Services, etc.) |
|-----------------------|--------------------------|-----------------------------------|-----------------------|---------------|--|--|---|
| _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |

Use the space below to provide any additional details, including footnotes to the table above:

4) Financial Statements

A. The following financial statements were prepared in accordance with:

- ☒ U.S. GAAP
☐ IFRS

B. The financial statements for this reporting period were prepared by (name of individual)⁴:

Name: Wei Qun Chen
Title: CEO
Relationship to Issuer: Officer/Board Member

⁴ The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS by persons with sufficient financial skills.

Consolidated Balance Sheets
September 30, 2021 and 2020

| | 2021 US\$ | 2020 US\$ |
|---|--------------|--------------|
| ASSETS | | |
| Non-Current Assets | | |
| Plant and equipment | 2,928 | 536 |
| Right-of-use assets | 4,247 | - |
| Total Non-Current Assets | 7,175 | 536 |
| Current Assets | | |
| Deposits | 1,341 | - |
| Accounts receivables | 2,459 | |
| Cash and cash equivalents | 40,644 | - |
| Total Current Assets | 44,444 | - |
| TOTAL ASSETS | 51,619 | 536 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current Liabilities | | |
| Creditors, other payables and accrual | 203,701 | 139,383 |
| Lease liabilities | 4,319 | - |
| Total Current Liabilities | 208,020 | 139,383 |
| Shareholders' Equity | | |
| Preferred stock, \$0.01 par value, 20,000,000 shares authorized, 700,000 shares issued | 700 | 700 |
| Common stock, \$0.001 par value, 150,000,000 shares authorized, 49,989,704 and 61,271,562 shares issued, respectively | 109,294 | 133,960 |
| Additional paid-in capital | 32,282,579 | 32,259,789 |
| Accumulated deficit | (32,548,974) | (32,533,296) |
| Total Shareholders' Equity | (156,401) | (138,847) |
| TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY | 51,619 | 536 |

Consolidated Statements of Operations
For the quarter ended September 30, 2021 and 2020

| | 2021 \$ | 2020 \$ |
|---|------------|------------|
| Revenue | 2,459 | - |
| Cost of services | (1,246) | - |
| | 1,213 | |
| Operating expenses: | | |
| General and administrative expenses | (983) | - |
| Finance costs | - | - |
| Total expenses | (983) | - |
| Profit before provision for income taxes | 230 | - |
| Provision for income taxes | - | - |
| Net profit for the quarter | 230 | - |

Consolidated Statements of Changes in Shareholders' Equity
For the quarter ended September 30, 2021 and 2020

| | Preferred stock \$ | Common stock \$ | Additional paid-in capital \$ | Accumulated deficit \$ | Total \$ |
|-----------------------------------|-----------------------------------|--------------------------------|--|---------------------------------------|---------------------|
| Balances at July 1, 2020 | 700 | 133,960 | 32,259,789 | (32,521,183) | (126,734) |
| Net profit for the year | - | - | - | - | - |
| Balances at September 30, 2020 | 700 | 133,960 | 32,259,789 | (32,521,183) | (126,734) |
| Balances at July 1, 2021 | 700 | 109,294 | 32,282,579 | (32,549,204) | (156,631) |
| Net profit for the year | - | - | - | 230 | 230 |
| Balances at September 30, 2021 | 700 | 109,294 | 32,282,579 | (32,548,974) | (156,401) |

Consolidated Statements of Cash Flows
For the quarter ended September 30, 2021 and 2020

| | 2021 \$ | 2020 \$ |
|---|---------------|------------|
| Cashflow from Operating Activities | | |
| Profit for the period | 230 | - |
| Adjustments for: | | |
| Depreciation | - | - |
| Total | - | - |
| Changes in Working Capital: | | |
| Accounts receivables | (2,459) | - |
| Creditors, Accruals and Other Payables | 2,229 | - |
| Total | (230) | - |
| Cash used in Operating Activities | - | - |
| Cashflow from Investing Activities | | |
| Acquisition of a subsidiary | 40,644 | - |
| Total | 40,644 | - |
| Cashflow from Financing Activities | | |
| Preference shares issued during the period | - | - |
| Total | - | - |
| Net Cash generated during the period | 40,644 | - |
| Cash & Cash equivalents at the beginning of the period | - | - |
| Cash & Cash equivalents at the end of the period | 40,644 | - |

Assumption

To prepare the above Consolidated Balance Sheet, Consolidated Statements of Operations and Consolidated Statements of Changes in Shareholders' Equity of Novagant Corp. and Ever Full Logistics Limited for the quarter ended September 30, 2021 and 2020, it is assumed Novagant Corp. acquired Ever Full Logistics Limited's 100% equity interest on September 21, 2021 at a consideration of US\$0 by issue of ordinary shares of 300,000,000, and the net assets value of Ever Full Logistics Limited as at September 21, 2021 were assumed to be US\$0, which were equivalent to its fair value.

Notes to the Financial Statements
For the quarter ended September 30, 2021 and 2020

Note 1 - Nature of Operations and Basis of Presentation

Legal Status and Nature of Operations

This summary of significant accounting policies of Novagant Inc. (the “Company”) and Ever Full Logistics Limited (“EFLL”) (together with the Company collectively referred to as the “Group”) is presented to assist in understanding the Group’s unaudited consolidated financial statements for the quarter ended 30 September 2021. The consolidated financial statements and notes are representations of the Company's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

The Company was formerly known as HLHK World Group, Inc. and was organized in the State of Nevada. In 2001 the Company filed for protection under Chapter 7 of the United States Bankruptcy Code and ceased all activities. During the period 2002 thru 2006, the Company was known as TrimFast Group, Inc. On November 21, 2006, in conjunction with a one for 30 share reverse split of its’ common stock, the Company changed its’ name to EDollars, Inc. On September 18, 2007 the Company changed its’ name to Forex, Inc. and completed a one for 20 reverse stock split. On March 26, 2008, the Company changed its’ name to Petrogulf, Inc. On April 23, 2012, the Company acquired 100% of Neeksom, Inc., a Nevada Corporation. On November 26, 2013 the Company changed its name to Novagant, Inc.. During 2014, the Company exited its business products business and returned the Neeksom, Inc. subsidiary to its prior owners. The Company has elected to pursue selling financial products.

EFLL is a limited company incorporated in Hong Kong. The address of its registered office and principal place of business are Unit A, Room V28, 5/F., Victory Industrial Building, 151-157 Wo Yi Hop Road, Kwai Chung, New Territories. The principal activity of the Company during the year was provision of logistics services.

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), and include the financial statements of the Company and EFLL. All material intercompany transactions and balances have been eliminated in the consolidation.

These consolidated financial statements have been prepared under the historical cost convention and all transactions have been accounted for on accrual basis.

Notes to the Financial Statements
For the quarter ended September 30, 2021 and 2020

Note 2 - Summary of Significant Accounting and Reporting Policy

Use of judgment and estimates

The preparation of the consolidated financial statements is in conformity with approved accounting standards which requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The estimates and related assumptions are reviewed on an ongoing basis. Accounting estimates are revised in the period in which such revisions are made and in any future periods affected.

Significant management estimates in these consolidated financial statements relate to the useful life of plant and equipment, provisions and doubtful receivables. However, the management believes that the change in outcome of estimates would not have a material effect on the amounts disclosed in the consolidated financial statements.

Judgment made by management in the application of approved standards that have significant effect on the consolidated financial statements and estimates with a risk of material adjustment in subsequent year are as follows:

Depreciation method, rates and useful lives of property, plant and equipment

The management of the Company reassesses useful lives, depreciation method, and rates for each item of plant and equipment annually by considering expected pattern of economic benefits that the Group expects to derive from those items.

Provisions

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Group would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

Impairment

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is recorded on judgmental basis, for which provision may differ in the future years based on the actual expense.

Cash and cash equivalents

The Group considers all highly liquid investments with a maturity of three months or less at the date of acquisition to be cash equivalents.

Notes to the Financial Statements
For the quarter ended September 30, 2021 and 2020

Note 2 - Summary of Significant Accounting and Reporting Policy - continued

Revenue recognition

The Group recognizes revenue when it is earned and realizable based on the following criteria: persuasive evidence that an arrangement exists, services have been rendered, the price is fixed or determinable and collectability is reasonably assured.

The Group also evaluates the presentation of revenue on a gross versus a net basis through application of Emerging Issues Task Force No. ("EITF") 99-19, Reporting Revenue Gross as a Principal versus Net as an Agent. The consensus of this literature is that the presentation of revenue as "the gross amount billed to a customer because it has earned revenue from the sale of goods or services or the net amount retained (that is, the amount billed to a customer less the amount paid to a supplier) because it has earned a commission or fee" is a matter of judgment that depends on the relevant facts and circumstances. In making an evaluation of this issue, some of the factors that should be considered are: whether the Group is the primary obligor in the arrangement (strong indicator); whether it has general inventory risk (before customer order is placed or upon customer return) (strong indicator); and whether we have latitude in establishing price. The guidance clearly indicates that the evaluations of these factors, which at times can be contradictory, are subject to significant judgment and subjectivity. If the conclusion drawn is that the Group performs as an agent or a broker without assuming the risks and rewards of ownership of goods, revenue should be reported on a net basis.

Foreign currency translation

The functional currency of the Company is United States Dollars ("US\$"). The functional currency of EFLL is Hong Kong dollars ("HK\$"). The Group maintains its consolidated financial statements in US\$. Monetary assets and liabilities denominated in currencies other than the functional currency are translated into the functional currency at rates of exchange prevailing at the balance sheet dates. Transactions denominated in currencies other than the functional currency are translated into the functional currency at the exchanges rates prevailing at the dates of the transaction. During the quarter ended September 30, 2021, the exchange rate being use to translate amount in HK\$ is fixed at 7.8 to US\$1 for the purpose of preparing the consolidated financial statements which is derived from October 17, 1983 monetary policy from Hong Kong Monetary Authority where the Hong Kong dollar was pegged at a rate of 7.8 HK\$ = 1 US\$, through the currency board system with a limited floating range from 7.85 to 7.75. Exchange gains or losses arising from foreign currency transactions are included in the determination of net income for the respective periods.

For financial reporting purposes, the financial statements of the Group which are prepared using the functional currency have been translated into US\$. Assets and liabilities are translated at the exchange rates at the balance sheet dates and revenue and expenses are translated at the average exchange rates and stockholders' equity is translated at historical exchange rates. Any translation adjustments resulting are not included in determining net income but are included in foreign exchange adjustment to other comprehensive income, a component of stockholders' equity.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision, is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Notes to the Financial Statements
For the quarter ended September 30, 2021 and 2020

Note 2 - Summary of Significant Accounting and Reporting Policy - continued

Income taxes

The Group provides for income taxes under Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes. SFAS No. 109 requires the use of an asset and liability approach in accounting for income taxes. Deferred tax assets and liabilities are recorded based on the differences between the financial statement and tax bases of assets and liabilities and the tax rates in effect when these differences are expected to reverse. SFAS No. 109 requires the reduction of deferred tax assets by a valuation allowance if, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

The Company has approximately \$32,533,000 in net operating loss carryovers as of December 31, 2020, which begin to expire in 2026. Due to changes in the majority ownership of the Company, the benefit of net operating loss carry forwards for federal income tax reporting purposes are significantly limited.

Fair Value Measurements

ASC 820, *Fair Value Measurement and Disclosures*, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. This topic also establishes a fair value hierarchy which requires classification based on observable and unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value:

Level 1: Observable inputs such as quoted prices (unadjusted) in an active market for identical assets or liabilities.

Level 2: Inputs other than quoted prices that are observable, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3: Unobservable inputs that are supported by little or no market activity; therefore, the inputs are developed by the Group using estimates and assumptions that the Group expects a market participant would use, including pricing models, discounted cash flow methodologies, or similar techniques.

The carrying value of the Group's financial instruments, including cash and cash equivalents, loan receivables, loan interest receivables, deposit paid, accounts payable and accrued expenses and due to a related party approximate to their fair value because of the short-term maturity of these financial instruments.

Pension Plans

During the quarter ended September 30, 2021, the Group participates in a defined contribution pension scheme under the Mandatory Provident Fund Schemes Ordinance ("MPF Scheme") for all its eligible employees in Hong Kong.

The MPF Scheme is available to all employees aged 18 to 64 with at least 60 days of service in the employment in Hong Kong. Contributions are made by the Group's subsidiary operating in Hong Kong at 5% of the participants' relevant income with a ceiling of HK\$30,000. The participants are entitled to 100% of the Group's contributions together with accrued returns irrespective of their length of service with the Group, but the benefits are required by law to be preserved until the retirement age of 65. The only obligation of the Group with respect to MPF Scheme is to make the required contributions under the plan.

Notes to the Financial Statements
For the quarter ended September 30, 2021 and 2020

Note 2 - Summary of Significant Accounting and Reporting Policy - continued

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under GAAP ASC 842 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group also applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received; and
- any initial direct costs incurred by the Group.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property as a separate line item on the statement of financial position.

Notes to the Financial Statements
For the quarter ended September 30, 2021 and 2020

Note 2 - Summary of Significant Accounting and Reporting Policy - continued

Leases - continued

The Group as a lessee - continued

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments less any lease incentives receivable;
- variable lease payments that depend on an index or a rate; and
- amounts expected to be payable by the Group under residual value guarantees;

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities and lease incentives from lessor by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Notes to the Financial Statements
For the quarter ended September 30, 2021 and 2020

Note 2 - Summary of Significant Accounting and Reporting Policy - continued

Recent Accounting Pronouncements

Accounting pronouncement adopted

In July 2017, the FASB issued ASU No. 2017-11, *Earnings Per Share (Topic 260), Distinguishing Liabilities from Equity (Topic 480); Derivatives and Hedging (Topic 815): (Part I) Accounting for Certain Financial Instruments with Down Round Features, (Part II) Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests with a Scope Exception* ("ASU 2017-11"). ASU 2017-11 is intended to simplify the accounting for financial instruments with characteristics of liabilities and equity. Among the issues addressed are: (i) determining whether an instrument (or embedded feature) is indexed to an entity's own stock; (ii) distinguishing liabilities from equity for mandatorily redeemable financial instruments of certain nonpublic entities; and (iii) identifying mandatorily redeemable non-controlling interests. The Group adopted ASU 2017-11 on April 1, 2019 and determined that this ASU does not have a material impact on the financial statements.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework: Changes to the Disclosure Requirements for Fair Value Measurement* ("ASU 2018-13"). ASU 2018-13 is intended to improve the effectiveness of fair value measurement disclosures. ASU 2018-13 is effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. Early adoption is permitted. The Group determined that ASU 2018-13 did not have a material impact on its financial statements.

In response to the COVID-19 pandemic, the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") was signed into law in March 2020. The CARES Act lifts certain deduction limitations originally imposed by the Tax Cuts and Jobs Act of 2017 ("2017 Tax Act"). Corporate taxpayers may carryback net operating losses (NOLs) originating between 2018 and 2020 for up to five years, which was not previously allowed under the 2017 Tax Act. The CARES Act also eliminates the 80% of taxable income limitations by allowing corporate entities to fully utilize NOL carryforwards to offset taxable income in 2018, 2019 or 2020. Taxpayers may generally deduct interest up to the sum of 50% of adjusted taxable income plus business interest income (30% limit under the 2017 Tax Act) for 2019 and 2020. The CARES Act allows taxpayers with alternative minimum tax credits to claim a refund in 2020 for the entire amount of the credits instead of recovering the credits through refunds over a period of years, as originally enacted by the 2017 Tax Act.

In addition, the CARES Act raises the corporate charitable deduction limit to 25% of taxable income and makes qualified improvement property generally eligible for 15-year cost-recovery and 100% bonus depreciation. The enactment of the CARES Act did not result in any material adjustments to our income tax provision for the years ended December 31, 2020.

Notes to the Financial Statements
For the quarter ended September 30, 2021 and 2020

Note 2 - Summary of Significant Accounting and Reporting Policy - continued

Recent Accounting Pronouncements

Accounting pronouncement not yet adopted

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326)*, which modifies the measurement of expected credit losses of certain financial instruments. The Group will adopt this ASU on April 1, 2023. Management is currently evaluating this ASU to determine its impact to the Group's financial statements.

In December 2019, The FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. The amendments in this Update simplify the accounting for income taxes by removing certain exceptions to the general principles in Topic 740. The amendments also improve consistent application of and simplify GAAP for other areas of Topic 740 by clarifying and amending existing guidance. For non-public companies, the amendments in this Update are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2021. The Group is currently evaluating the impact of ASU 2020-04 on its future financial statements.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of Reference Rate Reform on Financial Reporting*. The amendments in this Update provide optional expedients and exceptions for applying generally accepted accounting principles (GAAP) to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The amendments in this Update apply only to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. The Group's line of credit agreement provides procedures for determining a replacement or alternative rate in the event that LIBOR is unavailable. The amendments in this Update are effective for all entities as of March 12, 2020 through December 31, 2022. The Group is currently evaluating the impact of ASU 2020-04 on its future financial statements.

The Group has implemented all new accounting pronouncements that are in effect and that may impact its financial statements and does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

Notes to the Financial Statements
For the quarter ended September 30, 2021 and 2020

Note 3 – Revenue

| | 2021 | 2020 |
|--------------------------|--------------|------|
| | \$ | \$ |
| Logistic services income | 2,459 | - |

Note 4 – General and Administrative Expenses

| | 2021 | 2020 |
|--------------------------|-------------|------|
| | \$ | \$ |
| Courier | - | - |
| Depreciation | - | - |
| Electricity and water | 39 | - |
| Entertainment | - | - |
| Insurance | - | - |
| Medical | 34 | - |
| MPF contributions | 38 | - |
| Professional fee | - | - |
| Printing & stationery | - | - |
| Repair and maintenance | - | - |
| Rental expenses | - | - |
| Salaries and wages | 769 | - |
| Staff welfare | - | - |
| Telecommunication and IT | 18 | - |
| Sundry expenses | 85 | - |
| Transportation expenses | - | - |
| | 983 | - |

Note 5 – Right-of-use Assets

| | 2021 | 2020 |
|------------------------------|--------------|------|
| | \$ | \$ |
| Leased property | | |
| Balance as at September 30 | 4,247 | - |
| Depreciation for the quarter | - | - |

The Group lease an office property for its operations. Lease contract is entered into for fixed term of within 2 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Notes to the Financial Statements
For the quarter ended September 30, 2021 and 2020

Note 6 – Creditors, accruals and other payables

| | 2021 \$ | 2020 \$ |
|----------------------------|----------------|----------------|
| Creditors | 44,142 | - |
| Accruals | - | - |
| Notes payable | 82,676 | 67,500 |
| Shareholders' loan payable | 76,883 | 71,883 |
| | 203,701 | 139,383 |

Note 7 – Stockholders' equity

Preferred Stock

The Company has 20,000,000 shares of Preferred Stock authorized at \$0.01 par value, and 700,000 shares were outstanding in September 30, 2021 and 2020. This stock may be voting or have other rights and preferences as determined from time to time by the Board of Directors.

Common Stock

The Company has 1,000,000,000 authorised shares of Common Stock with a par value of \$0.001 with 349,989,704 shares issued and outstanding.

During 2014, the Company received 2,000,000 shares of common stock in return for transferring its subsidiary Neeksom, Inc back to its original shareholders.

During the year ended December 31, 2013, the Company issued 17,422,000 shares of common stock for services with a value of \$31,955, 18,600,000 common shares for notes payable with a value of \$5,033, 3,000,000 for officer compensation with a value of \$5,502, and 25,000,000 common shares with a value of \$45,854 for settlement of a prior debt. There were 16,600,000 shares returned to treasury prior to 2019 bringing the total common outstanding shares from 73,871,562 to 61,271,562. During the second quarter of 2021, there were 22,081,858 shares being canceled.

During the third quarter of 2021, there were 300,000,000 shares issued to acquire the 100% equity interest of Ever Full Logistic Limited. The latest total common outstanding shares is 349,989,704.

Notes to the Financial Statements
For the quarter ended September 30, 2021 and 2020

Note 8 – Acquisition of a subsidiary

During the third quarter of 2021, there were 300,000,000 shares issued to acquire the 100% equity interest of Ever Full Logistic Limited. The acquisition was completed on September 21, 2021.

Details of assets and liabilities acquired and goodwill arising on the acquisition were as follows:

| | |
|---|----------|
| | \$ |
| Net assets acquired: | |
| Right-of-use assets | 4,247 |
| Deposits | 1,341 |
| Cash and cash equivalents | 40,644 |
| Creditors, other payables and accrual | (41,913) |
| Lease liabilities | (4,319) |
| | - |
| Goodwill arising on acquisition: | |
| Purchase consideration settled by new shares of the Company | - |
| Less: Net assets acquired | - |
| | - |
| Goodwill | - |
| Net cash inflow arising on acquisition: | |
| Cash and cash equivalent | 40,644 |

5) Issuer's Business, Products and Services

The company is a one-stop logistics service provider in Hong Kong, offering a wide range of logistics services to meet the needs of our customers' supply chains, which include (i) transportation; (ii) logistics solution consulting services; (iii) distribution management; and (iv) customization services (consisting mainly of labelling services and bundling services).

The issuer is a Nevada corporation incorporated on February 23, 1987. Ever Full Logistics Limited is a direct wholly-owned subsidiary of the Company. The Company now operates all of its business through EFLL in Hong Kong only.

We are particularly specialized in Fast Moving Consumer Goods (FMCG) and Health Care Products. Our customers are enterprises and our services are tailored for their unique needs. The scope of logistics services that we provide to each customer varies as different customers often require different kinds of services and expertise. We normally offer transportation services to our customers to deliver our customers' inventory (which includes production materials, components and finished goods) to their downstream clients, manufacturing plants and/or designated locations. Our business is built on a customer-oriented culture, and we focus on establishing relationships with customers by providing flexible, reliable and timely logistics services.

6) Issuer's Facilities

The Company's principal executive office is located at Flat D, 32/F, The Masterpiece, 18 Hanoi Road, Kowloon, Tsim Sha Tsui, Hong Kong, the Company's current space is adequate for its operating needs.

7) Company Insiders (Officers, Directors, and Control Persons)

| Name of Officer/Director or Control Person | Affiliation with Company (e.g., Officer/Director/Owner of more than 5%) | Residential Address (City / State Only) | Number of shares owned | Share type/class | Ownership Percentage of Class Outstanding | Note |
|--|---|---|------------------------|------------------|---|----------------------------------|
| <u>Wei Qun Chen</u> | CEO and Director, beneficial Shareholder | _____ | 500,000 Series B | <u>Preferred</u> | 100% | Vote at 80% of the voting rights |
| <u>Wei Qun Chen</u> | CEO and Director, beneficial Shareholder | _____ | <u>300,000,000</u> | <u>Common</u> | <u>85.71%</u> | <u>Merger</u> |
| HongZhen Xu | Secretary, Treasurer and Director | _____ | <u>0</u> | _____ | <u>0%</u> | |
| HaiYan Zeng | Director | _____ | <u>0</u> | _____ | <u>0%</u> | |

8) Legal/Disciplinary History

A. Please identify whether any of the persons listed above have, in the past 10 years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

No

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities.

No

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

No

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

No

B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

N/A

9) Third Party Providers

Please provide the name, address, telephone number and email address of each of the following outside providers:
Securities Counsel

Name: Matthew McMurdo
Firm: McMurdo Law Group, LLC
Address: 1185 Avenue of the Americas 3rd Floor New York NY 10036
Phone:
Email:

Accountant or
Auditor Name:
Firm:
Address 1:
Address 2:
Phone:
Email:

Investor Relations
Name:
Firm:
Address 1:
Address 2:
Phone:
Email:

Other Service
ProvidersName:
Firm:
Nature of
Services:
Address 1:
Address 2:
Phone:
Email:

Name:
Firm:
Nature of
Services:
Address 1:
Address 2:
Phone:
Email:

10) Issuer Certification

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities).

The certifications shall follow the format below:

I, Wei Qun Chen certify that:

1. I have reviewed this Quarterly Disclosure Statement of Novagant Corp.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Chief Financial Officer

Chief Executive Officer

