

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K/A
(Amendment No. 1)

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) May 5, 2023 (February 27, 2023)

UNIQUE LOGISTICS INTERNATIONAL, INC.
(Exact name of registrant as specified in its charter)

Nevada (State or other jurisdiction of incorporation)	000-50612 Commission File Number	01-0721929 (IRS Employer Identification No.)
154-09 146 th Ave., Jamaica, New York (Address of principal executive offices)		11434 (Zip Code)

Registrant's telephone number, including area code (718) 978-2000

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4© under the Exchange Act (17 CFR 240.13e-4©)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
None	N/A	N/A

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

On February 21, 2023, Unique Logistics International, Inc. (the “Company”), completed the acquisition by and between the Company and Unique Logistics Holdings Limited, a Hong Kong corporation (the “ULHL”), whereby the Company acquired from ULHL all of ULHL’s share capital in eight (8) ULHL’s operating subsidiaries (“ULHL Entities” or “Targets”). On February 27, 2023, the Company filed a Current Report on Form 8-K (the “Initial Report”) to report the amendment and closing of all of the share capital (the “Purchased Shares”) owned by Unique Logistics Holdings Limited, a Hong Kong corporation (the “Seller”) in each of (i) Unique Logistics International (India) Private Limited (ii) ULI (North & East China) Company Limited (iii) Unique Logistics International Co., Ltd (iv) TGF Unique Limited (v) Unique Logistics International (H.K.) Limited (vi) Unique Logistics International (Vietnam) Co., Ltd. (vii) ULI (South China) Limited and (viii) Unique Logistics International (South China) Limited (collectively the “Subsidiaries”) pursuant to a Stock Purchase Agreement between the Company and the Seller, dated April 28, 2022 (the “SPA”) (such transaction being referred to herein as the “Transaction”). In addition to the acquisition of the Subsidiaries, the Company acquired two companies in the Transaction that are owned by two of the Subsidiaries: Shenzhen Unique Logistics International Limited, 70% of which is owned by Unique Logistics International (H.K.) Limited (“Unique-HK”), and Unique Logistics (Shanghai) Co., Ltd. which is owned by ULI (North & East China) Company Limited (“Unique-NEC”).

As previously reported, in connection with the Transaction, the Company entered into a separate Share Sale and Purchase Agreement, as amended, with each of the Subsidiaries as follows: Unique Logistics International (India) Private Limited (“Unique-India”), Unique-NEC, Unique Logistics International Co., Ltd (“Unique-Taiwan”), TGF Unique Limited (“Unique-UK”), Unique-HK, Unique Logistics International (Vietnam) Co., Ltd. (“Unique-Vietnam”), ULI (South China) Limited (“ULI-SC”), Unique Logistics International (South China) Limited (“Unique-South China”) (collectively, each, a “Local SPA” and, collectively, the “Local SPAs”). Notwithstanding the foregoing, Unique-Taiwan and Unique Vietnam will officially close upon obtaining the requisite governmental approvals in those jurisdictions (“Governmental Approvals”). The Governmental Approval are a post-closing condition and are expected to be received within the next several months. Management assessed as highly probable that the government approvals will be granted, therefore these entities are included in the Proforma financial exhibit filed herewith.

This Current Report on Form 8-K/A (this “Amendment”) amends and supplements the Initial Report to provide financial statements of each of the Subsidiaries, and the pro forma financial statements of the Company required by Item 9.01 of Form 8-K. No other modifications to the Initial Report are being made by this Amendment. This Amendment should be read in connection with the Initial Report, which provides a more complete description of the Purchase Agreements and transactions contemplated thereby.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of ULHL Entities

Audited financial statements of Unique Logistics International (H.K.) Limited as of and for the year ended December 31, 2021, together with the related notes to the financial statements are included as Exhibits 99.10 to this Current Report.

Audited financial statements of Unique Logistics International (H.K.) Limited as of and for the year ended December 31, 2020, together with the related notes to the financial statements are included as Exhibits 99.1 to this Current Report.

Unaudited financial statements of Unique Logistics International (H.K.) for the ten months ended October 31, 2022 and October 31, 2021, together with the related notes to the financial statements are included as Exhibits 99.19 to this Current Report.

Audited financial statements of ULI (South China) Limited as of and for the year ended December 31, 2021, together with the related notes to the financial statements are included as Exhibits 99.11 to this Current Report.

Audited financial statements of ULI (South China) Limited as of and for the year ended December 31, 2020, together with the related notes to the financial statements are included as Exhibits 99.2 to this Current Report.

Unaudited financial statements of ULI (South China) Limited for the ten months ended October 31, 2022 and October 31, 2021, together with the related notes to the financial statements are included as Exhibits 99.20 to this Current Report.

Audited financial statements of ULI (North and East China) Company Limited as of and for the year ended December 31, 2021, together with the related notes to the financial statements together with the related notes to the financial statements are included as Exhibits 99.12 to this Current Report.

Audited financial statements of ULI (North and East China) Company Limited as of and for the year ended December 31, 2020, together with the related notes to the financial statements together with the related notes to the financial statements are included as Exhibits 99.3 to this Current Report.

Unaudited financial statements of ULI (North and East China) Company Limited for the ten months ended October 31, 2022 and October 31, 2021, together with the related notes to the financial statements together with the related notes to the financial statements are included as Exhibits 99.21 to this Current Report.

Audited financial statements of Shenzhen Unique Logistics International Limited as of and for the year ended December 31, 2021, together with the related notes to the financial statements together with the related notes to the financial statements are included as Exhibits 99.14 to this Current Report.

Audited financial statements of Shenzhen Unique Logistics International Limited as of and for the year ended December 31, 2020, together with the related notes to the financial statements together with the related notes to the financial statements are included as Exhibits 99.5 to this Current Report.

Unaudited financial statements of Shenzhen Unique Logistics International Limited for the ten months ended October 31, 2022 and October 31, 2021, together with the related notes to the financial statements together with the related notes to the financial statements are included as Exhibits 99.23 to this Current Report.

Audited financial statements of Unique Logistics International Co., Ltd (Taiwan) as of and for the year ended December 31, 2021, together with the related notes to the financial statements together with the related notes to the financial statements are included as Exhibits 99.15 to this Current Report.

Audited financial statements of Unique Logistics International Co., Ltd (Taiwan) as of and for the year ended December 31, 2020, together with the related notes to the financial statements together with the related notes to the financial statements are included as Exhibits 99.6 to this Current Report.

Unaudited financial statements of Unique Logistics International Co., Ltd (Taiwan) for the ten months ended October 31, 2022 and October 31, 2021, together with the related notes to the financial statements together with the related notes to the financial statements are included as Exhibits 99.24 to this Current Report.

Audited financial statements of TGF Unique Limited as of and for the year ended March 31, 2021, together with the related notes to the financial statements. together with the related notes to the financial statements together with the related notes to the financial statements are included as Exhibits 99.7 to this Current Report.

Audited financial statements of TGF Unique Limited as of and for the year ended March 31, 2022, together with the related notes to the financial statements. together with the related notes to the financial statements together with the related notes to the financial statements are included as Exhibits 99.16 to this Current Report.

Unaudited financial statements of TGF Unique Limited for the seven months ended October 31, 2022 and October 31, 2021, together with the related notes to the financial statements together with the related notes to the financial statements are included as Exhibits 99.25 to this Current Report.

Audited financial statements of Unique Logistics International (India) Private Ltd. as of and for the year ended March 31, 2021, together with the related notes to the financial statements together with the related notes to the financial statements together with the related notes to the financial statements are included as Exhibits 99.8 to this Current Report.

Audited financial statements of Unique Logistics International (India) Private Ltd. as of and for the year ended March 31, 2022, together with the related notes to the financial statements together with the related notes to the financial statements together with the related notes to the financial statements are included as Exhibits 99.17 to this Current Report.

Unaudited financial statements of Unique Logistics International (India) Private Ltd. for the seven months ended October 31, 2022 and October 31, 2021, together with the related notes to the financial statements together with the related notes to the financial statements are included as Exhibits 99.26 to this Current Report.

Audited financial statements of Unique Logistics International (Vietnam) Co., Ltd. as of and for the year ended December 31, 2021, together with the related notes to the financial statements together with the related notes to the financial statements together with the related notes to the financial statements are included as Exhibits 99.18 to this Current Report.

Audited financial statements of Unique Logistics International (Vietnam) Co., Ltd. as of and for the year ended December 31, 2020, together with the related notes to the financial statements together with the related notes to the financial statements together with the related notes to the financial statements are included as Exhibits 99.9 to this Current Report.

Unaudited financial statements of Unique Logistics International (Vietnam) Co., Ltd. for the ten months ended October 31, 2022 and October 31, 2021, together with the related notes to the financial statements together with the related notes to the financial statements are included as Exhibits 99.27 to this Current Report.

(b) Pro Forma Financial Information.

Unaudited Proforma Condensed Combined Financial Information of Unique Logistics International, Inc. and subsidiaries, including unaudited proforma financial statements as of November 30, 2022, and for the year ended May 31, 2022 and the six months ended November 30, 2022, together with related unaudited notes to the proforma financial statements are included as Exhibit 99.28 to this Current Report and are incorporated herein by reference.

Exhibit Number	Description
99.1	<u>Audited financial statements of Unique Logistics International (H.K.) Limited as of and for the year ended December 31, 2020, together with the related notes to the financial statements.</u>
99.2	<u>Audited financial statements of ULI (South China) Limited as of and for the year ended December 31, 2020, together with the related notes to the financial statements.</u>
99.3	<u>Audited financial statements of ULI (North and East China) Company Limited as of and for the year ended December 31, 2020, together with the related notes to the financial statements.</u>
99.4	<u>Audited financial statements of Unique Logistics International (South China) Limited as of and for the year ended December 31, 2020, together with the related notes to the financial statements.</u>
99.5	<u>Audited financial statements of Shenzhen Unique Logistics International Limited as of and for the year ended December 31, 2020, together with the related notes to the financial statements.</u>
99.6	<u>Audited financial statements of Unique Logistics International Co., Ltd (Taiwan) as of and for the year ended December 31, 2020, together with the related notes to the financial statements.</u>
99.7	<u>Audited financial statements of TGF Unique Limited as of and for the year ended March 31, 2021, together with the related notes to the financial statements.</u>
99.8	<u>Audited financial statements of Unique Logistics International (India) Private Ltd. as of and for the year ended March 31, 2021, together with the related notes to the financial statements.</u>
99.9	<u>Audited financial statements of Unique Logistics International (Vietnam) Co., Ltd. as of and for the year ended December 31, 2020, together with the related notes to the financial statements.</u>

- 99.10 [Audited financial statements of Unique Logistics International \(H.K.\) Limited as of and for the year ended December 31, 2021, together with the related notes to the financial statements.](#)
- 99.11 [Audited financial statements of ULI \(South China\) Limited as of and for the year ended December 31, 2021, together with the related notes to the financial statements.](#)
- 99.12 [Audited financial statements of ULI \(North and East China\) Company Limited as of and for the year ended December 31, 2021, together with the related notes to the financial statements.](#)
- 99.13 [Audited financial statements of Unique Logistics International \(South China\) Limited as of and for the year ended December 31, 2021, together with the related notes to the financial statements.](#)
- 99.14 [Audited financial statements of Shenzhen Unique Logistics International Limited as of and for the year ended December 31, 2021, together with the related notes to the financial statements.](#)
- 99.15 [Audited financial statements of Unique Logistics International Co., Ltd \(Taiwan\) as of and for the year ended December 31, 2021, together with the related notes to the financial statements.](#)
- 99.16 [Audited financial statements of TGF Unique Limited as of and for the year ended March 31, 2022, together with the related notes to the financial statements.](#)
- 99.17 [Audited financial statements of Unique Logistics International \(India\) Private Ltd. as of and for the year ended March 31, 2022, together with the related notes to the financial statements.](#)
- 99.18 [Audited financial statements of Unique Logistics International \(Vietnam\) Co., Ltd. as of and for the year ended December 31, 2021, together with the related notes to the financial statements.](#)
- 99.19 [Unaudited financial statements of Unique Logistics International \(H.K.\) Limited for the ten months ended October 31, 2022 and October 31, 2021, together with the related notes to the financial statements.](#)
- 99.20 [Unaudited financial statements of ULI \(South China\) Limited for the ten months ended October 31, 2022 and October 31, 2021, together with the related notes to the financial statements.](#)
- 99.21 [Unaudited financial statements of ULI \(North and East China\) Company Limited for the ten months ended October 31, 2022 and October 31, 2021, together with the related notes to the financial statements.](#)
- 99.22 [Unaudited financial statements of Unique Logistics International \(South China\) Limited for the ten months ended October 31, 2022 and October 31, 2021, together with the related notes to the financial statements.](#)
- 99.23 [Unaudited financial statements of Shenzhen Unique Logistics International Limited for the ten months ended October 31, 2022 and October 31, 2021, together with the related notes to the financial statements.](#)
- 99.24 [Unaudited financial statements of Unique Logistics International Co., Ltd. \(Taiwan\) for the ten months ended October 31, 2022 and October 31, 2021, together with the related notes to the financial statements.](#)
- 99.25 [Unaudited financial statements of TGF Unique Limited for the seven months ended October 31, 2022 and October 31, 2021, together with the related notes to the financial statements.](#)
- 99.26 [Unaudited financial statements of Unique Logistics International \(India\) Private Ltd. for the seven months ended October 31, 2022 and October 31, 2021, together with the related notes to the financial statements.](#)
- 99.27 [Unaudited financial statements of Unique Logistics International \(Vietnam\) Co., Ltd. for the ten months ended October 31, 2022 and October 31, 2021, together with the related notes to the financial statements.](#)
- 99.28 [Unaudited Proforma Condensed Combined Financial Information of Unique Logistics International, Inc. and subsidiaries, including unaudited proforma financial statements as of November 30, 2022, and for the year ended May 31, 2022 and the six months ended November 30, 2022, together with related unaudited notes to the proforma financial statements.](#)
- 104 Cover Page Interactive Data File (embedded within the Inline XBRL document)
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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

UNIQUE LOGISTICS INTERNATIONAL, INC.

Dated: May 5, 2023

By: /s/ Sunandan Ray
Sunandan Ray
Chief Executive Officer

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
(Incorporated in Hong Kong with limited liability)

Directors' Report and Audited Financial Statements
For the year ended 31 December 2020

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
DIRECTORS' REPORT

DIRECTORS' REPORT

The directors present their annual report together with the audited financial statements for the year ended 31 December 2020.

1. **PRINCIPAL ACTIVITIES**

The principal activities of Unique Logistics International (H.K.) Limited (the "Company") are investment holding and the provision of air and ocean freight forwarding services.

2. **RESULTS AND APPROPRIATIONS**

The results of the Company for the year ended 31 December 2020 are set out in the statement of profit or loss and other comprehensive income on page 7.

The directors do not recommend the payment of a dividend.

3. **DONATIONS**

Charitable and other donations made by the Company during the year amounted to HKD1,198.

4. **DIRECTORS**

Directors of the Company

The directors during the financial year and up to the date of this report were:

Mr. Lee Chi Tak, Richard
Mr. Lee Man Bun, Patrick
Mr. Wong Hon Man

In accordance with Articles 7 of the Company's Articles of Association, all directors retire at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

5. **DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS**

Saved as disclosed in notes 9(b) and 24(b) to the financial statements, no other transactions, arrangements and contracts of significance to which the Company, its holding company, any of its subsidiaries or fellow subsidiaries was a party and in which a director of the Company had a material interest whether directly or indirectly, subsisted at the end of the year or at any time during the year.

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
DIRECTORS' REPORT

6. DIRECTORS' INTERESTS IN THE SHARES, UNDERLYING SHARES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATION

At no time during the year was the Company, its holding company, any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors of the Company (including their spouse and children under 18 years of age) to hold any interests or short positions in the shares or underlying shares in the Company or its specified undertakings or other associated corporations.

7. MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company or its subsidiaries were entered into or existed during the year.

8. PERMITTED INDEMNITY PROVISIONS

At no time during the financial year and up to the date of this Directors' Report, was there a permitted indemnity provision in force for the benefit of any of the directors of the Company (whether made by the Company or otherwise) or an associated company (if made by the Company).

9. AUDITOR

The financial statements have been audited by RSM Hong Kong who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Mr. Lee Chi Tak, Richard
Hong Kong, 22 July 2021

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF
UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
(Incorporated in Hong Kong with limited liability)**

Opinion

We have audited the financial statements of Unique Logistics International (H.K.) Limited (the "Company") set out on pages 7 to 50, which comprise the statement of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF
UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
(Incorporated in Hong Kong with limited liability)**

Material Uncertainty Related to Going Concern

We draw attention to note 2(b) in the financial statements which indicates that as at 31 December 2020, the Company's current liabilities exceeded its total assets by HK\$32,635,340. As stated in note 2(b), this condition indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the Other Information. The Other Information comprises all of the information included in the annual report other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs issued by the IASB, HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF
UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
(Incorporated in Hong Kong with limited liability)**

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
 - Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF
UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
(Incorporated in Hong Kong with limited liability)**

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

By: /s/ RSM Hong Kong

Certified Public Accountants
Hong Kong
22 July 2021

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 DECEMBER 2020
 (Expressed in Hong Kong dollars)

	Note	2020 HKD	2019 HKD
Revenue	4	142,690,712	150,858,723
Freight costs		<u>(108,114,331)</u>	<u>(137,533,173)</u>
Gross profit		34,576,381	13,325,550
Other income	5	19,086,778	24,233,985
Other gains and losses	6	369,566	27,262
Administrative expenses		(24,723,666)	(32,319,998)
Other operating expenses		<u>(2,978,360)</u>	<u>(2,844,726)</u>
Profit from operations		26,330,699	2,422,073
Finance costs	7(a)	<u>(4,627,096)</u>	<u>(5,395,681)</u>
Profit/(loss) before taxation	7	21,703,603	(2,973,608)
Income tax credit	8(a)	<u>1,241,000</u>	<u>-</u>
Profit/(loss) for the year		22,944,603	(2,973,608)
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>22,944,603</u></u>	<u><u>(2,973,608)</u></u>

The notes on pages 11 to 50 form part of these financial statements.

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
 STATEMENT OF FINANCIAL POSITION
 AT 31 DECEMBER 2020
 (Expressed in Hong Kong dollars)

	Note	2020 HKD	2019 HKD
Non-current assets			
Property and equipment	10	2,568,473	1,735,446
Right-of-use assets	11	4,203,290	6,218,718
Investment in subsidiaries	12	19,066,978	19,066,978
Deferred tax assets	21	1,241,000	-
		<u>25,838,741</u>	<u>27,021,142</u>
Current assets			
Trade receivables	15	45,338,731	27,530,366
Other receivables, deposits and prepayments	14	2,162,183	3,137,884
Amounts due from related parties	16	38,176,794	24,130,572
Investments	13	15,040,726	23,811,951
Pledged bank deposits	17	4,206,034	4,171,093
Cash at bank and on hand	17	3,385,543	3,965,222
		<u>108,310,011</u>	<u>86,747,088</u>
Current liabilities			
Trade payables	18	62,901,777	57,802,718
Other payables and accrued expenses		3,274,557	4,267,028
Amounts due to related parties	16	2,443,313	4,280,109
Bank loans and overdrafts	19	98,012,134	102,466,065
Lease liabilities	20	1,393,311	1,904,107
		<u>168,025,092</u>	<u>170,720,027</u>
Net current liabilities		<u>(59,715,081)</u>	<u>(83,972,939)</u>
Total assets less current liabilities		<u>(32,635,340)</u>	<u>(56,951,797)</u>
Non-current liabilities			
Bank loans and overdrafts	19	2,856,260	-
Lease liabilities	20	2,947,865	4,432,271
		<u>5,804,125</u>	<u>4,432,271</u>
NET LIABILITIES		<u>(38,439,465)</u>	<u>(61,384,068)</u>
Capital and reserve			
Share capital	22	1,000,000	1,000,000
Reserves		<u>(39,439,465)</u>	<u>(62,384,068)</u>
CAPITAL DEFICIENCY		<u>(38,439,465)</u>	<u>(61,384,068)</u>

Approved by the Board of Directors on 22 July 2021 and are signed on its behalf by:

Mr. Lee Chi Tak, Richard

Mr. Wong Hon Man

The notes on pages 11 to 50 form part of these financial statements.

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
 STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 31 DECEMBER 2020
 (Expressed in Hong Kong dollars)

	Share capital HKD	Accumulated losses HKD	Total HKD
Balance at 1 January 2019	1,000,000	(59,410,460)	(58,410,460)
Total comprehensive income for the year	-	(2,973,608)	(2,973,608)
Balance at 31 December 2019 and 1 January 2020	1,000,000	(62,384,068)	(61,384,068)
Total comprehensive income for the year	-	22,944,603	22,944,603
Balance at 31 December 2020	1,000,000	(39,439,465)	(38,439,465)

The notes on pages 11 to 50 form part of these financial statements.

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 31 DECEMBER 2020
 (Expressed in Hong Kong dollars)

	Note	2020 HKD	2019 HKD
Operating activities			
Profit/(loss) before taxation		21,703,603	(2,973,608)
Adjustments for:			
- Depreciation of property and equipment	10	550,761	276,232
- Depreciation of right-of-use assets	11	2,016,355	1,613,475
- Bade debt expenses		33,012	-
- Fixed assets written off		-	82,403
- Gain on disposals of fixed assets	6	(5,587)	(40,000)
- Finance costs	7(a)	4,627,096	5,395,681
- Interest income	5	(228,752)	(534,257)
Operating profit/(loss) before changes in working capital		28,696,488	3,819,926
(Increase)/decrease in trade receivables		(17,841,377)	7,540,761
Decrease in other receivables, deposits and prepayments		975,701	53,960
Increase/(decrease) in amounts due from related parties		(14,046,222)	1,177,536
Increase in trade payables		5,099,059	8,920,638
(Decrease)/increase in other payables and accrued expenses		(992,471)	71,474
(Decrease)/increase in amount due to related parties		(1,836,796)	1,690,003
Cash generated from operations		54,382	23,274,298
Interests paid		(4,480,253)	(5,201,153)
Interest on lease liabilities		(146,843)	(194,528)
Net cash (used in)/generated from operating activities		(4,572,714)	17,878,617
Investing activities			
Redemption in investments		8,771,225	157,210
Increase in pledged bank deposits		(34,941)	(36,086)
Sales proceeds from disposals of fixed assets		338,373	40,000
Purchase of fixed assets		(1,383,788)	(1,483,686)
Interest received		228,752	534,257
Net cash generated from/(used in) investing activities		7,919,621	(788,305)
Financing activities			
Proceeds from new bank loans		185,283,940	215,550,902
Repayment of bank loans		(174,738,917)	(226,034,432)
Principal elements of lease payments		(2,328,915)	(1,526,184)
Net cash generated from/(used in) financing activities		8,216,108	(12,009,714)
Net increase in cash and cash equivalents		11,563,015	5,080,598
Cash and cash equivalents at 1 January		(57,734,106)	(62,814,704)
Cash and cash equivalents at 31 December	17	(46,171,091)	(57,734,106)

The notes on pages 11 to 50 form part of these financial statements.

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in Hong Kong dollars)

1. COMPANY INFORMATION

Unique Logistics International (H.K.) Limited (the “Company”) was incorporated in Hong Kong with limited liability. The address of its registered office and principal place of business is Unit 05-06, 3/F., Tower 2, Enterprise Square, 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong.

The principal activities of the Company were investment holding and the provision of air and ocean freight forwarding services during the year.

As at 31 December 2020, the directors consider the immediate and ultimate holding company of the Company to be Unique Logistics Holdings Limited (“ULHL”) and Rich Group Holdings Limited, which were incorporated in Hong Kong and the British Virgin Islands respectively.

The financial statements are prepared in Hong Kong dollars (“HKD”), which is also the functional currency of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”), Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Company are disclosed below.

The IASB/HKICPA has issued certain new and revised IFRSs/HKFRSs that are first effective or available for early adoption for the current accounting period of the Company. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Company for the current and prior accounting periods reflected in these financial statements.

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in Hong Kong dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of preparation of the financial statements

The Company is a wholly owned subsidiary of another body corporate and therefore, in accordance with section 379(3)(a) of the Hong Kong Companies Ordinance, is not required to prepare consolidated financial statements.

For the purposes of compliance with sections 379 and 380 of the Hong Kong Companies Ordinance, these financial statements have been prepared to present a true and fair view of the state of affairs and profit or loss of the Company only. Consequently, they have been prepared in accordance with all applicable IFRSs, HKFRSs and the requirements of the Hong Kong Companies Ordinance which apply to the preparation of separate unconsolidated financial statements.

These financial statements do not comply with the requirements of IFRS/HKFRS10 “Consolidated Financial Statements” so far as the preparation of consolidated financial statements is concerned. As a consequence, the financial statements do not give all the information required by IFRS/HKFRS10 about the economic activities of the group of which the Company is the parent. Full compliance with IFRS/HKFRS10 would require the Company to produce consolidated financial statements which disclose this information, as neither the Company’s ultimate holding company, nor any intermediate holding company, produces consolidated financial statements in accordance with IFRSs/HKFRSs which are available for public use.

The measurement basis used in the preparation of the financial statements is the historical cost basis. Historical cost is generally based on the fair value of consideration given in exchange for assets.

The preparation of financial statements in conformity with IFRSs and HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements and estimates made by management in the application of IFRSs and HKFRSs that have significant effect on the financial statements are discussed in note 27.

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in Hong Kong dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) **Basis of preparation of the financial statements (cont'd)**

The financial statements have been prepared on a going concern basis. This may not be appropriate as Company's current liabilities exceeded its total assets by HKD32,635,340. The continuation of the business as a going concern is dependent upon the Company attaining future profitable operations and the continuing financial support of its immediate holding company.

Should the Company be unable to continue to operate as a going concern, adjustments would have to be made to reduce the value of assets to their recoverable amount, to provide for any further liabilities which may arise, and to re-classify non-current assets and liabilities as current assets and liabilities, respectively.

ULHL, the immediate holding company, has confirmed in writing its intention to provide continuing financial support so as to enable the Company to meet its liabilities as and when they fall due and to carry on its business without a significant curtailment of operations for the foreseeable future. The directors believe that the Company will continue as a going concern and consequently have prepared the financial statements on a going concern basis.

(c) **Foreign currency translation**

(i) *Functional and presentation currency*

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(ii) *Transactions and balances in financial statements*

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in Hong Kong dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) **Property and equipment**

Property and equipment are stated in the statement of financial position at cost less accumulated depreciation and impairment losses, if any.

Depreciation of property and equipment is calculated at rate sufficient to write off their cost, less their residual values, over their estimated useful lives on a straight-line basis. The principal annual rates are as follows:

- Leasehold improvements	20%
- Furniture and fixtures	20%
- Office equipment	20%
- Motor vehicles	25%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis

The gain or loss on disposal of property and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(e) **Leases**

At inception of a contract, the Company assesses whether the contract is, or contains, 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. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) The Company as a lessee

Where the contract contains lease component(s) and non-lease component(s), the Company has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Leases (cont'd)

(i) The Company as a lessee (cont'd)

At the lease commencement date, the Company recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Company are primarily laptops and office furniture. When the Company enters into a lease in respect of a low-value asset, the Company decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

Right-of-use assets in which the Company 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.

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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(Expressed in Hong Kong dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Leases (cont'd)

(i) The Company as a lessee (cont'd)

When the Company obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the cost of the relevant right-of-use assets and the related accumulated depreciation and impairment loss are transferred to property, plant and equipment / the carrying amount of the relevant right-of-use asset is transferred to property, plant and equipment.

Refundable rental deposits paid are accounted under IFRS/HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Company will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

(ii) The Company as a lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Subsidiary

A subsidiary is an entity controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable are taken into account.

An investment in subsidiary is stated at cost less impairment losses. Results of a subsidiary are accounted for on the basis of dividends received and receivable.

The carrying amount of investment in a subsidiary is reviewed for indications of impairment at the end of each reporting period. An impairment loss is recognised to the extent that the carrying amount of an asset, or the cash-generating unit to which it belongs, is more than its recoverable amount. The recoverable amount of an asset, or of the cash-generating unit to which it belongs, is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the assets. An impairment loss is reversed if there has been a favourable change in estimates used to determine the recoverable amount.

(g) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Recognition and derecognition of financial instruments (cont'd)

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(h) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt investments held by the Company are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.
 - Fair value through other comprehensive income ("FVTOCI") - recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses ("ECL"), interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.
 - Fair value through profit or loss ("FVTPL") if the investment does not meet the criteria for being measured at amortised cost or FVTOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.
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UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in Hong Kong dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Trade and other receivables

A receivable is recognised when the Company has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Company has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement. Cash and cash equivalents are assessed for ECL.

(k) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into the definitions of a financial liability and equity instruments under IFRSs and HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(l) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value, net of transaction costs incurred and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in Hong Kong dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) **Trade and other payables**

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(n) **Equity instruments**

Any equity instrument is any contract that evidence a residual interest in the assets of an equity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(o) **Employee benefits**

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Company contributes to a defined contribution retirement scheme which are available to all employees. Contributions to the scheme by the Company and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Company to the funds.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Company can no longer withdraw the offer of those benefits, and when the Company recognises restructuring costs and involves the payment of termination benefits.

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(q) Government grants

A government grant is recognised when there is reasonable assurance that the Company will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company future related costs are recognised in profit or loss in the period in which they become receivable.

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) **Taxation**

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in Hong Kong dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) **Impairment of non-financial assets**

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the statement of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset / cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset / cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

(t) **Impairment of financial assets**

The Company recognises a loss allowance for ECL on investments in debt instruments which are measured at amortised cost. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables. The ECL on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) **Impairment of financial assets (cont'd)**

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Impairment of financial assets (cont'd)

Significant increase in credit risk (cont'd)

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (i) the financial instrument has a low risk of default,
- (ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company considers a financial asset to have low credit risk when the asset has external credit rating of “investment grade” in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of “performing”. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collaterals held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 180 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Impairment of financial assets (cont'd)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the counterparty;
- a breach of contract, such as a default or past due event;
- the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Impairment of financial assets (cont'd)

Measurement and recognition of ECL (cont'd)

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(u) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtors fails to make payment when due in accordance with the terms of a debt instrument.

Where the Company issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received and receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Company's policies applicable to that category of assets. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 2(u)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Company under the guarantee, and

(ii) the amount of that claim on the Company is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Financial guarantees issued, provisions and contingent liabilities (cont'd)

(ii) Other provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(v) Revenue recognition

Revenue from the provision of freight forwarding services is recognised when control of the cargoes has transferred, being when the cargoes have been delivered to the customer's specific location (delivery). Following delivery, the customer has the primary responsibility on delivering the cargoes and bears the risks and loss in relation to the cargoes. A receivable is recognised by the Company when the cargoes are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Management fee income is recognised based on the state of completion of the contract. Payment for management services is not due from the customer until the management services are completed and therefore a contract asset is recognised over the period in which the management services are performed representing the entity's right to consideration for the services performed to date.

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or FVTOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

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3. ADOPTION OF NEW AND REVISED INTERNATIONAL/HONG KONG FINANCIAL REPORTING STANDARDS

(a) Application of new and revised IFRSs/HKFRSs

The Company has applied the Amendments to Reference to the Conceptual Framework in IFRS/HKFRS Standards and the following amendments to IFRSs/HKFRSs issued by the IASB/HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the financial statements:

Amendments to IAS/HKAS 1 and IAS/HKAS 8 amendments to HKFRS 3	Definition of Material Definition of a Business
Amendments to IFRS/HKFRS 9, IAS/HKAS 9 and IFRS/HKFRS 7	Interest Rate Benchmark Reform

The application of the Amendments to References to the Conceptual Framework in IFRS/HKFRS Standards and the amendments to IFRSs/HKFRSs in the current year had no material impact on the Company's financial positions and performance for the current and prior years and/or on the disclosures set out in these financial statements.

(b) New and revised IFRSs/HKFRSs in issue but not yet effective

The Company has not early applied new and revised IFRSs/HKFRSs that have been issued but are not yet effective for the financial year beginning on 1 January 2020. These new and revised IFRSs/HKFRSs include the following which may be relevant to the Company.

	<u>Effective for accounting periods beginning on or after</u>
Amendments to IFRS/HKFRS 9, IAS/HKAS 39, IFRS/HKFRS 7, IFRS/HKFRS 4 and IFRS/HKFRS 16 Interest Rate Benchmark Reform - Phase 2	1 January 2021
Amendments to IFRS/HKFRS 3 Reference to the Conceptual Framework	1 January 2022
Amendments to IAS/HKAS 16 Property, plant and equipment: proceeds before intended use	1 January 2022
Annual Improvements to IFRSs/HKFRSs 2018 - 2020 Cycle	1 January 2022
Amendments to IAS/HKAS 1 classification of liabilities as current or non-current	1 January 2023

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3. ADOPTION OF NEW AND REVISED INTERNATIONAL/HONG KONG FINANCIAL REPORTING STANDARDS (CONT'D)

(b) New and revised IFRSs/HKFRSs in issue but not yet effective

The Company is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.

4. REVENUE

The principal activities of the Company are investment holding and the provision of air and ocean freight forwarding services.

Revenue represents gross invoiced freight income for the year and recognised at a point in time for the year.

5. OTHER INCOME

	<u>2020</u>	<u>2019</u>
	HKD	HKD
Bank interest income	228,752	534,257
Dividend income	612,000	113,203
Government grants	2,888,634	-
Management income	14,524,350	22,401,908
Rental income	96,000	68,000
Other income	737,042	1,116,617
	<u>19,086,778</u>	<u>24,233,985</u>

6. OTHER GAINS AND LOSSES

	<u>2020</u>	<u>2019</u>
	HKD	HKD
Gain on disposals of property and equipment	5,587	40,000
Net exchange gains/(losses)	363,979	(12,738)
	<u>369,566</u>	<u>27,262</u>

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7. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging/(crediting):

	<u>2020</u> HKD	<u>2019</u> HKD
(a) Finance costs:		
Interest expense on lease liabilities	146,843	194,528
Interest on bank loans and overdrafts	4,480,253	5,201,153
	<u>4,627,096</u>	<u>5,395,681</u>
(b) Staff costs (including directors' remuneration):		
Salaries, allowances and other benefits	18,491,693	22,846,863
Contributions to defined contribution retirement plan	684,235	762,479
	<u>19,175,928</u>	<u>23,609,342</u>
(c) Other items:		
Audit fee	123,100	132,200
Depreciation of property and equipment	550,761	276,232
Depreciation of right-of-use assets	2,016,355	1,613,475
Property and equipment written off	-	82,403
Gain on disposals of property and equipment	(5,587)	(40,000)
Operating lease rentals		
- property rentals	<u>435,401</u>	<u>4,848,775</u>

8. INCOME TAX EXPENSE

(a) Income tax has been recognised in profit or loss as followings:

	<u>2020</u> HKD	<u>2019</u> HKD
Deferred tax (note 21)	<u>(1,241,000)</u>	<u>-</u>

No provision for Hong Kong Profits Tax has been made since the Company has sufficient tax losses brought forward to set off against current year's assessable profit.

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8. INCOME TAX EXPENSE (CONT'D)

(b) Reconciliation between the income tax expense and accounting loss at applicable tax rates:

	<u>2020</u> HKD	<u>2019</u> HKD
Profit/(loss) before taxation	<u>21,703,603</u>	<u>(2,973,608)</u>
Notional tax on loss before taxation, calculated at the current rate of 16.5% (2019:16.5%)	3,581,094	(490,645)
Tax effect of income that not taxable	(656,600)	(6,600)
Tax effect of expenses that not deductible	325,985	376,733
Tax effect of temporary differences not recognised	(72,694)	(55,851)
Tax effect of unused tax losses not recognised	(3,177,785)	176,363
Tax losses recognised	<u>(1,241,000)</u>	<u>-</u>
Income tax credit	<u>(1,241,000)</u>	<u>-</u>

9. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

	<u>2020</u> HKD	<u>2019</u> HKD
Fees	-	-
Salaries and allowances	2,890,952	4,920,188
Contributions to defined contribution retirement plan	<u>36,000</u>	<u>36,000</u>
	<u>2,926,952</u>	<u>4,956,188</u>

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9. BENEFITS AND INTERESTS OF DIRECTORS (CONT'D)

(b) Directors' material interests in transactions, arrangements or contracts

Identity of related parties	Nature of related party relationship	Type of transactions	2020	2019
			Volume of transactions HKD	Volume of transactions HKD
Unique Logistics Holdings Limited	Immediate holding company	Management income received	14,038,206	18,036,506
		Sundry income received	355,335	358,273
		Corporate fee paid	(346,191)	(303,359)
		Freight charges paid	(47,222)	(78,858)
ULI (South China) Limited	Fellow subsidiary	Freight income received	—	25,496
		Freight charges paid	(34,197)	—
Unique Logistics International (South China) Limited	Fellow subsidiary	Freight income received	32,843	145,487
		Freight charges paid	(478,295)	(200,409)
		Management income received	—	4,000,000
Unique Logistics International (India) Private Limited	Fellow subsidiary	Freight income received	883,956	220,969
		Freight charges paid	(18,551)	(7,182)
Unique Logistics (Korea) Co., Ltd.	Fellow subsidiary	Freight income received	26,938	25,405
		Freight charges paid	(197,595)	(13,571)
Unique Logistics International (Vietnam) Co., Ltd.	Fellow subsidiary	Freight income received	20,797	—
		Freight charges paid	(7,382)	(8,053)
Unique Freight Solutions (Thailand) Co., Ltd.	Fellow subsidiary	Freight income received	13,314	29,409
		Freight charges paid	829	—
Green Trident Logistics (Hangzhou) Ltd.	Fellow subsidiary	Freight income received	109	1,078
		Freight charges paid	(174,236)	—
Unique Logistics International (SIN) Pte. Ltd. (formerly known as Unique Freight Solutions (S) Pte. Ltd.)	Fellow subsidiary	Freight income received	67,017	56,931
		Freight charges paid	(9,904)	(4,687)

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9. **BENEFITS AND INTERESTS OF DIRECTORS (CONT'D)**

(b) Directors' material interests in transactions, arrangements or contracts (cont'd)

Identity of related parties	Nature of related party relationship	Type of transactions	2020	2019
			Volume of transactions HKD	Volume of transactions HKD
Shenzhen Unique Logistics International Limited	Subsidiary	Freight income received	288,386	691,581
China Wealth Logistics Limited	Subsidiary	Freight income	23,274,042	7,347,745
		Freight paid	(4,055,696)	(2,225,413)
		Management income received	486,144	365,402
		Rental income received	96,000	68,000
		Dividend income	612,000	-
Master Freight International (H.K.) Limited	Subsidiary	Dividend income	-	113,203
Unique Logistics International (ATL) LLC	Mr. Lee Chi Tak, Richard is the beneficial member of the contracted party/fellow subsidiary	Freight income received	515,014	2,843,690
		Freight charges paid	(410,785)	(2,724,287)
Unique Logistics International (NYC), LLC	Mr. Lee Chi Tak, Richard is the beneficial member of the contracted party/fellow subsidiary	Freight income received	6,270,269	1,145,064
		Freight charges paid	(2,739,926)	(1,189,137)
Unique Logistics International (LAX) Inc.	Mr. Lee Chi Tak, Richard is the beneficial member of the contracted party/fellow subsidiary	Freight income received	220,058	1,045,391
		Freight charges paid	(184,013)	(616,126)
Unique Logistics International (BOS), Inc.	Mr. Lee Chi Tak, Richard is the beneficial member of the contracted party/fellow subsidiary	Freight income received	2,666,484	4,697,963
		Freight charges paid	(644,183)	(1,558,834)

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9. BENEFITS AND INTERESTS OF DIRECTORS (CONT'D)

(b) Directors' material interests in transactions, arrangements or contracts (cont'd)

Identity of related parties	Nature of related party relationship	Type of transactions	2020	2019
			Volume of transactions HKD	Volume of transactions HKD
PT. Unique Logistics International Indonesia	Associate company	Freight income received	-	1,187
		Freight charges paid	(20,024)	(955)
ULI (North & East China) Company Limited	Associate company	Freight charges paid	(1,207,081)	(389,369)
ULI International Company Limited	Associate company	Freight income received	113,467	118,050
		Freight charges paid	(106,920)	(121,973)
Unique Logistics International (Shanghai) Co., Ltd.	Associate company	Freight income received	64,799	-
		Freight charges paid	-	(33)
Unique International Logistics (M) Sdn. Bhd.	Associate company	Freight income received	49,038	52,510
		Freight charges paid	(51,081)	(83,763)
Uniquorm International Logistics Co., Ltd	Associate company	Freight income received	176,666	-
Unique Logistics International Philippines Inc.	Associate company	Freight income received	35,406	16,971
		Freight charges paid	(124,696)	(396,710)
TGF Unique Limited	Associate company	Freight income received	7,788,468	2,937,365
		Freight charges paid	(1,990,238)	(862,550)
Asia Freight Solutions (H.K.) Limited	Associate company	Freight income received	236,438	519,704
		Freight charges paid	(5,731)	(3,666)
Across Logistics (H.K.) Limited	Associate company	Freight income received	353,052	55,695
Across Logistics (Shenzhen) Limited	Associate company	Freight income received	256,877	561
Across Logistics Australia Pty Ltd	Associate company	Freight charges paid	-	(29,244)
Advance Tank International Limited	Related company	Rental expenses	(435,401)	(4,848,775)
Unique Investment Limited	Related company	Rental expenses	(762,087)	(1,161,984)

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10. PROPERTY AND EQUIPMENT

	Leasehold improvements HKD	Furniture and fixtures HKD	Office equipment HKD	Motor vehicles HKD	Total HKD
Cost:					
At 1 January 2019	306,799	1,689,169	8,824,814	4,067,701	14,888,483
Reclassification due to adoption of IFRS/HKFRS 16	-	-	-	(3,219,900)	(3,219,900)
Additions	864,901	550,975	67,810	-	1,483,686
Disposals	-	-	-	(359,000)	(359,000)
Written off	(306,799)	(1,491,352)	(374,190)	-	(2,172,341)
At 31 December 2019 and 1 January 2020	864,901	748,792	8,518,434	488,801	10,620,928
Additions	-	42,160	1,341,628	-	1,383,788
At 31 December 2020	861,901	790,952	9,860,062	488,801	12,004,716
Accumulated depreciation:					
At 1 January 2019	222,919	1,581,735	8,405,733	2,997,028	13,207,415
Reclassification due to adoption of IFRS/HKFRS 16	-	-	-	(2,149,227)	(2,149,227)
Charge for the year	41,654	48,883	185,695	-	276,232
Disposals	-	-	-	(359,000)	(359,000)
Written off	(244,030)	(1,471,718)	(374,190)	-	(2,089,938)
At 31 December 2019 and 1 January 2020	20,543	158,900	8,217,238	488,801	8,885,482
Charge for the year	172,980	129,424	248,357	-	550,761
At 31 December 2020	193,523	288,324	8,465,595	488,801	9,436,243
Carrying value:					
At 31 December 2020	671,378	502,628	1,394,467	-	2,568,473
At 31 December 2019	844,358	589,892	301,196	-	1,735,446

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11. RIGHT-OF-USE ASSETS

	Motor vehicle <u>HKD</u>	Leased properties <u>HKD</u>	Total <u>HKD</u>
At 1 January 2020 (note 3)	796,823	5,421,895	6,218,718
Lease modification	-	333,713	333,713
Disposals	(332,786)	-	(332,786)
Depreciation	(197,784)	(1,818,571)	(2,016,355)
At 31 December 2020	<u>266,253</u>	<u>3,937,037</u>	<u>4,203,290</u>

Lease liabilities of HK\$4,341,176 (2019: HK\$6,336,378) are recognised with related right-of-use assets of HKD4,023,290 as at 31 December 2020 (2019: HK\$6,218,718). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

	<u>2020</u> <u>HKD</u>
Depreciation expenses on right-of-use assets	2,016,355
Interest expense on lease liabilities (included in finance cost)	146,843
Expenses relating to short-term lease (included in administrative expenses)	<u>435,401</u>

Details of total cash outflow for leases is set out in note 26(b).

12. INVESTMENT IN SUBSIDIARIES

	<u>2020</u> <u>HKD</u>	<u>2019</u> <u>HKD</u>
Unlisted investment, at cost	<u>19,066,978</u>	<u>19,066,978</u>

Details of the subsidiaries as at 31 December 2020 is as follow:

Name	Place of incorporation / registration and operation	Paid up capital	Percentage of ownership interest/profit sharing held directly	Principal activities
China Wealth Logistics Limited	Hong Kong	HKD1,000,000	51%	Provision of air freight forwarding services
Shenzhen Unique Logistics International Limited	People's Republic of China	Renminbi ("RMB") 16,500,000	100%	Provision of freight forwarding services

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13. **INVESTMENTS**

Held-to-maturity securities comprise 70% (2019: 82%) capital protected notes and 30% (2019: 18%) structured investment deposit, denominated in United States dollars, Hong Kong dollars and Renminbi, and would be mature in 2020, issued by banks. The investments were pledged to a bank to secure banking facilities granted to the Company as set out in note 19 to the financial statements.

14. **OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

All other receivables, deposits and prepayments are expected to be recovered or recognised as expense within one year.

15. **TRADE RECEIVABLES**

All trade receivables are expected to be recovered within one year.

At 31 December 2020 and 2019, no allowance was made for estimated irrecoverable trade receivables.

Trade receivables represented by:

	<u>2020</u> HKD	<u>2019</u> HKD
- Third parties	17,182,067	23,393,417
- Subsidiary	16,829,189	2,559,010
- Immediate holding company	273,605	-
- Fellow subsidiaries	5,895,424	1,096,052
- Related companies	5,158,446	481,887
	<u>45,338,731</u>	<u>27,530,366</u>

The carrying amounts of the Company's trade receivables are denominated in the following currencies:

	<u>2020</u> HKD	<u>2019</u> HKD
United States Dollars	9,603,588	4,404,894
Others	165,478	43,968
	<u>9,769,066</u>	<u>4,448,862</u>

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15. TRADE RECEIVABLES (CONT'D)

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Company. Based on past experience, management believes that no loss allowance for ECL is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are considered fully recoverable. The Company does not hold any collateral over these balances.

16. AMOUNTS DUE FROM/TO RELATED PARTIES

	<u>2020</u> HKD	<u>2019</u> HKD
Amounts due from related parties		
- Immediate holding company	38,173,663	24,130,040
- Director	3,131	532
	<u>38,176,794</u>	<u>24,130,572</u>
Amounts due to related parties		
- Subsidiary	82,716	1,000,204
- Fellow subsidiary	972,686	-
- Related company	1,387,911	3,279,905
	<u>2,443,313</u>	<u>4,280,109</u>

The balances with related parties are unsecured, interest-free and have no fixed terms of repayment.

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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17. PLEDGED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

The Company's pledged bank deposits represented deposits pledged to banks to secure banking facilities granted to the Company and a fellow subsidiary as set out in note 19 to the financial statements. The deposits are in Hong Kong dollars and United States dollars and at fixed interest rates ranging from 0.1% to 0.9% p.a. and therefore are subject to foreign currency risk, fair values and interest rate risk.

	<u>2020</u> HKD	<u>2019</u> HKD
Cash at bank and on hand	3,385,543	3,965,222
Secured bank overdrafts (note 19)	(49,556,634)	(61,699,328)
Cash and cash equivalents in the statement of cash flows	<u>(46,171,091)</u>	<u>(57,734,106)</u>

Cash at bank earns interest at floating interest rates based on daily bank deposit rates.

Included in cash at bank and on hand are the following amounts denominated in currencies other than the Company's functional currency:

	<u>2020</u> HKD	<u>2019</u> HKD
United States Dollars	2,182,935	3,493,176
Renminbi	319,289	224,372
Euro Dollars	28,752	2,491
British Pound	692,621	3,914
Australian Dollars	1,153	1,057
New Zealand Dollars	<u>404</u>	<u>379</u>

18. TRADE PAYABLES

All trade payables are expected to be settled within one year. The trade payables represented by:

	<u>2020</u> HKD	<u>2019</u> HKD
Trade payables		
- Third parties	13,836,519	13,710,696
- Subsidiary	1,443,798	4,526,792
- Fellow subsidiary companies	40,397,762	37,983,780
- Related companies	5,964,690	662,757
- Immediate holding company	<u>1,259,008</u>	<u>918,693</u>
	<u>62,901,777</u>	<u>57,802,718</u>

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18. **TRADE PAYABLES (CONT'D)**

The carrying amounts of the Company's trade payables are denominated in the following currencies:

	<u>2020</u>	<u>2019</u>
	HKD	HKD
Hong Kong Dollars	15,889,973	28,214,164
Euro Dollars	-	64,163
Renminbi	155,718	490,909
United States Dollars	45,551,886	28,694,078
Pound	1,180,766	-
Others	123,434	339,404
	<u>62,901,777</u>	<u>57,802,718</u>

19. **BANK LOANS AND OVERDRAFTS**

At 31 December 2020, except bank loans of HK\$2,856,260 (2019: HKDNil), all other bank loans and overdrafts were repayable within 1 year or on demand.

At 31 December 2020, the bank loans and overdrafts were secured as follows:

	<u>2020</u>	<u>2019</u>
	HKD	HKD
Secured bank overdrafts (note 17)	49,556,634	61,699,328
Secured bank loans	51,311,760	40,766,737
	<u>100,868,394</u>	<u>102,466,065</u>

The secured bank loans of HKD3,732,312 (2019: HKD5,454,535) and HK\$4,000,000 (2019: HKD Nil) bear interest at 2.85% per annum over 3 months HIBOR/LIBOR HKD prime rate less 2.5%. The remaining bank loans bear interest ranging from 1.25% per annum below best lending rate of the relevant currencies to 1% per annum over best lending rate of the relevant currencies.

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19. BANK LOANS AND OVERDRAFTS (CONT'D)

Included in bank loans and overdrafts is the following amount denominated in a currency other than the Company's functional currency:

	<u>2020</u> <u>HKD</u>	<u>2019</u> <u>HKD</u>
United States Dollars	<u>35,225,151</u>	<u>32,730,631</u>

At 31 December 2020, the Company had general banking facilities of approximately HKD159 million (2019: HKD138 million), which are shared with fellow subsidiaries. These facilities are secured by the following:

- (i) pledged bank deposits of the Company (note 17);
- (ii) pledged investments of the Company (note 13);
- (iii) guarantee from ultimate holding company;
- (iv) guarantees and undertakings from certain directors;
- (v) first legal charge over certain leasehold properties of a director;
- (vi) guarantee from the immediate holding company which are partially supported by certain leasehold properties of a related company;
- (vii) guarantees from certain related companies which are partially supported by certain leasehold properties and investment securities of related companies; and
- (viii) Charge over certain leasehold properties of a related company.

20. LEASE LIABILITIES

	Minimum lease payments		Present value of minimum lease payments	
	<u>2020</u> <u>HKD</u>	<u>2019</u> <u>HKD</u>	<u>2020</u> <u>HKD</u>	<u>2019</u> <u>HKD</u>
Within one year	1,482,825	2,044,800	1,393,311	1,904,107
In the second to fifth years, inclusive	3,022,848	4,610,106	2,947,865	4,432,271
	<u>4,505,673</u>	<u>6,654,906</u>	<u>4,341,176</u>	<u>6,336,378</u>
Less: Future finance charges	<u>(164,497)</u>	<u>(318,528)</u>	<u>N/A</u>	<u>N/A</u>
Present value of lease obligations	<u>4,341,176</u>	<u>6,336,378</u>	<u>4,341,176</u>	<u>6,336,378</u>
Less: Amount due for settlement within 12 months (shown under current liabilities)			<u>(1,393,311)</u>	<u>(1,904,107)</u>
Amount due for settlement after 12 months			<u>2,947,865</u>	<u>4,432,271</u>

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
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21. DEFERRED TAX

The following is the deferred tax assets recognised by the Company.

	<u>Tax losses</u> HKD
At 1 January 2020	-
Credit to profit or loss for the year (note 8)	<u>1,241,000</u>
At 31 December 2020	<u>1,241,000</u>

At the end of the reporting period, the Company has unused tax losses of approximately HKD35 million (2019: HKD58 million) available for offset against future profits. A deferred tax asset has been recognised in respect of HK\$1,241,000 (2019: HKDNil) of such losses. No deferred tax asset has been recognised in respect of the remaining approximately HKD31 million (2019: HKD58 million) due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

22. CAPITAL AND RESERVE

(a) Share capital

	<u>2020</u>		<u>2019</u>	
	<u>Number of shares</u>	<u>Amount HKD</u>	<u>Number of shares</u>	<u>Amount HKD</u>
Ordinary shares, issued and fully paid:				
At 1 January and 31 December	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(b) Capital management

Capital comprises share capital and reserves in the statement of financial position. The Company's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders.

The Company manages capital by regularly monitoring its current and expected liquidity requirements rather than using debt/equity ratio analysis.

The Company is not subject to either internally or externally imposed capital requirements.

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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23. FINANCIAL RISK MANAGEMENT

Exposure to credit, liquidity, foreign currency and interest rate risks arises in the normal course of the Company's business. The Company's exposure to these risks and the financial risk management policies and practices used by the Company to manage these risks are described below.

(a) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Company's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with high credit-rating assigned by international credit-rating agencies, for which the Company considers to have low credit risk.

Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30-60 days from the date of billing.

The Company measures loss allowances for trade receivables at an amount equal to lifetime ECL, which is calculated using a provision matrix. As the Company's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Company's different customer bases. In the opinion of the directors, allowance for ECL was insignificant as at 31 December 2020.

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
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23. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Liquidity risk

The Company is exposed to significant liquidity risk. At 31 December 2020, the Company's current liabilities exceeded its total assets by HKD32,635,340 (2019: HKD56,951,797). The maintenance of the Company as a going concern depends mainly on the ongoing financial support from the immediate holding company.

The Company's policy is to regularly monitor its current and expected liquidity requirements to ensure that it maintains sufficient reserve of cash to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the end of the reporting period of the Company's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and earliest date the Company can be required to pay:

	Statement of financial position carrying amount HKD	2020 Contractual undiscounted cash outflow			
		Total	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years
		HKD	HKD	HKD	HKD
Trade payables	62,901,777	62,901,777	62,901,777	-	-
Other payables and accrued expenses	3,274,557	3,274,557	3,274,557	-	-
Amounts due to related parties	2,443,313	2,443,313	2,443,313	-	-
Bank loans and overdrafts	100,868,394	102,997,407	100,081,960	2,057,794	857,653
Lease liabilities	4,341,176	4,505,673	1,482,825	1,203,768	1,819,080
	<u>173,835,217</u>	<u>176,122,727</u>	<u>170,184,432</u>	<u>3,261,562</u>	<u>2,676,733</u>

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
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23. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Liquidity risk (cont'd)

Statement of financial position carrying amount	<u>2019</u>				
	Contractual undiscounted cash outflow				
	Total	Within 1 year or <u>on demand</u>	More than 1 year but less than <u>2 years</u>	More than 2 years but less than <u>5 years</u>	
HKD	HKD	HKD	HKD	HKD	
Trade payables	57,802,718	57,802,718	57,802,718	-	-
Other payables and accrued expenses	4,267,028	4,267,028	4,267,028	-	-
Amounts due to a related party	4,280,109	4,280,109	4,280,109	-	-
Bank loans and overdrafts	102,466,065	105,712,405	105,712,405	-	-
Finance lease payables	6,336,378	6,654,906	2,044,800	1,441,908	3,168,198
	<u>175,152,298</u>	<u>178,717,166</u>	<u>174,107,060</u>	<u>1,441,908</u>	<u>3,168,198</u>

(c) Foreign currency risk

The Company is not exposed to any significant foreign currency risk as its monetary assets and transactions are predominately in United States dollars and Hong Kong dollars. As Hong Kong dollar is pegged to United States dollar, the Company does not expect any significant exposure to foreign currency risk.

(d) Interest rate risk

The Company's interest rate arises primarily from pledged bank deposits, bank balances and bank loans. Bank balances and bank loans contracted at variable rates expose the Company to fair value interest rate risk.

(e) Categories of financial instruments at 31 December

	<u>2020</u>	<u>2019</u>
	HKD	HKD
Financial assets:		
Financial assets measured at amortised cost	108,069,423	86,422,452
Financial liabilities:		
Financial liabilities at amortised cost	<u>169,488,041</u>	<u>168,815,920</u>

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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23. **FINANCIAL RISK MANAGEMENT (CONT'D)**

(f) Fair value

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2020 and 2019.

24. **MATERIAL RELATED PARTY TRANSACTIONS**

(a) Transactions with key management personnel

	<u>2020</u>	<u>2019</u>
	HKD	HKD
Salaries and other benefits	4,223,936	6,796,760
Contributions to defined contribution retirement plan	72,000	72,000
	<u>4,295,936</u>	<u>6,868,760</u>

All of key management personnel are the directors of the Company, and the remuneration for them has been included in total amount of directors' remuneration disclosed in note 9(a) above.

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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24. MATERIAL RELATED PARTY TRANSACTIONS (CONT'D)

(b) Transactions with other related parties

Apart from the above and the financing arrangements as mentioned in notes 15, 16 and 18, the Company entered into the following material related party transactions during the year:

	<u>2020</u> HKD	<u>2019</u> HKD
<u>Immediate holding company</u>		
Management income received	14,038,206	18,036,506
Sundry income received	355,335	358,273
Corporate fee paid	346,191	303,360
Freight charges paid	47,222	78,858
<u>Fellow subsidiary companies</u>		
Freight income received	1,044,974	10,236,881
Freight charges paid	919,331	6,322,284
Management income received	-	4,000,000
<u>Subsidiaries</u>		
Freight income received	23,562,428	8,039,326
Freight charges paid	4,055,696	2,225,413
Rental income received	96,000	68,000
Dividend income received	612,000	113,203
Management income received	486,144	365,402
<u>Related companies</u>		
Freight income received	18,726,035	3,702,042
Freight charges paid	7,484,678	1,888,261
Rent paid	1,197,488	6,010,759

Balances with related parties are disclosed in the statement of financial position and in notes 15, 16 and 18 to the financial statements.

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
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26. NOTES TO STATEMENT OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities.

	1 January 2020 HKD	Cash flows HKD	Lease modification HKD	Interest expenses HKD	31 December 2020 HKD		
Secured bank overdraft (note 19)	61,699,328	(14,890,652)	-	2,747,958	49,556,634		
Secured bank loan (note 19)	40,766,737	8,812,728	-	1,732,295	51,311,760		
Lease liabilities (note 20)	6,336,378	(2,475,758)	333,713	146,843	4,341,176		
	<u>108,802,443</u>	<u>(8,553,682)</u>	<u>333,713</u>	<u>4,627,096</u>	<u>105,209,570</u>		
	1 January 2019 HKD	Impact on initial application of IFRS/ HKFRS 16 (note 3) HKD	Restated balance at 1 January 2019 HKD	Cash flows HKD	Interest expenses HKD	Addition of right-of- use assets HKD	31 December 2019 HKD
Secured bank overdraft (note 19)	64,846,954	-	64,846,954	(6,440,488)	3,292,862	-	61,699,328
Secured bank loan (note 19)	51,250,267	-	51,250,267	(12,391,821)	1,908,291	-	40,766,737
Finance lease (note 20)	1,101,042	(1,101,042)	-	-	-	-	-
Lease liabilities (note 20)	-	2,827,096	2,827,096	(1,720,712)	194,528	5,035,466	6,336,378
	<u>117,198,263</u>	<u>1,726,054</u>	<u>118,924,317</u>	<u>(20,553,021)</u>	<u>5,395,681</u>	<u>5,035,466</u>	<u>108,802,443</u>

(b) Total cash outflow for leases

Amounts included in the cash flow statements for leases comprise the following:

	2020 HKD	2019 HKD
Within operating cash flows	582,244	5,043,303
Within financing cash flows	2,328,915	1,526,184
	<u>2,911,159</u>	<u>6,569,487</u>

These amounts relate to the following:

	2020 HKD	2019 HKD
Lease rental paid	2,911,159	6,569,487

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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27. ACCOUNTING ESTIMATES AND JUDGEMENTS

Note 23 contains information about the assumptions and their risk factors relating to financial instruments. Other key sources of estimates and judgements are as follows:

(a) Going concern basis

The financial statements have been prepared on a going concern basis, the validity of which depends upon the financial support from the immediate holding company at a level sufficient to finance the working capital requirements of the Company. Details are set out in note 2(b) to the financial statements.

(b) Depreciation

Depreciation is calculated to write off the cost of items of fixed assets, less their estimated residual value, if any, using the straight-line method over their estimated useful lives. The Company reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives and residual values are based on the Company's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

(c) Impairment of trade receivables

The management of the Company estimates the amount of impairment loss for ECL on trade receivables based on the credit risk of trade receivables. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

As at 31 December 2020, the carrying amount of trade receivables is HKD45,338,731 with no allowance for doubtful debts (2019: HKD27,530,366 with no allowance for doubtful debts).

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
DETAILED INCOME STATEMENT
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 (For Management Information Only)

	<u>2020</u> HKD	<u>2019</u> HKD
FREIGHT INCOME	142,690,712	150,858,723
Freight costs (Appendix ii)	<u>(108,114,331)</u>	<u>(137,533,173)</u>
GROSS PROFIT	34,576,381	13,325,550
OTHER INCOME		
Bank interest income	228,752	534,257
Dividend income	612,000	113,203
Government subsidy	2,888,634	-
Management income	14,524,350	22,401,908
Rental income	96,000	68,000
Sundry income	<u>737,042</u>	<u>1,116,617</u>
	19,086,778	24,233,985
OTHER GAINS AND LOSSES		
Gain on disposals of property and equipment	5,587	40,000
Net exchange gains/ (losses)	<u>363,979</u>	<u>(12,738)</u>
	369,566	27,262
EXPENDITURE (APPENDIX ii)		
Administrative expenses	24,723,666	32,319,998
Other operating expenses	<u>2,978,360</u>	<u>2,844,726</u>
	27,702,026	35,164,724
OPERATING PROFIT	26,330,699	2,422,073
Finance costs (Appendix ii)	<u>(4,627,096)</u>	<u>(5,395,681)</u>
PROFIT/(LOSS) BEFORE TAXATION	21,730,603	(2,973,608)

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
OVERHEAD EXPENSES
FOR THE YEAR ENDED 31 DECEMBER 2020
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	<u>2020</u> HKD	<u>2019</u> HKD
FREIGHT COSTS		
Agency fees	590,175	1,276,158
Freight and handling charges	107,524,156	136,257,015
	<u>108,114,331</u>	<u>137,533,173</u>
ADMINISTRATIVE EXPENSES		
Distribution costs		
Advertisement and promotion	13,640	13,000
Claim expenses	1,590	-
Staff commission	1,956,391	973,708
Motor vehicles expenses	393,377	427,982
Telephone, facsimile and internet	210,966	157,595
	<u>2,575,964</u>	<u>1,572,285</u>
Staff		
Directors' remuneration	2,164,865	3,758,204
Provident fund contributions	648,235	762,479
Recruitment expenses	-	6,158
Salaries and bonuses	15,146,967	17,559,622
Staff welfare benefits	417,774	360,895
	<u>18,377,841</u>	<u>22,447,358</u>
Premises		
Building management fee	434,170	329,981
Computer expenses	145,339	181,945
Depreciation of right-of-use assets	2,016,355	1,613,475
Office cleaning expenses	86,129	116,847
Rent and rates expenses - office	651,190	5,097,607
Rent and rates expenses - storage	38,064	37,960
Repairs and maintenance expenses	259,893	612,855
Utility electricity and water	138,721	309,685
	<u>3,769,861</u>	<u>8,300,355</u>
	<u>24,723,666</u>	<u>32,319,998</u>

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
OVERHEAD EXPENSES (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in Hong Kong dollars)
(For Management Information Only)

	<u>2020</u>	<u>2019</u>
	HKD	HKD
OTHER OPERATING EXPENSES		
Communications		
Postage and courier charges	30,241	34,982
Printing and stationery	238,202	302,661
	<u>268,443</u>	<u>337,643</u>
Financial and other expenses		
Auditor's remuneration	123,100	132,200
Bank charges	1,171,660	1,001,612
Bad debt	33,012	-
Business registration fee	500	2,500
Corporate fee	346,191	303,360
Depreciation of property and equipment	550,761	276,232
Right-of-use assets written off	-	82,403
General expenses	68,367	80,307
Insurance	(91,693)	(72,358)
Legal and professional fees	79,674	158,465
Dues & subscription	197,457	165,504
	<u>2,479,029</u>	<u>2,130,225</u>
Travelling and entertainment		
Donation	1,198	14,000
Entertainment	58,432	162,587
Travelling - local	171,258	198,706
Travelling - overseas	-	1,565
	<u>230,888</u>	<u>376,858</u>
	<u>2,978,360</u>	<u>2,844,726</u>
FINANCE COSTS		
Interest expense on lease liabilities	146,843	194,528
Interest on bank loans and overdraft	4,480,253	5,201,153
	<u>4,627,096</u>	<u>5,395,681</u>

ULI (SOUTH CHINA) LIMITED
(Incorporated in Hong Kong with limited liability)

Directors' Report and Audited Financial Statements
For the year ended 31 December 2020

ULI (SOUTH CHINA) LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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ULI (SOUTH CHINA) LIMITED
DIRECTORS' REPORT

The directors present their annual report together with the audited financial statements for the year ended 31 December 2020.

1. **PRINCIPAL ACTIVITIES**

The principal activities of ULI (South China) Limited (the "Company") are the provision of air and ocean freight forwarding services in the People's Republic of China.

2. **RESULTS AND APPROPRIATIONS**

The results of the Company for the year ended 31 December 2020 are set out in the statement of profit or loss and other comprehensive income on page 6.

The directors have declared the following dividends during the year:

	<u>2020</u>	<u>2019</u>
	HKD	HKD
2019 final dividend of HKD141.33 per ordinary share declared on 25 Feb 2020	1,413,300	-
2020 interim dividend of HKD30.02 per ordinary share declared on 18 June 2020	300,233	-
2018 interim dividend of HKD134.79 per ordinary share declared on 27 June 2019	-	1,347,900
2018 final dividend of HKD22.80 per ordinary share declared on 22 Oct 2019	-	228,000
	<u>1,713,533</u>	<u>1,575,900</u>

The directors do not recommend the payment of a final dividend.

3. **DIRECTORS**

The directors of the Company during the year and up to the date of this report were:

Mr. Lee Chi Tak, Richard
 Mr. Lee Man Bun, Patrick
 Mr. Wang Daoyuan

There is being no provision in the Company's Articles of Association in connection with the retirement of directors, all directors continue in office for the following year.

ULI (SOUTH CHINA) LIMITED
DIRECTORS' REPORT

4. DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATIONS TO THE COMPANY'S BUSINESS

Saved as disclosed in notes 8(b) and 16(b) to the financial statements, no other transactions, arrangements and contracts of significance to which the Company, its holding company, any of its fellow subsidiaries was a party and in which a director of the Company had a material interest whether directly or indirectly, subsisted at the end of the year or at any time during the year.

5. DIRECTORS' INTERESTS IN THE SHARES, UNDERLYING SHARES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATION

At no time during the year was the Company, its holding company, any of its fellow subsidiaries a party to any arrangement to enable the directors of the Company (including their spouse and children under 18 years of age) to hold any interests or short positions in the shares or underlying shares in the Company or its specified undertakings or other associated corporations.

6. MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

7. PERMITTED INDEMNITY PROVISIONS

At no time during the financial year and up to the date of this Directors' Report, was there a permitted indemnity provision in force for the benefit of any of the directors of the Company (whether made by the Company or otherwise) or an associated company (if made by the Company).

8. AUDITOR

The financial statements have been audited by RSM Hong Kong who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Lee Chi Tak, Richard
Hong Kong, 8 July 2021

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ULI (SOUTH CHINA) LIMITED
(Incorporated in Hong Kong with limited liability)**

Opinion

We have audited the financial statements of ULI (South China) Limited (the "Company") set out on pages 6 to 32, which comprise the statement of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ULI (SOUTH CHINA) LIMITED
(Incorporated in Hong Kong with limited liability)**

Other Information

The directors are responsible for the Other Information. The Other Information comprises all of the information included in the annual report other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs issued by the IASB, HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ULI (SOUTH CHINA) LIMITED
(Incorporated in Hong Kong with limited liability)**

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

By: /s/ RSM Hong Kong

Certified Public Accountants
Hong Kong
8 July 2021

ULI (SOUTH CHINA) LIMITED
 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 DECEMBER 2020
 (Expressed in Hong Kong dollars)

	Note	2020 HKD	2019 HKD
Revenue	4	117,631,916	66,078,593
Freight costs		(91,463,368)	(58,870,443)
Gross profit		26,168,548	7,208,150
Other income	5	2,956	1,261
Other gains and losses - net exchange losses		(205,603)	(78,955)
Administrative expenses		(7,520,706)	(4,430,389)
Other operating expenses		(1,249,748)	(756,348)
Profit before taxation	6	17,195,447	1,943,719
Income tax expense	7(a)	-	-
Profit for the year		17,195,447	1,943,719
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		17,195,447	1,943,719

The notes on pages 10 to 32 form part of these financial statements.

ULI (SOUTH CHINA) LIMITED
 STATEMENT OF FINANCIAL POSITION
 AT 31 DECEMBER 2020
 (Expressed in Hong Kong dollars)

	Note	2020 HKD	2019 HKD
Non-current asset			
Property and equipment	9	394	732
Current assets			
Trade receivables	10	40,402,983	22,961,070
Other receivables and prepayments		1,305,352	62,637
Cash and cash equivalents	11	1,433,296	2,047,125
		43,141,631	25,070,832
Current liabilities			
Trade payables	12	10,612,930	11,942,485
Other payables and accrued expenses		5,646,949	1,728,847
Amounts due to related parties	13	5,730,743	5,730,743
		21,990,622	19,402,075
Net current assets		21,151,009	5,668,757
NET ASSETS		21,151,403	5,669,489
Capital and reserves			
Share capital	14	10,000	10,000
Reserves		21,141,403	5,659,489
TOTAL EQUITY		21,151,403	5,669,489

Approved by the Board of Directors on 8 July 2021 and are signed on its behalf by:

Lee Chi Tak, Richard

Lee Man Bun, Patrick

The notes on pages 10 to 32 form part of these financial statements.

ULI (SOUTH CHINA) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in Hong Kong dollars)

	Note	Share capital HKD	Retained profits HKD	Total HKD
Balance at 1 January 2019		10,000	5,291,670	5,301,670
Total comprehensive income for the year		-	1,943,719	1,943,719
Dividends paid	14(b)	-	(1,575,900)	(1,575,900)
Balance at 31 December 2019 and 1 January 2020		10,000	5,659,489	5,669,489
Total comprehensive income for the year		-	17,195,447	17,195,447
Dividends paid	14(b)	-	(1,713,533)	(1,713,533)
Balance at 31 December 2020		<u>10,000</u>	<u>21,141,403</u>	<u>21,151,403</u>

The notes on pages 10 to 32 form part of these financial statements.

ULI (SOUTH CHINA) LIMITED
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 31 DECEMBER 2020
 (Expressed in Hong Kong dollars)

	Note	2020 HKD	2019 HKD
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		17,195,447	1,943,719
Adjustments for:			
- Interest income	5	(64)	(1,055)
- Depreciation	9	338	338
Operating profit before changes in working capital		17,195,721	1,943,002
(Increase)/decrease in trade receivables		(17,441,913)	385,278
Increase in other receivables and prepayments		(1,242,715)	(19,755)
Decrease in trade payables		(1,329,555)	(675,381)
Increase in other payables and accrued expenses		3,918,102	93,106
Net cash generated from operating activities		1,099,640	1,726,250
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received and net cash generated from investing activities	5	64	1,055
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid and net cash used in financing activities	14(b)	(1,713,533)	(1,575,900)
Net (decrease)/increase in cash and cash equivalents		(613,829)	151,405
Cash and cash equivalents at 1 January		2,047,125	1,895,720
Cash and cash equivalents at 31 December	11	1,433,296	2,047,125

The notes on pages 10 to 32 form part of these financial statements.

ULI (SOUTH CHINA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in Hong Kong dollars)

1. COMPANY INFORMATION

ULI (South China) Limited (the “Company”) was incorporated in Hong Kong with limited liability. The address of its registered office and principal place of business are Unit 05-06, 3/F., Tower 2, Enterprise Square, 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong and 5/F., Aviation Fuel Building A, Airport 1st Street, Baoan International Airport, Baoan District, Shenzhen, respectively.

The principal activities of the Company are the provision of air and ocean freight forwarding services in the People’s Republic of China.

At 31 December 2020, the directors consider the immediate and ultimate holding company of the Company are Unique Logistics Holdings Limited and Rich Group Holdings Limited, which were incorporated in Hong Kong and the British Virgin Islands respectively.

The financial statements are presented in Hong Kong dollars (“HKD”), which is also the functional currency of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”), Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Company are disclosed below.

The IASB/HKICPA has issued certain new and revised IFRSs/HKFRSs that are first effective or available for early adoption for the current accounting period of the Company. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Company for the current and prior accounting periods reflected in these financial statements.

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Company’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The financial statements are presented in Hong Kong dollars, which is the Company’s functional and presentation currency.

ULI (SOUTH CHINA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in Hong Kong dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Foreign currency translation (cont'd)

(ii) Transactions and balances in financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

(c) Property and equipment

Property and equipment are stated in the statement of financial position at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation of property and equipment is calculated at rate sufficient to write off their costs, less their residual values, over their estimated useful lives on a straight-line basis at an annual rate of 20%.

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

(d) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

ULI (SOUTH CHINA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in Hong Kong dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Recognition and derecognition of financial instruments (cont'd)

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt investments held by the Company are classified as amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.

(f) Trade and other receivables

A receivable is recognised when the Company has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Company has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

ULI (SOUTH CHINA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in Hong Kong dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses ("ECL").

(h) **Financial liabilities and equity instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into the definitions of a financial liability and an equity instrument under IFRSs and HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(i) **Trade and other payables**

Trade and other payables are recognised initially at their fair value and are subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(j) **Equity instruments**

Any equity instrument is any contract that evidence a residual interest in the assets of an equity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(k) **Employee benefits**

(i) **Employee leave entitlements**

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

ULI (SOUTH CHINA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in Hong Kong dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) **Employee benefits (cont'd)**

(ii) Pension obligations

The Company contributes to a defined contribution retirement scheme which are available to all employees. Contributions to the scheme by the Company and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Company to the funds.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Company can no longer withdraw the offer of those benefits, and when the Company recognises restructuring costs and involves the payment of termination benefits.

(l) **Taxation**

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

ULI (SOUTH CHINA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in Hong Kong dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) **Taxation (cont'd)**

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(m) **Impairment of non-financial assets**

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the statement of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset / cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset / cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Impairment of financial assets

The Company recognises a loss allowance for ECL on investments in debt instruments which are measured at amortised cost. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables. The ECL on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

ULI (SOUTH CHINA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in Hong Kong dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) **Impairment of financial assets (cont'd)**

Significant increase in credit risk (cont'd)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (i) the financial instrument has a low risk of default,
- (ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company considers a financial asset to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there is no past due amounts.

ULI (SOUTH CHINA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in Hong Kong dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Impairment of financial assets (cont'd)

Significant increase in credit risk (cont'd)

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collaterals held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 180 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the counterparty;
 - a breach of contract, such as a default or past due event;
 - the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider; or
 - it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or
 - the disappearance of an active market for that financial asset because of financial difficulties.
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ULI (SOUTH CHINA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in Hong Kong dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Impairment of financial assets (cont'd)

Write-off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, and does not reduce the carrying amount of the financial asset in the statement of financial position.

ULI (SOUTH CHINA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in Hong Kong dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) **Provisions and contingent liabilities**

Provisions are recognised for liabilities of uncertain timing or amount when the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non- occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(p) **Revenue recognition**

Revenue from the provision of freight forwarding services is recognised when control of the cargoes has transferred, being when the cargoes have been delivered to the customer's specific location (delivery). Following delivery, the customer has the primary responsibility on delivering the cargoes and bears the risks and loss in relation to the cargoes. A receivable is recognised by the Company when the cargoes are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or fair value through other comprehensive income (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

ULI (SOUTH CHINA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in Hong Kong dollars)

3. ADOPTION OF NEW AND REVISED INTERNATIONAL/HONG KONG FINANCIAL REPORTING STANDARDS

(a) Application of new and revised IFRSs/HKFRSs

The Company has applied the Amendments to Reference to the Conceptual Framework in IFRS/HKFRS Standards and the following amendments to IFRSs/HKFRSs issued by the IASB/HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the financial statements:

Amendments to IAS/HKAS 1 and IAS/HKAS 8	Definition of Material
Amendments to IFRS/HKFRS 9, IAS/HKAS 9 and IFRS/HKFRS 7	Interest Rate Benchmark Reform

The application of the Amendments to References to the Conceptual Framework in IFRS/HKFRS Standards and the amendments to IFRSs/HKFRSs in the current year had no material impact on the Company's financial positions and performance for the current and prior years and/or on the disclosures set out in these financial statements.

(b) New and revised IFRSs/HKFRSs in issue but not yet effective

The Company has not early applied new and revised IFRSs/HKFRSs that have been issued but are not yet effective for the financial year beginning on 1 January 2020. These new and revised IFRSs/HKFRSs include the following which may be relevant to the Company.

	Effective for accounting periods beginning on or after
	<u>1 January 2021</u>
Amendments to IFRS/HKFRS 9, IAS/HKAS 39, IFRS/HKFRS 7, IFRS/HKFRS 4 and IFRS/HKFRS 16	
Interest Rate Benchmark Reform - Phase 2	
Amendments to IAS/HKAS 16 Property, plant and equipment: proceeds before intended use	1 January 2022
Annual Improvements to IFRSs/HKFRSs 2018 - 2020 Cycle	1 January 2022
Amendments to IAS/HKAS 1 classification of liabilities as current or non-current	1 January 2023

The Company is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.

ULI (SOUTH CHINA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in Hong Kong dollars)

4. **REVENUE**

The principal activities of the Company are the provision of air and ocean freight forwarding services in the People's Republic of China.

Revenue represents gross invoiced freight income and recognised at a point in time for the year.

5. **OTHER INCOME**

	<u>2020</u>	<u>2019</u>
	HKD	HKD
Bank interest income	64	1,055
Sundry income	2,892	206
	<u>2,956</u>	<u>1,261</u>

6. **PROFIT BEFORE TAXATION**

Profit before taxation is arrived at after charging:

	<u>2020</u>	<u>2019</u>
	HKD	HKD
(a) Staff costs (including directors' remuneration)		
Salaries and allowances	7,333,066	4,256,097
(b) Other items:		
Auditor's remuneration		
- Current	63,000	65,000
- Under-provision in prior years	500	-
	<u>63,500</u>	<u>65,000</u>
Depreciation	<u>338</u>	<u>338</u>

7. **INCOME TAX EXPENSE**

- (a) No provision for Hong Kong Profits Tax or deferred taxation has been made in the financial statement since the Company's income is derived from overseas sources which is not liable to Hong Kong Profits Tax.

ULI (SOUTH CHINA) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2020
 (Expressed in Hong Kong dollars)

7. INCOME TAX EXPENSE (CONT'D)

(b) Reconciliation between the income tax expense and accounting profit at applicable tax rates:

	2020	2019
	HKD	HKD
Profit before taxation	17,195,447	1,943,719
Notional tax on profit before taxation, calculated at the current rate of 16.5% (2019: 16.5%)	2,837,249	320,714
Tax effect of non-taxable income	(19,409,754)	(10,903,176)
Tax effect of non-deductible expenses	16,572,505	10,582,462
Income tax expense	-	-

8. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

	2020	2019
	HKD	HKD
Fees	-	-
Salaries and allowances	3,944,822	1,066,995
	3,944,822	1,066,995

(b) Directors' material interests in transactions, arrangements or contracts

Identity of related parties	Nature of related party relationship	Type of transactions	Volume of Transactions HK\$
Unique Logistics Holdings Ltd.	Immediate holding company	Administration and handling fee paid	(259,960)
		Group fee paid	(476,268)
		Corporate fee expenses paid	(563,922)
Embassy Freight International, L.L.C.	Mr. Lee Chi Tak, Richard is beneficial member of the contracted party	Freight income received	1,603
Unique Logistics International (BOS), Inc.	Mr. Lee Chi Tak, Richard is beneficial member of the contracted party	Freight income received	3,375,256
		Freight charges paid	(2,979,112)

ULI (SOUTH CHINA) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2020
 (Expressed in Hong Kong dollars)

8. BENEFITS AND INTERESTS OF DIRECTORS (CONT'D)

(b) Directors' material interests in transactions, arrangements or contracts (cont'd)

Identity of related parties	Nature of related party relationship	Type of transactions	Volume of Transactions HK\$
Unique Logistics International (ATL) LLC	Mr. Lee Chi Tak, Richard is beneficial member of the contracted party	Freight income received	12,946,524
		Freight charges paid	(11,909,040)
Unique Logistics International (LAX), Inc.	Mr. Lee Chi Tak, Richard is beneficial member of the contracted party	Freight income received	1,718,781
		Freight charges paid	(1,544,479)
Unique Logistics International (NYC) LLC	Mr. Lee Chi Tak, Richard is beneficial member of the contracted party	Freight income received	54,673,410
		Freight charges paid	(42,617,148)
Unique Logistics International (H.K.) Ltd.	Fellow subsidiary	Freight income received	22,837
Unique Logistics International (South China) Ltd.	Fellow subsidiary	Freight income received	246
Shenzhen Unique Logistics International Limited	Fellow subsidiary	Freight income received	15,018,232
		Freight charges paid	(9,977,523)
Unique Logistics International (Vietnam) Co., Ltd.	Fellow subsidiary	Freight income received	26,857
Unique Freight Solutions (Thailand) Co., Ltd.	Fellow subsidiary	Freight income received	35,595
China Wealth Logistics Limited	Fellow subsidiary	Freight charges paid	(12,520,026)
TGF Unique Limited	Associate company	Freight income received	15,105,525
Unique International Logistics (M) Sdn. Bhd.	Associate company	Freight income received	19,503
		Freight charges paid	(103)
Unique Logistics International (Shanghai) Co., Ltd.	Associate company	Freight charges paid	(3,822)
ULI International Company Limited	Associate company	Freight income received	14,064
PT. Unique Logistics International Indonesia	Associate company	Freight income received	82
Uniquorm International Logistics Co., Ltd.	Associate company	Freight income received	2,108,671

ULI (SOUTH CHINA) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2020
 (Expressed in Hong Kong dollars)

9. PROPERTY AND EQUIPMENT

	Furniture and fixtures HKD	Office equipment HKD	Total HKD
Cost			
At 1 January 2019	747	1,690	2,437
Written off	(747)	-	(747)
At 31 December 2019, 1 January 2020 and 31 December 2020	-	1,690	1,690
Accumulated depreciation			
At 1 January 2019	747	620	1,367
Written off	(747)	-	(747)
Charge for the year	-	338	338
At 31 December 2019 and 1 January 2020	-	958	958
Charge for the year	-	338	338
At 31 December 2020	-	1,296	1,296
Carrying value			
At 31 December 2020	-	394	394
At 31 December 2019	-	732	732

10. TRADE RECEIVABLES

All trade receivables are expected to be recovered within one year.

Trade receivables represented by:

	2020 HKD	2019 HKD
- Third parties	962,583	2,452,383
- Immediate holding company	8	-
- Fellow subsidiaries	28,579,662	19,559,647
- Related companies	10,860,730	949,040
	40,402,983	22,961,070

ULI (SOUTH CHINA) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2020
 (Expressed in Hong Kong dollars)

10. TRADE RECEIVABLES (CONT'D)

Included in trade receivables are the following amounts denominated in currencies other than the Company's functional currency:

	<u>2020</u>	<u>2019</u>
	HKD	HKD
United States Dollars	38,007,433	11,308,019
Renminbi	15,588	285,647

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Company. Based on past experience, management believes that no loss allowance for ECL is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are considered fully recoverable. The Company does not hold any collateral over these balances.

11. CASH AND CASH EQUIVALENTS

	<u>2020</u>	<u>2019</u>
	HKD	HKD
Cash at bank and in hand	1,433,296	2,047,125
Cash and cash equivalents in the statement of cash flows	1,433,296	2,047,125

Cash at bank earns interest at floating interest rates based on daily bank deposits rates.

Included in cash and cash equivalents are the following amount denominated in a currency other than the Company's functional currency:

	<u>2020</u>	<u>2019</u>
	HKD	HKD
Euro Dollars	8,377	15,663
United States Dollars	822,954	1,874,355
Renminbi	8,415	78,529

ULI (SOUTH CHINA) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2020
 (Expressed in Hong Kong dollars)

12. TRADE PAYABLES

Trade payables are expected to be settled within one year. The trade payables represented by:

	<u>2020</u>	<u>2019</u>
	HKD	HKD
Trade payables		
- Third parties	1,787,932	1,316,452
- Immediate holding company	46,946	27,190
- Fellow subsidiary companies	8,365,667	10,598,540
- Related companies	412,385	303
	<u>10,612,930</u>	<u>11,942,485</u>

Included in trade payables are the following amounts denominated in currencies other than the Company's functional currency:

	<u>2020</u>	<u>2019</u>
	HKD	HKD
Euro Dollars	4,442	613,618
United States Dollars	-	2,851,182
Renminbi	6,427,055	7,046,541

13. AMOUNTS DUE TO RELATED PARTIES

	<u>2020</u>	<u>2019</u>
	HKD	HKD
Amounts due to related parties		
- members	<u>5,730,743</u>	<u>5,730,743</u>

The balances with related parties are in the nature of current account, are unsecured, interest free and have no fixed terms of repayment.

ULI (SOUTH CHINA) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2020
 (Expressed in Hong Kong dollars)

14. CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

	2020		2019	
	Number of shares	Amount HK\$	Number of shares	Amount HK\$
Ordinary share, issued and fully paid: At 1 January and 31 December	10,000	10,000	10,000	10,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(b) Dividends

The directors have declared the following dividends during the year:

	2020 HKD	2019 HKD
2019 final dividend of HKD141.33 per ordinary share declared on 25 Feb 2020	1,413,300	-
2020 interim dividend of HKD30.02 per ordinary share declared on 18 June 2020	300,233	-
2018 interim dividend of HKD134.79 per ordinary share declared on 27 June 2019	-	1,347,900
2018 final dividend of HKD22.80 per ordinary Share declared on 22 Oct 2019	-	228,000
	1,713,533	1,575,900

(c) Capital management

Capital comprises share capital and reserves stated in the statement of financial position. The Company's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders.

The Company manages capital by regularly monitoring its current and expected liquidity requirements rather than using debt/equity ratio analysis.

The Company is not subject to either internally or externally imposed capital requirements.

ULI (SOUTH CHINA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in Hong Kong dollars)

15. **FINANCIAL RISK MANAGEMENT**

Exposure to credit, liquidity, foreign currency and interest rate risks arises in the normal course of the Company's business. The Company's exposure to these risks and the financial risk management policies and practices used by the Company to manage these risks are described below.

(a) **Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Company's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with high credit-rating assigned by international credit-rating agencies, for which the Company considers to have low credit risk.

Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 days from the date of billing.

The Company measures loss allowances for trade receivables at an amount equal to lifetime ECL, which is calculated using a provision matrix. As the Company's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Company's different customer bases. In the opinion of the directors, allowance for ECL was insignificant as at 31 December 2020.

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

ULI (SOUTH CHINA) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2020
 (Expressed in Hong Kong dollars)

15. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) **Liquidity risk**

The Company's policy is to regularly monitor its current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis of the Company's financial liabilities is as follows:

	<u>2020</u>	<u>2019</u>
	HKD	HKD
Less than 1 year		
Trade payables	10,612,930	11,942,485
Other payables and accrued expenses	5,646,949	1,728,847
Amounts due to related parties	5,730,743	5,730,743
	<u>21,990,622</u>	<u>19,402,075</u>

(c) **Foreign currency risk**

The Company's monetary assets and transactions are predominately in Hong Kong dollars, United States dollars and Renminbi. As Hong Kong dollar is pegged to United States dollar and there is insignificant fluctuation in the exchange rate between Hong Kong dollar and Renminbi, the Company does not expect any significant exposure to foreign currency risk.

(d) **Interest rate risk**

As the Company has no significant interest bearing assets and liabilities, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

(e) **Categories of financial instruments at 31 December**

	<u>2020</u>	<u>2019</u>
	HKD	HKD
Financial assets:		
Loans and receivables (including cash and cash equivalents)	43,044,897	25,009,115
Financial liabilities:		
Financial liabilities at amortised cost	<u>21,990,622</u>	<u>19,402,075</u>

ULI (SOUTH CHINA) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2020
 (Expressed in Hong Kong dollars)

15. FINANCIAL RISK MANAGEMENT (CONT'D)

(f) Fair values

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2020 and 2019.

16. MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with key management personnel

All members of key management personnel are the directors of the Company, and the remuneration for them is disclosed in note 8(a).

(b) Transactions with other related parties

During the year, the Company entered into the following material related party transactions:

	<u>2020</u>	<u>2019</u>
	HKD	HKD
<u>Immediate holding Company</u>		
-		
Administration and handling fees paid	259,960	282,000
Corporate fee expenses paid	476,268	144,133
Group fee paid	563,922	393,277
<u>Fellow subsidiaries</u>		
-		
Freight income received	15,103,767	43,728,925
Freight charges paid	22,497,549	47,498,153
<u>Related parties</u>		
-		
Freight income received	89,963,419	8,053,417
Freight charges paid	<u>59,053,704</u>	<u>26,224</u>

Balances with related parties are disclosed in the statement of financial position and in notes 10, 12 and 13 to the financial statements.

ULI (SOUTH CHINA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in Hong Kong dollars)

17. ACCOUNTING ESTIMATES AND JUDGEMENTS

Note 15 contains information about the assumptions and their risk factors relating to financial instruments. Other key sources of estimates and judgements are as follows:

(a) **Depreciation**

Depreciation is calculated to write off the cost of items of fixed assets, less their estimated residual value, if any, using the straight-line method over their estimated useful lives. The Company reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives and residual values are based on the Company's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

(b) **Impairment of trade receivables**

The management of the Company estimates the amount of impairment loss for ECL on trade receivables based on the credit risk of trade receivables. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

As at 31 December 2020, the carrying amount of trade receivables is HKD40,402,983 (net of allowance for doubtful debts of HKD Nil) (2019: HKD22,961,070 (net of allowance for doubtful debts of HKD Nil)).

ULI (SOUTH CHINA) LIMITED
 DETAILED INCOME STATEMENT
 FOR THE YEAR ENDED 31 DECEMBER 2020
 (Expressed in Hong Kong dollars)
 (For Management Information Only)

	2020	2019
	HKD	HKD
Freight income	117,631,916	66,078,593
Freight costs	(91,463,368)	(58,870,443)
Gross profit	26,168,548	7,208,150
Add: Other income		
Bank interest income	64	1,055
Sundry income	2,892	206
	2,956	1,261
Add: Other gains and losses - net exchange losses	(205,603)	(78,955)
Less: Expenditure (Appendix ii)		
Administrative expenses	7,520,706	4,430,389
Other operating expenses	1,249,748	756,348
	8,770,454	5,186,737
Profit before taxation	17,195,447	1,943,719

ULI (SOUTH CHINA) LIMITED
OVERHEAD EXPENSES
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in Hong Kong dollars)
(For Management Information Only)

	<u>2020</u>	<u>2019</u>
	HKD	HKD
Administrative expenses		
Computer expenses	52,276	38,897
Directors' remuneration	3,944,822	1,066,995
Salaries and allowances	3,388,244	3,189,102
Telephone, facsimile and internet	135,364	135,395
	<u>7,520,706</u>	<u>4,430,389</u>
Other operating expenses		
Administration and handling fees	259,960	282,000
Auditor's remuneration	63,500	65,000
Bank charges	245,620	142,299
Business registration fees	250	250
Corporate fee expenses	476,268	144,133
Depreciation	338	338
Entertainment	191,837	-
Legal and professional fees	7,000	5,800
Management fee expenses	-	85,196
Printing and stationery	-	1,200
Travel - Local	4,516	28,906
Sundries	459	1,226
	<u>1,249,748</u>	<u>756,348</u>
	<u>8,770,454</u>	<u>5,186,737</u>

ULI (NORTH & EAST CHINA) COMPANY LIMITED
(Incorporated in Hong Kong with limited liability)

Directors' Report and Audited Financial Statements
For the year ended 31 December 2020

ULI (NORTH & EAST CHINA) COMPANY LIMITED
REPORTS AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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ULI (NORTH & EAST CHINA) COMPANY LIMITED
DIRECTORS' REPORT

The directors present their annual report together with the audited consolidated financial statements for the year ended 31 December 2020.

1. PRINCIPAL ACTIVITIES

The principal activities of ULI (North & East China) Company Limited (the "Company") are investment holding and the provision of air and ocean freight forwarding services in the People's Republic of China.

The activities of its subsidiary are set out in note 13 to the financial statements.

2. RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2020 are set out in the consolidated statement of profit or loss and other comprehensive income on page 6.

The directors have declared the interim dividend of USD7.33 (2019: USD12) per ordinary share totalling of USD1,100,000 (2019: USD1,800,000). The directors do not recommend the payment of final dividend (2019: USD Nil).

3. DIRECTORS

(a) Directors of the Company

The directors of the Company during the year and up to the date of this report were:

Mr. Sun Wen Chi, George
Mr. Lee Chi Tak, Richard

There is no provision in the Company's Article of Association in connection with the retirement of directors, both directors continue in office for the following year.

(b) Director of the Company's subsidiary

During the year and up to the date of this report, Mr. Sun Wen Chi, George is also the director of a subsidiary of the Company.

4. DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE GROUP'S BUSINESS

Save for disclosed in notes 8(b) and 25(b) to the consolidated financial statements, no other transactions, arrangements and contracts of significance to which the Company, its subsidiary, its fellow subsidiaries or its holding companies was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

**ULI (NORTH & EAST CHINA) COMPANY LIMITED
DIRECTORS' REPORT**

5. DIRECTORS' INTERESTS IN THE SHARES UNDERLYING SHARES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATION

At no time during the year was the Company or its subsidiary was a party to any arrangement to enable the directors of the Company (including their spouse and children under 18 years of age) to hold any interests or short position in the shares or underlying shares in the Company or its specified undertakings or other associated corporations.

6. MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company or its subsidiary was entered into or existed during the year.

7. PERMITTED INDEMNITY PROVISIONS

At no time during the financial year and up to the date of this Directors' Report, was there a permitted indemnity provision in force for the benefit of any of the directors of the Company (whether made by the Company or otherwise) or an associated company (if made by the Company).

8. AUDITOR

The consolidated financial statements have been audited by RSM Hong Kong who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Lee Chi Tak, Richard

Hong Kong, 9 August 2021

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ULI (NORTH & EAST CHINA) COMPANY LIMITED
(Incorporated in Hong Kong with limited liability)**

Opinion

We have audited the consolidated financial statements of ULI (North & East China) Company Limited and its subsidiary (the "Group") set out on pages 6 to 43, which comprise the consolidated statement of financial position as at 31 December 2020, and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the Other Information. The Other Information comprises all of the information included in the Directors' Report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ULI (NORTH & EAST CHINA) COMPANY LIMITED
(Incorporated in Hong Kong with limited liability)**

Other Information (cont'd)

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Consolidated Financial Statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB, HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ULI (NORTH & EAST CHINA) COMPANY LIMITED
(Incorporated in Hong Kong with limited liability)**

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (cont'd)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

By: /s/ RSM Hong Kong

Certified Public Accountants
Hong Kong
9 August 2021

ULI (NORTH & EAST CHINA) COMPANY LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in United States dollars)

	Note	2020 USD	2019 USD
Revenue		43,176,633	36,377,996
Freight costs	4	(38,145,675)	(31,871,573)
Gross profit		5,030,958	4,506,423
Other income	5	85,696	61,969
Other gains and losses - net exchange gains		87,163	163,992
Administrative expenses		(2,983,312)	(3,113,387)
Other operating expenses		(544,141)	(601,661)
Profit from operations		1,676,364	1,017,336
Finance costs - interest expense on lease liabilities		(3,870)	(5,959)
Profit before tax	6	1,672,494	1,011,377
Income tax expense	7	(1)	(1,406)
Profit for the year		1,672,493	1,009,971
Other comprehensive income for the year, net of tax			
Exchange differences on translating foreign operation	10	77,013	(10,693)
Total comprehensive income for the year		1,749,506	999,278

The notes on pages 10 to 43 form part of these financial statements

ULI (NORTH & EAST CHINA) COMPANY LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2020
(Expressed in United States dollars)

	Note	2020 USD	2019 USD
Non-current assets			
Property and equipment	11	98,969	160,307
Right-of-use assets	12	136,731	199,906
		<u>235,700</u>	<u>360,213</u>
Current assets			
Trade receivables	14	4,013,705	1,534,608
Other receivables, deposits and prepayments	15	203,346	200,357
Amounts due from related parties	16	25,106	445,979
Cash and cash equivalents	17	1,670,749	1,383,553
		<u>5,912,906</u>	<u>3,564,497</u>
Current liabilities			
Trade payables	18	2,233,649	1,252,783
Other payables and accrued expenses	18	860,105	234,913
Amount due to a related party	16	34,032	3,130
Current taxation		12,121	12,257
Lease liabilities	19	106,707	90,309
		<u>3,246,614</u>	<u>1,593,392</u>
Net current assets		<u>2,666,292</u>	<u>1,971,105</u>
Total assets net current liabilities		<u>2,901,992</u>	<u>2,331,318</u>
Non-current liabilities			
Lease liabilities	19	33,644	112,476
		<u>33,644</u>	<u>112,476</u>
NET ASSETS		<u>2,868,348</u>	<u>2,218,842</u>
Capital and reserves			
Share capital	20	150,000	150,000
Reserves		2,718,348	2,068,842
TOTAL EQUITY		<u>2,868,348</u>	<u>2,218,842</u>

Approved by the Board of Directors on 9 August 2021 and are signed on its behalf by:

Lee Chi Tak, Richard

Sun Wen Chi, George

The notes on pages 10 to 43 form part of these financial statements

ULI (NORTH & EAST CHINA) COMPANY LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in United States dollars)

	Note	Attributable to owners of the Company			
		Share capital	Exchange reserves	Retained profits	Total equity
		USD	USD	USD	USD
Balance at 1 January 2019		150,000	(101,144)	2,970,708	3,019,564
Total comprehensive income for the year		-	(10,693)	1,009,971	999,278
Dividends paid	20(b)	-	-	(1,800,000)	(1,800,000)
Balance at 31 December 2019 and 1 January 2020		150,000	(111,837)	2,180,679	2,218,842
Total comprehensive income for the year		-	77,013	1,672,493	1,749,506
Dividends paid	20(b)	-	-	(1,100,000)	(1,100,000)
Balance at 31 December 2020		<u>150,000</u>	<u>(34,824)</u>	<u>2,753,172</u>	<u>2,868,348</u>

The notes on pages 10 to 43 form part of these financial statements

ULI (NORTH & EAST CHINA) COMPANY LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in United States dollars)

	Note	2020 USD	2019 USD
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation			
Adjustments for:		1,672,494	1,011,377
Interest income	5	(6,784)	(1,438)
Finance cost		3,870	5,959
Depreciation of right-of-use assets	6(b)	105,005	101,798
Depreciation of property and equipment	6(b)	68,507	68,564
COVID-19 Related rent concession received	12	(11,004)	-
Operating profit before changes in working capital		1,832,088	1,186,260
(Increase)/decrease in trade receivables		(2,479,097)	606,427
(Increase)/decrease in other receivables, deposits and prepayments		(2,989)	8,614
Change in amounts due from/to related parties		451,775	61,435
Increase/(decrease) in trade payables		980,866	(501,352)
Increase/(decrease) in other payables and accrued expenses		625,192	(34,196)
Cash generated from operations activities		1,407,835	1,327,188
Interest on lease liabilities		(3,870)	(5,959)
Income tax paid		(928)	(7,903)
Net cash generated from operating activities		1,403,037	1,313,326
CASH FLOW FROM INVESTING ACTIVITIES			
Interest received		6,784	1,438
Net cash generated from investing activities		6,784	1,438
CASH FLOW FROM FINANCING ACTIVITIES			
Principal elements of lease payments		(93,486)	(98,894)
Dividends paid	20(b)	(1,100,000)	(1,800,000)
Net cash used in financing activities		(1,193,486)	(1,898,894)
Net increase/(decrease) in cash and cash equivalents		216,335	(584,130)
Cash and cash equivalents at 1 January		1,383,553	1,969,752
Effect on foreign exchange rate changes		70,861	(2,069)
Cash and cash equivalents at 31 December	17	1,670,749	1,383,553

The notes on pages 10 to 43 form part of these financial statements

ULI (NORTH & EAST CHINA) COMPANY LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in United States dollars)

1. COMPANY INFORMATION

ULI (North & East China) Company Limited (the “Company”) was incorporated in Hong Kong with limited liability. The address of its registered office and principal place of business are Unit 05-06, 3/F., Tower 2, Enterprise Square, 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong and Room 1308, Tomson Commercial Building, 710 Dong Fan Road, Pu Dong, Shanghai 200122, People’s Republic of China, respectively.

The principal activities of the Company are investment holding and the provision of air and ocean freight forwarding services in the People’s Republic of China (“PRC”).

The principal activity and other particulars of its subsidiary (together with the Company collectively referred to as the “Group”) is set out in note 13 to the financial statements.

The consolidated financial statements are presented in United States dollars (“USD”), which is also the functional currency of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”), Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). These consolidated financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are disclosed below.

The IASB/HKICPA has issued certain new and revised IFRSs/HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

The consolidated financial statements for the year ended 31 December 2020 comprise the Company and its subsidiary.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

ULI (NORTH & EAST CHINA) COMPANY LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in United States dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (cont'd)

The preparation of consolidated financial statements in conformity with IFRSs and HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements and estimates made by management in the application of IFRSs and HKFRSs that have significant effect on the consolidated financial statements are discussed in note 26.

(b) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any accumulated foreign currency translation reserve relating to that subsidiary.

ULI (NORTH & EAST CHINA) COMPANY LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in United States dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Consolidation (cont'd)

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in United States dollars, which is the Company's functional and presentation currency.

ULI (NORTH & EAST CHINA) COMPANY LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in United States dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Foreign currency translation (cont'd)

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

ULI (NORTH & EAST CHINA) COMPANY LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in United States dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Property and equipment

Property and equipment are stated in the consolidated statement of financial position at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation of property and equipment is calculated at rates sufficient to write off their costs less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

- Leasehold improvements	25%
- Office equipment	20% - 25%
- Motor vehicles	20% - 25%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

(e) Leases

At inception of a contract, the Group assesses whether the contract is, or contains, 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. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use. The Group as a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily copier. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

ULI (NORTH & EAST CHINA) COMPANY LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in United States dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Leases (cont'd)

The Group as a lessee (cont'd)

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

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.

When the Group obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the cost of the relevant right-of-use assets and the related accumulated depreciation and impairment loss are transferred to property, plant and equipment / the carrying amount of the relevant right-of-use asset is transferred to property, plant and equipment.

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

ULI (NORTH & EAST CHINA) COMPANY LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in United States dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) **Leases (cont'd)**

The Group as a lessee (cont'd)

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of IFRS/HKFRS 16. In such cases, the Group took advantage of the practical expedient set out in paragraph 46A of IFRS/HKFRS 16 and recognised the change in consideration as if it were not a lease modification.

(f) **Recognition and derecognition of financial instruments**

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

ULI (NORTH & EAST CHINA) COMPANY LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in United States dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) **Financial assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt investments held by the Group are classified into the measurement as amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.

(h) **Trade and other receivables**

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

(i) **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses ("ECL").

(j) **Financial liabilities and equity instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into the definitions of a financial liability and an equity instrument under IFRSs and HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group, after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

ULI (NORTH & EAST CHINA) COMPANY LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in United States dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) **Trade and other payables**

Trade and other payables are recognised initially at fair value, and are subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(l) **Equity instruments**

An equity instrument is any contract that evidence a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(m) **Employee benefits**

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits, and when the Group recognises restructuring costs and involves the payment of termination benefits.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investment in a subsidiary except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) **Impairment of non-financial assets**

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset / cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset / cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

(p) **Impairment of financial assets**

The Group recognises a loss allowance for ECL on investments in debt instruments which are measured at amortised cost. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Impairment of financial assets (cont'd)

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Impairment of financial assets (cont'd)

Significant increase in credit risk (cont'd)

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (i) the financial instrument has a low risk of default,
- (ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of “investment grade” in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of “performing”. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 180 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) **Impairment of financial assets (cont'd)**

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the counterparty;
- a breach of contract, such as a default or past due event;
- the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

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2. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(p) **Impairment of financial assets (cont'd)**

Measurement and recognition of ECL (cont'd)

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(q) **Provisions and contingent liabilities**

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(r) **Revenue and other income**

Revenue from the provision of freight forwarding services is recognised when control of the cargoes has transferred, being when the cargoes have been delivered to the customer's specific location (delivery). Following delivery, the customer has the primary responsibility on delivering the cargoes and bears the risks and loss in relation to the cargoes. A receivable is recognised by the Group when the cargoes are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Revenue and other income (cont'd)

Management fee income is recognised based on the state of completion of the contract. Payment for management services is not due from the customer until the management services are complete and therefore a contract asset is recognised over the period in which the management services are performed representing the entity's right to consideration for the services performed to date.

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or fair value through other comprehensive income (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL/HONG KONG FINANCIAL REPORTING STANDARDS

(a) Application of new and revised IFRSs/HKFRSs

The Group has applied the Amendments to Reference to the Conceptual Framework in IFRS/HKFRS Standards and the following amendments to IFRSs/HKFRSs issued by the IASB/HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to IAS/HKAS 1 and IAS/HKAS 8	Definition of Material
Amendments to IFRS/HKFRS 3	Definition of a Business
Amendments to IFRS/HKFRS 9, IAS/HKAS 39 and IFRS/HKFRS 7	Interest Rate Benchmark Reform

In addition, the Group has early applied the Amendments to IFRS/HKFRS 16, COVID-19 Related Rent Concessions.

Except as described below, the application of the Amendments to References to the Conceptual Framework in IFRS/HKFRS Standards and the amendments to IFRSs/HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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3. ADOPTION OF NEW AND REVISED INTERNATIONAL/HONG KONG FINANCIAL REPORTING STANDARDS (CONT'D)

(a) Application of new and revised IFRSs/HKFRSs (cont'd)

Amendment to IFRS/HKFRS 16, COVID-19-Related Rent Concessions

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic ("COVID-19 Related Rent Concessions") are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

The Group has elected to early adopt the amendments and applies the practical expedient to all qualifying COVID-19 Related Rent Concessions granted to the Group during the year. Consequently, rent concessions received have been accounted for as negative variable lease payments recognised in profit or loss in the period in which the event or condition that triggers those payments occurred (see note 12). There is no impact on the opening balance of equity at 1 January 2020.

(b) New and revised IFRSs/HKFRSs in issue but not yet effective

Other than the amendments to IFRS/HKFRS 16, COVID-19 Related Rent Concessions, the Group has not applied any new and revised IFRSs/HKFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2020. These new and revised IFRSs/HKFRSs include the following which may be relevant to the Group.

	<u>Effective for accounting periods beginning on or after</u>
Amendments to IFRS/HKFRS 9, IAS/HKAS 39, IFRS/HKFRS 7, IFRS/HKFRS 4 and IFRS/HKFRS 16 Interest Rate Benchmark Reform - Phase 2	1 January 2021
Amendments to IFRS/HKFRS 3 Reference to the Conceptual Framework	1 January 2022
Amendments to IAS/HKAS 16 Property, plant and equipment: proceeds before intended use	1 January 2022
Annual Improvements to IFRSs/HKFRSs 2018 - 2020 Cycle	1 January 2022
Amendments to IAS/HKAS 1 Classification of liabilities as current or non-current	1 January 2023

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

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4. REVENUE

The principal activities of the Group are investment holding and the provision of air and ocean freight forwarding services in the PRC. The subsidiary is principally engaged in the provision of air and ocean freight forwarding services in the PRC.

Revenue represents gross invoiced freight income and recognised at a point in time for the year.

5. OTHER INCOME

	<u>2020</u>	<u>2019</u>
	USD	USD
Bank interest income	6,784	1,438
Sundry income	78,912	60,531
	<u>85,696</u>	<u>61,969</u>

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	<u>2020</u>	<u>2019</u>
	USD	USD
(a) Staff costs (including directors' remuneration) (note 8):		
- Salaries and allowances	2,474,368	2,336,909
- Retirement scheme contributions	264,566	481,917
	<u>2,738,934</u>	<u>2,818,826</u>
(b) Other items:		
Auditor's remuneration	11,994	11,773
Depreciation of property and equipment	68,507	68,564
Depreciation of right-of-use assets	105,005	101,798
Rental charges under operating leases in respect of land and buildings	226,579	267,562

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7. INCOME TAX EXPENSE

(a) Income tax has been recognised in profit or loss as following:

	<u>2020</u>	<u>2019</u>
	USD	USD
Current tax - PRC		
Provision for the year	-	1,406
Under-provision in prior years	1	1
	<u>1</u>	<u>1,406</u>

No provision for Hong Kong Profits Tax is required since the Company's income is derived from overseas sources which is not liable to Hong Kong Profits Tax.

Taxation for PRC subsidiary is charged at the appropriate current rates of taxation ruling in the relevant tax jurisdictions.

(b) Reconciliation between income tax expense and accounting profit at applicable tax rates:

	<u>2020</u>	<u>2019</u>
	USD	USD
Profit before taxation	<u>1,672,494</u>	<u>1,011,377</u>
Tax at the PRC Enterprise Income Tax of 25% (2019: 25%)	418,123	252,844
Tax effect of non-taxable income	(8,915,489)	(480,790)
Tax effect of non-deductible expenses	8,472,534	232,316
Tax effect of tax losses not recognised	24,832	-
Tax concession	-	(3,664)
Under-provision in prior years	1	700
Income tax expense	<u>1</u>	<u>1,406</u>

8. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors emoluments

	<u>2020</u>	<u>2019</u>
	USD	USD
Directors' fees Salaries and allowances	<u>338,542</u>	<u>265,102</u>
	<u>338,542</u>	<u>265,102</u>

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8. BENEFITS AND INTERESTS OF DIRECTORS (CONT'D)

(b) Directors' material interests in transactions, arrangements or contracts

Identity of related parties	Nature of related party relationship	Type of transactions	Volume of transactions US\$
Unique Freight Solutions (S) Pte.Ltd	Related Company	Freight income received	3,259
		Freight charges paid	13,677
Shenzhen Unique Logistics International Limited	Related Company	Freight income received	2,914
		Freight charges paid	100,496
Unique Logistics (Korea) Co., Ltd	Related Company	Freight income received	1,920
		Freight charges paid	523
Unique Logistics International (ATL) LLC	Related Company	Freight income received	1,000,921
Unique Logistics International (BOS) Inc.	Related Company	Freight income received	953,689
Unique Logistics International (HK) Limited	Related Company	Freight income received	149,825
		Management fee income received	45,600
Unique Logistics International (India) Private Limited	Related Company	Freight charges paid	21,655
Unique Logistics International (NYC) LLC	Related Company	Freight income received	1,452,433
		Freight charges paid	7,836
Unique Logistics International (Vietnam) Co., Ltd.	Related Company	Freight income received	10,595
		Freight charges paid	1,233
Asia Freight Solutions (HK) Limited	Related Company	Freight income received	23,069
		Freight charges paid	266
PT. Unique Logistics International Indonesia	Related Company	Freight income received	3,935
TGF Unique Limited	Related Company	Freight income received	173,250
Unique Logistics International (LAX) Inc.	Related Company	Freight income received	183,603
		Freight charges paid	2,285
ULI International Company Limited	Related Company	Freight income received	14,085
		Freight charges paid	266,213
Unique International Logistics (M) Sdn. Bhd.	Related Company	Freight income received	40,915
Unique Logistics International (Thailand) Co., Ltd.	Related Company	Freight income received	9,090
		Freight charges paid	174
Unique Logistics International (Philippines) Inc.	Related Company	Freight income received	462
孫文琪、劉曙光	Shareholder	Rental expenses	205,289
孫文琪	Shareholder	Management fee	36,000
Unique Logistics Holdings Limited	Shareholder	Management fee	12,339
劉曙光	Close member of shareholder	Salaries	29,052

Save for contracts amongst group companies and the aforementioned transactions, no other transactions, arrangements and contracts to which the Company was a party and in which a director of the Company and other director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

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9. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The profit attributable to shareholders is dealt with in the financial statements of the Company to the extent of USD1,772,460 (2019: USD995,354).

10. OTHER COMPREHENSIVE INCOME FOR THE YEAR

Tax effects relating to each component of other comprehensive income are as follow:

	2020			2019		
	Before tax amount	Tax expense	Net-of-tax amount	Before tax amount	Tax expense	Net-of-tax amount
	USD	USD	USD	USD	USD	USD
Exchange differences on translation of financial statements of overseas subsidiary	77,013	-	77,013	(10,693)	-	(10,693)

11. PROPERTY AND EQUIPMENT

	Leasehold improvements USD	Office equipment USD	Motor vehicles USD	Total USD
Cost:				
At 1 January 2019	90,283	172,847	437,726	700,856
Additions				
Disposals	-	(12,826)	-	(12,826)
Exchange alignment	-	(347)	(2,884)	(3,231)
At 31 December 2019 and 1 January 2020	90,283	159,674	434,842	684,799
Exchange alignment	-	2,682	22,291	24,973
At 31 December 2020	90,283	162,356	457,133	709,772
Accumulated depreciation:				
At 1 January 2019	90,283	144,222	236,056	470,561
Charge for the year	-	7,127	61,437	68,564
Disposals	-	(12,826)	-	(12,826)
Exchange alignment	-	(158)	(1,649)	(1,807)
At 31 December 2019 and 1 January 2020	90,283	138,365	295,844	524,492
Charge for the year	-	6,894	61,613	68,507
Exchange alignment	-	1,608	16,196	17,804
At 31 December 2020	90,283	146,867	373,653	610,803
Carrying value:				
At 31 December 2020	-	15,489	83,480	98,969
At 31 December 2019	-	21,309	138,998	160,307

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12. RIGHT-OF-USE ASSETS

	Leased properties USD
At 1 January 2019 5,605 Additions	297,803
Depreciation	(101,798)
Exchange differences	(1,704)
At 31 December 2019 and 1 January 2020	199,906
Modifications	33,986
Depreciation	(105,005)
Exchange differences	7,844
At 31 December 2020	136,731

Lease liabilities of USD140,351 are recognised with related right-of-use assets of USD136,731 as at 31 December 2020. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

	2020 USD	2019 USD
Depreciation expenses on right-of-use assets	105,005	101,783
Interest expense on lease liabilities (included in finance costs)	3,870	5,959
Expenses relating to short-term lease (included in administrative expenses)	222,004	199,291
Expenses relating to lease of low value assets	473	1,060
COVID-19 related rent concessions received	11,004	-

Details of total cash outflow for leases is set out in note 21(b).

As disclosed in note 3, the Group has early adopted the Amendments to IFRS/HKFRS 16: COVID-19 Related Rent Concessions, and applied the practical expedient introduced by the Amendments to all eligible rent concessions received by the Group during the period. Further details are disclosed below.

For both years, the Company leases various offices for its operations. Lease contracts are entered into for fixed average terms ranging from 1 to 5 years (2019: 1 to 5 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 Company applies the definition of a contract and determines the period for which the contract is enforceable.

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13. **INVESTMENT IN A SUBSIDIARY**

Details of a subsidiary as at 31 December 2020 are as follows:

<u>Company</u>	<u>Place of incorporation</u>	<u>Particulars of issued/ paid up capital</u>	<u>Direct percentage of interest in ownership/ voting power</u>	<u>Principal activities</u>
Unique Logistics International (Shanghai) Co., Ltd.	PRC	Paid up capital of USD1,150,000	100%	Provision of freight Forwarding services

14. **TRADE RECEIVABLES**

All trade receivables are expected to be recovered within one year.

(a) **Foreign currency**

Included in trade receivables are the following amounts denominated in currencies other than the Group's functional currency:

	<u>2020</u> <u>USD</u>	<u>2019</u> <u>USD</u>
Renminbi	539,661	140,398
Hong Kong dollars	<u>(252)</u>	<u>-</u>

(b) **Impairment of trade receivables**

At 31 December 2020, the Group did not have any impaired receivables. The Group did not hold any collateral over this balance.

(c) **Trade receivables that are not impaired**

Receivables that were neither past due nor impaired relate to wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired related a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no loss allowance for ECL is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are considered fully recoverable. The Group does not hold any collateral over these balances.

Included in trade receivables are amounts due from related companies of USD1,756,829 (2019: USD464,137).

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15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

All other receivables, deposits and prepayments are expected to be recovered or recognised as expense within one year.

16. AMOUNTS DUE FROM/TO RELATED PARTIES

	<u>2020</u>	<u>2019</u>
	USD	USD
Amounts due from related parties		
- Related companies	25,106	68,677
- Director	-	377,302
	<u>25,106</u>	<u>445,979</u>
Amounts due to a related party		
- Related company	4,187	3,130
- Director	29,845	-
	<u>34,032</u>	<u>3,130</u>

The balances with related parties are in nature of current accounts, unsecured, interest free and have no fixed terms of repayment.

17. CASH AND CASH EQUIVALENTS

Cash and cash equivalents represent cash at bank and on hand. Cash at bank earns interest at floating interest rates based on daily bank deposits rates.

18. TRADE AND OTHER PAYABLES AND ACCRUED EXPENSES

Trade and other payables and accrued expenses are expected to be settled within one year.

Included in trade and other payables and accrued expenses are the following amounts denominated in currencies other than the Group's functional currency:

	<u>2020</u>	<u>2019</u>
	USD	USD
Renminbi	<u>1,948,931</u>	<u>1,034,631</u>

ULI (NORTH & EAST CHINA) COMPANY LIMITED
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19. LEASE LIABILITIES

	Minimum lease payments		Present value of minimum lease payments	
	2020	2019	2020	2019
	USD	USD	USD	USD
Within one year	107,687	93,585	106,707	90,309
In the second to fifth years, inclusive	33,644	113,316	33,644	112,476
	141,331	206,901	140,351	202,785
Less: Future finance charges	(980)	(4,116)	N/A	N/A
Present value of lease obligations	140,351	202,785	140,351	202,785
Less: Amount due for settlement within 12 months (shown under current liabilities)			(106,707)	(90,309)
Amount due for settlement after 12 months			33,644	112,476

20. CAPITAL, RESERVES AND DIVIDEND

(a) Share capital

	2020		2019	
	Number of shares	Amount USD	Number of shares	Amount USD
Ordinary shares, issued and fully paid At 1 January and 31 December	150,000	150,000	150,000	150,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(b) Dividends

	2020		2019	
	USD per share	USD	USD per share	USD
Ordinary dividends paid - interim dividend in respect of the current financial year approved and paid during the year	7.33	1,100,000	12.00	1,800,000

ULI (NORTH & EAST CHINA) COMPANY LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2020
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20. CAPITAL, RESERVES AND DIVIDEND (CONT'D)

(c) Capital management

Capital comprises share capital and reserve stated in the statement of financial position. The Group's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders.

The Group manages capital by regularly monitoring its current and expected liquidity requirements rather than using debt/equity ratio analysis.

The Group is not subject to either internally or externally imposed capital requirements.

21. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's statement of cash flows as cash flows from financing activities.

	1 January 2020 USD	Cash flows USD	Exchange difference USD	Interest expenses USD	Modifications of right-of- use assets USD	31 December 2020 USD		
Lease liabilities (note 21)	202,785	(108,360)	8,070	3,870	33,986	140,351		
	1 January 2019 USD	Impact on initial application of HKFRS 16 USD	Restated as at 1 January 2019 USD	Cash flows USD	Exchange difference USD	Interest expenses USD	Additions of right- of-use assets USD	31 December 2019 USD
Lease liabilities (note 21)	-	5,605	5,605	(104,853)	(1,729)	5,959	297,803	202,785

(b) Total cash outflow for leases

Amounts included in the statement of cash flows for leases comprise the following:

	2020 USD	2019 USD
Within operating cash flows	3,870	5,959
Within financing cash flows	93,486	98,894
	97,356	104,853

These amounts related to the following:

	2020 USD	2019 USD
Lease rental paid	97,356	104,853

ULI (NORTH & EAST CHINA) COMPANY LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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22. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	2020	2019
	USD	USD
Non-current assets		
Investment in a subsidiary	1,150,008	1,150,008
Property and equipment	50	135
Right-of-use asset	-	6,219
	<u>1,150,058</u>	<u>1,156,362</u>
Current assets		
Trade receivables	3,648,717	1,386,741
Other receivables, deposits and prepayments	18,250	18,821
Amounts due from a subsidiary	157,693	17,863
Amounts due from related parties	25,106	445,020
Cash and cash equivalents	1,065,655	760,926
	<u>4,915,421</u>	<u>2,629,371</u>
Current liabilities		
Trade payables	2,360,189	1,400,156
Other payables and accrued expenses	830,763	208,069
Due to related parties	34,032	3,130
Lease liabilities	-	6,343
	<u>3,224,984</u>	<u>1,617,698</u>
Net current assets	<u>1,690,437</u>	<u>1,011,673</u>
NET ASSETS	<u>2,840,495</u>	<u>2,168,035</u>
Capital and reserves		
Share capital	150,000	150,000
Reserves	2,690,495	2,018,035
TOTAL EQUITY	<u>2,840,495</u>	<u>2,168,035</u>

Approved by the Board of Directors on 9 August 2021 and are signed on its behalf by:

 Lee Chi Tak, Richard

 Sun Wen Chi, George

ULI (NORTH & EAST CHINA) COMPANY LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2020
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22. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (CONT'D)

(b) Reserve movement of the Company

	Share capital	Retained profits	Total equity
	USD	USD	USD
Balance at 1 January 2019	150,000	2,822,681	2,972,681
Total comprehensive income for the year	-	995,354	995,354
Dividends paid	-	(1,800,000)	(1,800,000)
Balance at 31 December 2019	150,000	2,018,035	2,168,035
Total comprehensive income for the year	-	1,772,460	1,772,460
Dividends paid	-	(1,100,000)	(1,100,000)
Balance at 31 December 2020	150,000	2,690,495	2,840,495

23. RESERVES

(a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of comprehensive income and consolidated statement of changes in equity.

(b) Nature and purpose of reserves

(i) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with accounting policies set out in note 2(c).

ULI (NORTH & EAST CHINA) COMPANY LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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23. RESERVES (CONT'D)

(b) Nature and purpose of reserves (cont'd)

(ii) Statutory reserve

Pursuant to the laws and regulations governing the PRC enterprises, the Group's PRC subsidiary, which is a wholly foreign-owned enterprise, is required to allocate at least 10% of their after-tax profit but before dividend distribution to the statutory reserve until the reserve has reached 50% of their registered capital. The statutory reserve can only be used, upon approval by the relevant authority, to offset accumulated losses or increase capital. No appropriation was made to statutory reserve as the retained earnings of the PRC subsidiary was RMB0.4 million (2019: RMB1 million), respectively. The enterprise expansion fund can only be used to increase capital upon approval by the relevant authority. Appropriation to enterprise expansion fund is at the discretion of the board of directors of the PRC subsidiary. No appropriation was made to expansion fund during the year ended 31 December 2020 (2019: Nil).

24. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, foreign currency and interest rate risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices are described below.

(a) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with high credit-rating assigned by international credit-rating agencies, for which the Group considers to have low credit risk.

Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 days from the date of billing.

ULI (NORTH & EAST CHINA) COMPANY LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Expressed in United States dollars)

24. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONT'D)

(a) Credit risk (cont'd)

Trade receivables (cont'd)

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECL, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases. In the opinion of the directors, allowance for ECL was insignificant as at 31 December 2020.

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

The Group has all customers and which can be graded as low risk individually. These trade receivables shown above are subject to the expected credit loss model under the financial reporting standard on financial instruments. The trade receivables are considered to have low credit risk individually. At the end of the reporting year a loss allowance is recognised at an amount equal to 12 month expected credit losses because there has not been a significant increase in credit risk since initial recognition. No loss allowance for ECL is necessary.

Receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired related to a number of independent customers that had a good track record with the Group. Based on past experience, management believed that no impairment allowance was necessary in respect of these balances as there had been no significant change in credit quality and the balances were still considered fully recoverable.

At the end of the reporting period, the Group had certain concentrations of credit risk as 45% (2019: 44%) of the total trade receivables was due from the five largest customers.

(b) Liquidity risk

The Group's policy is to regularly monitor its current and expected liquidity requirements to ensure that it maintains sufficient reserve of cash to meet its liquidity requirements in the short and longer term.

ULI (NORTH & EAST CHINA) COMPANY LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2020
 (Expressed in United States dollars)

24. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONT'D)

(b) Liquidity risk (cont'd)

The following table details the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and earliest date the Group can be required to pay.

	2020				
	Carrying amount	Contractual undiscounted cash outflow			
		Total	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years
USD	USD	USD	USD	USD	
Trade payables	2,233,649	2,233,649	2,233,649	-	-
Other payables and accrued expenses	353,650	353,650	353,650	-	-
Amount due to a related company	4,187	4,187	4,187	-	-
Amount due to a related party	29,845	29,845	29,845	-	-
Lease liabilities	140,351	140,351	106,707	33,644	-
	<u>2,761,682</u>	<u>2,761,682</u>	<u>2,728,038</u>	<u>33,644</u>	<u>-</u>
	2019				
	Contractual undiscounted cash outflow				
Carrying amount	Total	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	
USD	USD	USD	USD	USD	USD
Trade payables					
Other payables and accrued expenses	1,252,783	1,252,783	1,252,783	-	-
Amounts due to a related party	215,739	215,739	215,739	-	-
Lease liabilities	3,130	3,130	3,130	-	-
	202,785	202,785	90,309	112,476	-
	<u>1,674,437</u>	<u>1,674,437</u>	<u>1,561,961</u>	<u>112,476</u>	<u>-</u>

(c) Foreign currency risk

The Group's monetary assets and transactions are predominately in USD, HKD and RMB. As HKD is pegged to USD and there is insignificant fluctuation in the exchange rate between USD and RMB, the Group does not expect any significant exposure to foreign currency risk.

ULI (NORTH & EAST CHINA) COMPANY LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2020
 (Expressed in United States dollars)

24. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONT'D)

(c) Foreign currency risk (cont'd)

The following table details the Group's exposure at the end of the reporting period to foreign currency risk arising from recognised assets or liabilities denominated in a currency other than USD. For presentation purposes, the amounts of the exposure are shown in USD, translated using the spot rate at the year ended date.

	2020			2019		
	Denominated in			Denominated in		
	European Dollars	Hong Kong Dollars	Renminbi	European Dollars	Hong Kong Dollars	Renminbi
	USD	USD	USD	USD	USD	USD
Trade and other receivables	-	(252)	644,786	-	-	529,975
Cash and cash equivalents	-	9,798	647,017	-	1,352	682,680
Trade and other payables	-	-	(1,948,931)	-	(3,130)	(1,018,997)
Tax payables	-	-	(12,121)	-	-	(12,257)

(d) Interest rate risk

The Group has minimal exposure to interest rate risk as it has no significant interest-earning assets and interest-bearing liabilities.

(e) Categories of financial instruments at 31 December 2020

	2020 USD	2019 USD
Financial assets:		
Financial assets at amortised cost	5,792,272	3,444,653
Financial liabilities:		
Financial liabilities at amortised cost	2,621,332	1,471,652

(f) Fair values

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2020 and 2019.

ULI (NORTH & EAST CHINA) COMPANY LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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 (Expressed in United States dollars)

25. MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with key management personnel

All members of key management personnel are the directors of the Group, and the remuneration for them is disclosed in note 8(a).

(b) Transactions with other related parties

During the year, the Group entered into the following material related party transactions:

	<u>2020</u>	<u>2019</u>
	USD	USD
<u>A related party</u>		
Salaries paid	29,052	28,917
Office rent paid	205,289	227,363
Management fee paid	36,000	36,000
<u>Related companies</u>		
Freight income received	4,023,965	2,969,552
Freight charge paid	414,358	5,437
Management fee income received	45,600	45,610
Management fee paid	<u>12,339</u>	<u>12,339</u>

Balances with related parties are disclosed in the statement of financial position and in notes 14 and 16.

26. ACCOUNTING ESTIMATES AND JUDGEMENTS

Note 24 contains information about the assumptions and their risk factors relating to financial instruments. Other key sources of estimates and judgements are as follows:

(a) Depreciation

Depreciation is calculated to write off the cost of items of fixed assets, less their estimated residual value, if any, using the straight-line method over their estimated useful lives. The Group reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives and residual values are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

ULI (NORTH & EAST CHINA) COMPANY LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in United States dollars)

26. ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(b) **Impairment of trade receivables**

The management of the Group estimates the amount of impairment loss for ECL on trade receivables based on the credit risk of trade receivables. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Group in accordance with and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

As at 31 December 2020, the carrying amount of trade receivables is USD4,013,705 with no allowance for doubtful debts (2019: USD1,534,608 with no allowance for doubtful debts).

ULI (NORTH & EAST CHINA) COMPANY LIMITED
DETAILED STATEMENT OF PROFIT OR LOSS - THE COMPANY
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in United States dollars)
(For Management Information Only)

	<u>2020</u> USD	<u>2019</u> USD
Freight income	35,580,967	29,274,179
Freight costs	<u>(32,892,422)</u>	<u>(27,483,422)</u>
Gross profit	<u>2,688,545</u>	<u>1,790,757</u>
Other income		
Bank interest income	372	416
Sundry income	<u>59,724</u>	<u>58,375</u>
	60,096	58,791
Other gains and losses - net exchange gains	<u>20,890</u>	<u>73,622</u>
Expenditure (Appendix ii)		
Administrative expenses	782,236	677,273
Other operating expenses	<u>214,835</u>	<u>249,875</u>
	<u>997,071</u>	<u>927,148</u>
Profit from operations	1,772,460	996,022
Finance costs - interest expense on lease liabilities	-	(186)
Profit before taxation	<u>1,772,460</u>	<u>995,836</u>

ULI (NORTH & EAST CHINA) COMPANY LIMITED
ADMINISTRATIVE AND OTHER OPERATING EXPENSES - THE COMPANY
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in United States dollars)
(For Management Information Only)

	<u>2020</u> USD	<u>2019</u> USD
Administrative expenses		
Staff		
Directors' remuneration	268,536	195,295
Retirement scheme contributions	14,527	22,781
Staff costs	<u>415,412</u>	<u>365,101</u>
Premises	<u>698,475</u>	<u>583,177</u>
Rent	<u>83,761</u>	<u>94,096</u>
Other operating expenses	<u>782,236</u>	<u>677,273</u>
Communications		
Telephone	<u>18,150</u>	<u>10,894</u>
Financial and other expenses		
Auditor's remuneration	10,536	10,028
Bad debt	6,114	-
Bank charges	12,123	13,442
Computer expenses	17,834	-
Depreciation on property and equipment	85	85
Depreciation on right-of-use assets	6,293	3,137
Management fee	48,339	48,339
Office expenses	2,839	6,823
Other expenses	34,789	50,723
Postage and courier	<u>520</u>	<u>1,699</u>
Travelling and entertainment	<u>139,472</u>	<u>134,276</u>
Entertainment	27,339	22,440
Motor vehicles expenses	16,747	21,456
Travelling	<u>13,127</u>	<u>60,809</u>
	<u>57,213</u>	<u>104,705</u>
	<u>214,835</u>	<u>249,875</u>

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
(Incorporated in Hong Kong with limited liability)

Directors' Report and Audited Financial Statements
For the year ended 31 December 2020

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
DIRECTORS' REPORT

The directors present their annual report together with the audited financial statements for the year ended 31 December 2020.

1. PRINCIPAL ACTIVITIES

The principal activities of Unique Logistics International (South China) Limited (the "Company") are the provision of air and ocean freight forwarding services in the People's Republic of China.

2. RESULT AND APPROPRIATIONS

The results of the Company for the year ended 31 December 2020 are set out in the statement of profit or loss and other comprehensive income on page 6.

The directors have declared a dividend of HKD0.4418 (2019: HKD0.36) per ordinary share totalling of HKD397,620 (2019: HKD324,000).

The directors do not recommend the payment of a final dividend.

3. DIRECTORS

The directors of the Company during the financial year and up to the date of this report were:

Mr. Lee Chi Tak, Richard
Mr. Lee Man Bun, Patrick

There is being no provision in the Company's Articles of Association in connection with the retirement of directors, both directors continue in office for the following year.

4. DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATIONS TO THE COMPANY'S BUSINESS

Saved as disclosed in notes 8(b) and 16(b) to the financial statements, no other transactions, arrangements and contracts of significance to which the Company, its holding company, any of its fellow subsidiaries was a party and in which a director of the Company had a material interest whether directly or indirectly, subsisted at the end of the year or at any time during the year.

**UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
DIRECTORS' REPORT**

5. DIRECTORS' INTERESTS IN THE SHARES, UNDERLYING SHARES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATION

At no time during the year was the Company, its holding company, any of its fellow subsidiaries a party to any arrangement to enable the directors of the Company (including their spouse and children under 18 years of age) to hold any interests or short positions in the shares or underlying shares in the Company or its specified undertakings or other associated corporations.

6. MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

7. PERMITTED INDEMNITY PROVISIONS

At no time during the financial year and up to the date of this Directors' Report, was there a permitted indemnity provision in force for the benefit of any of directors of the Company (whether made by the Company or otherwise) or an associated company (if made by the Company).

8. AUDITOR

The financial statements have been audited by RSM Hong Kong who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Lee Chi Tak, Richard

Hong Kong, 8 July 2021

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF
UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
(Incorporated in Hong Kong with limited liability)**

Opinion

We have audited the financial statements of Unique Logistics International (South China) Limited (the “Company”) set out on pages 6 to 35, which comprise the statement of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”) and Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSAs”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF
UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
(Incorporated in Hong Kong with limited liability)**

Other Information

The directors are responsible for the Other Information. The Other Information comprises all of the information included in the annual report other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs issued by the IASB, HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF
UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
(Incorporated in Hong Kong with limited liability)**

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

By: /s/ RSM Hong Kong

Certified Public Accountants
Hong Kong

8 July 2021

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 DECEMBER 2020
 (Expressed in Hong Kong dollars)

	Note	<u>2020</u> HKD	<u>2019</u> HKD
Revenue	4	102,745,214	74,726,657
Freight costs		<u>(95,583,116)</u>	<u>(68,548,730)</u>
Gross profit		7,162,098	6,177,927
Other income	5	3,650	538
Other gains and losses - net exchange losses		(444,312)	(60,593)
Administrative expenses		(1,866,567)	(1,668,506)
Other operating expenses		<u>(635,948)</u>	<u>(5,028,503)</u>
Profit/(loss) from operations		4,218,921	(579,137)
Finance costs - Bank loan interest		<u>(6,958)</u>	-
Profit/(loss) before taxation	6	4,211,963	(579,137)
Income tax expense	7(a)	-	-
Profit/(loss) for the year		4,211,963	(579,137)
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>4,211,963</u>	<u>(579,137)</u>

The notes on pages 10 to 35 form part of these financial statements

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
 STATEMENT OF FINANCIAL POSITION
 AS AT 31 DECEMBER 2020
 (Expressed in Hong Kong dollars)

	Note	<u>2020</u> HKD	<u>2019</u> HKD
Non-current asset			
Plant and equipment	9	<u>2,037</u>	<u>2,619</u>
Current assets			
Trade receivables	10	33,399,158	19,004,591
Cash and cash equivalents	11	998,943	754,323
		<u>34,398,101</u>	<u>19,758,914</u>
Current liabilities			
Trade payables	12	16,414,949	5,894,311
Other payables and accrued expenses		1,288,408	967,856
Bank overdrafts	13	10,981,233	10,998,161
		<u>28,684,590</u>	<u>17,860,328</u>
Net current assets		<u>5,713,511</u>	<u>1,898,586</u>
NET ASSETS		<u>5,715,548</u>	<u>1,901,205</u>
Capital and reserves			
Share capital	14	900,000	900,000
Reserves		<u>4,815,548</u>	<u>1,001,205</u>
TOTAL EQUITY		<u>5,715,548</u>	<u>1,901,205</u>

Approved by the Board of Directors on 8 July 2021 and are signed on its behalf by:

 Lee Chi Tak, Richard

 Lee Man Bun, Patrick

The notes on pages 10 to 35 form part of these financial statements.

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
 STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 31 DECEMBER 2020
 (Expressed in Hong Kong dollars)

	Note	Share capital	Retained profits	Total
		HKD	HKD	HKD
Balance at 1 January 2019		900,000	1,904,342	2,804,342
Total comprehensive income for the year		-	(579,137)	(579,137)
Dividends paid	14(b)	-	(324,000)	(324,000)
Balance at 31 December 2019 and 1 January 2020		900,000	1,001,205	1,901,205
Total comprehensive income for the year		-	4,211,963	4,211,963
Dividends paid	14(b)	-	(397,620)	(397,620)
Balance at 31 December 2020		900,000	4,815,548	5,715,548

The notes on pages 10 to 35 form part of these financial statements

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 31 DECEMBER 2020
 (Expressed in Hong Kong dollars)

	Note	2020 HKD	2019 HKD
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before taxation			
Adjustments for:		4,211,963	(579,137)
Finance costs		6,958	-
Depreciation	9	582	291
Interest income	5	(484)	(538)
Operating profit/(loss) before changes in working capital		4,219,019	(579,384)
(Increase)/decrease in trade receivables		(14,394,567)	1,419,274
Increase/(decrease) in trade payables		10,520,638	(7,324,787)
Increase/(decrease) in other payables and accrued expenses		320,552	(112,472)
Decrease in amount due to a fellow subsidiary		-	(4,000,000)
Cash generated from/(used in) operations		665,642	(10,597,369)
Interest paid		(6,958)	-
Net cash generated from/(used in) operating activities		658,684	(10,597,369)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		-	(2,910)
Interest received		484	538
Net cash generated from/(used in) investing activities		484	(2,372)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid and net cash used in financing activities	14(b)	(397,620)	(324,000)
Net increase/(decrease) in cash and cash equivalents		261,548	(10,923,741)
Cash and cash equivalents at 1 January		(10,243,838)	679,903
Cash and cash equivalents at 31 December	11	(9,982,290)	(10,243,838)

The notes on pages 10 to 35 form part of these financial statements.

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in Hong Kong dollars)

1. COMPANY INFORMATION

Unique Logistics International (South China) Limited (the “Company”) was incorporated in Hong Kong with limited liability. The address of its registered office and principal place of business are Unit 05-06, 3/F., Tower 2, Enterprise Square, 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong and Room 2511-2512 Yian Plaza, 33 Jian She Liu Ma Road, Guangzhou, People’s Republic of China, respectively.

The principal activities of the Company are the provision of air and ocean freight forwarding services in the People’s Republic of China.

As at 31 December 2020, the directors consider the immediate and ultimate holding company of the Company are Unique Logistics Holdings Limited and Rich Group Holdings Limited, which were incorporated in Hong Kong and the British Virgin Islands respectively.

The financial statements are presented in Hong Kong dollars (“HKD”), which is also the functional currency of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”), Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance (Cap.622). Significant accounting policies adopted by the Company are disclosed below.

The IASB/HKICPA has issued certain new and revised IFRSs/HKFRSs that are first effective or available for early adoption for the current accounting period of the Company. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Company for the current and prior accounting periods reflected in these financial statements.

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in Hong Kong dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) **Foreign currency translation**

(i) Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances in financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

(c) **Property and equipment**

Property and equipment are stated in the statement of financial position at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation of property and equipment is calculated at rate sufficient to write off their costs, less their residual values, over their estimated useful lives on a straight-line basis at an annual rate of 20%.

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

(d) **Recognition and derecognition of financial instruments**

Financial assets and financial liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in Hong Kong dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) **Recognition and derecognition of financial instruments (cont'd)**

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) **Financial assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt instruments held by the Company are classified as amortised cost, if the instrument is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the instrument is calculated using the effective interest method.

(f) **Trade and other receivables**

A receivable is recognised when the Company has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Company has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in Hong Kong dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement. Cash and cash equivalents are assessed for expected credit losses ("ECL").

(h) **Financial liabilities and equity instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into the definitions of a financial liability and an equity instrument under IFRSs and HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(i) **Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(j) **Trade and other payables**

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(k) **Equity instruments**

Any equity instrument is any contract that evidence a residual interest in the assets of an equity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in Hong Kong dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) **Employee benefits**

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Company contributes to a defined contribution retirement scheme which are available to all employees. Contributions to the scheme by the Company and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Company to the funds.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Company can no longer withdraw the offer of those benefits, and when the Company recognises restructuring costs and involves the payment of termination benefits.

(m) **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in Hong Kong dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) **Borrowing costs (cont'd)**

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(n) **Taxation**

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in Hong Kong dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) **Taxation (cont'd)**

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(o) **Impairment of non-financial assets**

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the statement of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset / cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset / cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in Hong Kong dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) **Impairment of financial assets**

The Company recognises a loss allowance for ECL on investments in debt instruments which are measured at amortised cost. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables. The ECL on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in Hong Kong dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Impairment of financial assets (cont'd)

Significant increase in credit risk (cont'd)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (i) the financial instrument has a low risk of default,
- (ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company considers a financial asset to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there is no past due amounts.

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in Hong Kong dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) **Impairment of financial assets (cont'd)**

Significant increase in credit risk (cont'd)

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collaterals held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the counterparty;
 - a breach of contract, such as a default or past due event;
 - the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider;
 - it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or
 - the disappearance of an active market for that financial asset because of financial difficulties.
-

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in Hong Kong dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Impairment of financial assets (cont'd)

Write-off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; together with any additional amounts expected to be drawn down in the future by default rate determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, and does not reduce the carrying amount of the financial assets in the statement of financial position.

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in Hong Kong dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(r) Revenue and other income

Revenue from the provision of freight forwarding services is recognised when control of the cargoes has transferred, being when the cargoes have been delivered to the customer's specific location (delivery). Following delivery, the customer has the primary responsibility on delivering the cargoes and bears the risks and loss in relation to the cargoes. A receivable is recognised by the Company when the cargoes are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or fair value through other comprehensive income (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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3. ADOPTION OF NEW AND REVISED INTERNATIONAL/HONG KONG FINANCIAL REPORTING STANDARDS

(a) Application of new and revised IFRSs/HKFRSs

The Company has applied the Amendments to Reference to the Conceptual Framework in IFRS/HKFRS Standards and the following amendments to IFRSs/HKFRSs issued by the IASB/HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the financial statements:

Amendments to IAS/HKAS 1 and IAS/HKAS 8 Definition of Material Amendments to IFRS/HKFRS 9, IAS/HKAS 9 Interest Rate Benchmark Reform and IFRS/HKFRS 7

The application of the Amendments to References to the Conceptual Framework in IFRS/HKFRS Standards and the amendments to IFRSs/HKFRSs in the current year had no material impact on the Company's financial positions and performance for the current and prior years and/or on the disclosures set out in these financial statements.

(b) New and revised IFRSs/HKFRSs in issue but not yet effective

The Company has not early applied new and revised IFRSs/HKFRSs that have been issued but are not yet effective for the financial year beginning on 1 January 2020. These new and revised IFRSs/HKFRSs include the following which may be relevant to the Company.

	Effective for accounting periods beginning on or after
Amendments to IFRS/HKFRS 9, IAS/HKAS 39, IFRS/HKFRS 7, IFRS/HKFRS 4 and IFRS/HKFRS 16 Interest Rate Benchmark Reform - Phase 2	1 January 2021
Amendments to IAS/HKAS 16 Property, plant and equipment: proceeds before intended use	1 January 2022
Annual Improvements to IFRSs/HKFRSs 2018 – 2020 Cycle	1 January 2022
Amendments to IAS/HKAS 1 classification of liabilities as current or non-current	1 January 2023

The Company is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
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4. **REVENUE**

The principal activities of the Company are the provision of air and ocean freight forwarding services in the People's Republic of China.

Revenue represents gross invoiced freight income and recognised at a point in time for the year.

5. **OTHER INCOME**

	<u>2020</u>	<u>2019</u>
	HKD	HKD
Bank interest income	484	538
Sundry income	3,166	-
	<u>3,650</u>	<u>538</u>

6. **PROFIT/(LOSS) BEFORE TAXATION**

Profit/(loss) before taxation is arrived at after charging:

	<u>2020</u>	<u>2019</u>
	HKD	HKD
(a) Staff costs (including director's remuneration)		
Salaries, allowances and other benefits	1,682,538	1,492,014
(b) Other items:		
Auditor's remuneration		
- Current	47,400	46,900
- Under-provision in prior years	500	-
	<u>47,900</u>	<u>46,900</u>
Depreciation	582	291

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
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7. INCOME TAX EXPENSE

- (a) No provision for Hong Kong Profits Tax or deferred taxation has been made in the financial statement since the Company's income is derived from overseas sources which is not liable to Hong Kong Profits Tax.
- (b) Reconciliation between income tax expense and accounting profit/(loss) at applicable tax rates:

	<u>2020</u>	<u>2019</u>
	HKD	HKD
Profit/(loss) before taxation	4,211,963	(579,137)
Notional tax on profit before taxation, calculated at the current rate of 16.5% (2019: 16.5%)	694,974	(95,558)
Tax effect of non-taxable income	(16,953,563)	(12,329,987)
Tax effect of non-deductible expenses	16,258,589	12,425,545
Income tax expense	-	-

8. BENEFITS AND INTERESTS OF DIRECTORS

(a) **Directors' emoluments**

None of the directors received director's remuneration during the year (2019: HKD Nil).

(b) **Directors' material interests in transactions, arrangement or contracts**

<u>Identity of related parties</u>	<u>Nature of related party relationship</u>	<u>Type of transactions</u>	<u>Volume of transactions</u>
			HK\$
Unique Logistics Holdings Limited	Immediate holding company	Administration and handling fee paid	(270,000)
		Group fee paid	(368,844)
		Corporate fee paid	(143,242)
Unique Logistics International (BOS), Inc.	Mr. Lee Chi Tak, Richard is the beneficial member of the contracted party	Freight income received	3,852,852
		Freight charges paid	(2,917,328)

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8. **BENEFITS AND INTERESTS OF DIRECTORS (CONT'D)**

(b) **Directors' material interests in transactions, arrangement or contracts (cont'd)**

<u>Identity of related parties</u>	<u>Nature of related party relationship</u>	<u>Type of transactions</u>	<u>Volume of transactions</u> HK\$
Unique Logistics International (ATL) LLC.	Mr. Lee Chi Tak, Richard is the beneficial member of the contracted party	Freight income received Freight charges paid	14,219,924 (12,081,861)
Unique Logistics International (NYC), LLC.	Mr. Lee Chi Tak, Richard is the beneficial member of the contracted party	Freight income received Freight charges paid	48,109,821 (22,584,570)
Unique Logistics International (LAX) Inc.	Mr. Lee Chi Tak, Richard is the beneficial member of the contracted party	Freight income received Freight charges paid	1,676,066 (954,263)
Unique Logistics International (H.K.) Limited	Fellow subsidiary	Freight income received Freight charges paid	478,464 (31,292)
ULI (South China) Ltd.	Fellow subsidiary	Freight charges paid	(246)
Unique Logistics (Korea) Co., Ltd.	Fellow subsidiary	Freight income received Freight charges paid	298 (52,368)
Unique Logistics International (India) Private Limited	Fellow subsidiary	Freight income received	93,502
Unique Logistics International (Vietnam) Co., Ltd.	Fellow subsidiary	Freight income received Freight charges paid	351 (633)
Shenzhen Unique Logistics International Limited	Fellow subsidiary	Freight income received Freight charges paid	7,440,079 (37,460,289)
Unique Freight Solutions (Thailand) Co., Ltd.	Fellow subsidiary	Freight charges paid	(7,264)

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8. BENEFITS AND INTERESTS OF DIRECTORS (CONT'D)

(b) Directors' material interests in transactions, arrangement or contracts (cont'd)

Identity of related parties	Nature of related party relationship	Type of transactions	Volume of transactions HK\$
Unique Logistics International (SIN) Pte. Ltd. (Formerly known as Unique Freight Solutions (S) Pte. Ltd.)	Fellow subsidiary	Freight charges paid	(19,615)
China Wealth Logistics Limited	Fellow subsidiary	Freight charges paid	(380,223)
ULI International Company Limited	Associate company	Freight income received Freight charges paid	2,696,590 (49,774)
TGF Unique Limited	Associate company	Freight income received Freight charges paid	885,825 (101,845)
Asia Freight Solutions (H.K.) Limited	Associate company	Freight income received	66,064
Across Logistics (H.K.) Limited	Associate company	Freight income received	96,966
Across Logistics Australia Pty Ltd	Associate company	Freight charges paid	(24,387)
Unique Logistics International Philippines Inc.	Associate company	Freight income received Freight charges paid	9,634 (584)
Unique International Logistics (M) Sdn. Bhd.	Associate company	Freight income received Freight charges paid	4,681 (138)
ULI (North & East China) Company Limited	Associate company	Freight charges paid	(272)
Unique Logistics International (Shanghai) Co., Ltd.	Associate company	Freight charges paid	(4,184)
P.T. Unique Logistics International Indonesia	Associate company	Freight charges paid	(5,745)

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
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9. PROPERTY AND EQUIPMENT

	Furniture and fixtures HKD	Office equipment HKD	Total HKD
Cost:			
At 1 January 2019	4,790	99,129	103,919
Additions	-	2,910	2,910
Disposal	(2,225)	(53,197)	(55,422)
At 31 December 2019, 1 January 2020 and 31 December 2020	<u>2,565</u>	<u>48,842</u>	<u>51,407</u>
Accumulated depreciation:			
At 1 January 2019	4,790	99,129	103,919
Charge for the year	-	291	291
Disposal	(2,225)	(53,197)	(55,422)
At 31 December 2019 and 1 January 2020	2,565	46,223	48,788
Charge for the year	-	582	582
At 31 December 2020	<u>2,565</u>	<u>46,805</u>	<u>49,370</u>
Carrying value:			
At 31 December 2020	<u>-</u>	<u>2,037</u>	<u>2,037</u>
At 31 December 2019	<u>-</u>	<u>2,619</u>	<u>2,619</u>

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
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10. TRADE RECEIVABLES

Trade receivables are expected to be recovered within one year.

Trade receivables represented by:

	<u>2020</u>	<u>2019</u>
	HKD	HKD
- Immediate holding company	1,533	133
- Fellow subsidiaries	15,190,782	16,287,701
- Related companies	13,912,873	353,583
- Third parties	4,293,970	2,363,174
	<u>33,399,158</u>	<u>19,004,591</u>

Included in trade receivables are the following amounts denominated in currencies other than the Company's functional currency:

	<u>2020</u>	<u>2019</u>
	HKD	HKD
Renminbi	406,369	1,465,268
United States Dollars	32,101,758	12,124,915
Euro Dollars	<u>(70,400)</u>	<u>-</u>

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired related to a number of independent customers that have a good track record with the Company. Based on past experience, management believes that no loss allowance for ECL is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are considered fully recoverable. The Company does not hold any collateral over these balances.

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
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11 CASH AND CASH EQUIVALENTS

	<u>2020</u>	<u>2019</u>
	HKD	HKD
Cash at bank and in hand	998,943	754,323
Bank overdrafts (note 13)	<u>(10,981,233)</u>	<u>(10,998,161)</u>
Cash and cash equivalents in the statement of cash flows	<u>(9,982,290)</u>	<u>(10,243,838)</u>

Cash at bank earns interest at floating interest rates based on daily bank deposit rates.

Included in cash and cash equivalents are the following amounts denominated in currencies other than the Company's functional currency:

	<u>2020</u>	<u>2019</u>
	HKD	HKD
United States Dollars	545,201	263,203
Renminbi	<u>88,920</u>	<u>167,782</u>

12. TRADE PAYABLES

Trade payables are expected to be settled within one year.

The trade payables represented by:

	<u>2020</u>	<u>2019</u>
	HKD	HKD
Trade payables		
- Immediate holding company	33,109	22,510
- Fellow subsidiaries	12,389,450	3,558,902
- Related companies	1,261,890	1,759,475
- Third parties	<u>2,730,500</u>	<u>553,424</u>
	<u>16,414,949</u>	<u>5,894,311</u>

Included in trade payables are the following amounts denominated in currencies other than the Company's functional currency:

	<u>2020</u>	<u>2019</u>
	HKD	HKD
United States Dollars	4,016,959	642,266
Renminbi	<u>12,221,392</u>	<u>5,076,126</u>

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
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13. **BANK OVERDRAFTS**

At 31 December 2020, the bank overdrafts were repayable within 1 year or on demand.

At 31 December 2020, the bank overdrafts were secured as follows:

	<u>2020</u> HKD	<u>2019</u> HKD
Secured bank overdrafts (note 11)	<u>10,981,233</u>	<u>10,998,161</u>

The secured bank overdrafts bear interest at 0.75% per annum over Prime Rate and the interest expenses was borne by a fellow subsidiary.

At 31 December 2020, the Company had general banking facilities of approximately HKD17 million (2019: HKD17 million), of which HKD6 million are shared with a fellow subsidiary. These facilities are secured by the following:

- (i) pledged bank deposits of a fellow subsidiary;
- (ii) second legal charge over certain leasehold properties of a director;
- (iii) assignment of insurance policy in respect of certain leasehold properties of a director;
- (iv) guarantee and undertaking from ultimate holding company;
- (v) guarantee and undertaking from a director;
- (vi) guarantee and undertaking from immediate holding company;
- (vii) guarantee and undertaking from fellow subsidiaries.

14. **CAPITAL AND RESERVES AND DIVIDENDS**

(a) **Share capital**

	<u>2020</u>		<u>2019</u>	
	<u>Number of shares A</u>	<u>Amount HK\$</u>	<u>Number of shares</u>	<u>Amount HK\$</u>
Ordinary share, issued and fully paid: At 1 January and 31 December	<u>900,000</u>	<u>900,000</u>	<u>900,000</u>	<u>900,000</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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14. CAPITAL AND RESERVES AND DIVIDENDS (CONT'D)

(b) **Dividends**

The directors have declared a dividend of HKD0.4418 (2019: HKD0.36) per ordinary share totalling of HKD397,620 (2019: HKD324,000). The directors do not recommend the payment of a final dividend.

(c) **Capital management**

Capital comprises share capital and reserves stated in the statement of financial position. The Company's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders.

The Company manages capital by regularly monitoring its current and expected liquidity requirements rather than using debt/equity ratio analysis.

The Company is not subject to either internally or externally imposed capital requirements.

15. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, foreign currency and interest rate risks arises in the normal course of the Company's business. The Company's exposure to these risks and the financial risk management policies and practices used by the Company to manage these risks are described below.

(a) **Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Company's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with high credit-rating assigned by international credit-rating agencies, for which the Company considers to have low credit risk.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
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15. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

(a) Credit risk (cont'd)

Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 days from the date of billing.

The Company measures loss allowances for trade receivables at an amount equal to lifetime ECL, which is calculated using a provision matrix. As the Company's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Company's different customer bases. In the opinion of the directors, allowance for ECL was insignificant as at 31 December 2020.

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

The Company has all customers and which can be graded as low risk individually. These trade receivables shown above are subject to the ECL model under the financial reporting standard on financial instruments. The trade receivables are considered to have low credit risk individually. At the end of the reporting year a loss allowance is recognised at an amount equal to 12 month ECL because there has not been a significant increase in credit risk since initial recognition. No loss allowance is necessary.

(b) **Liquidity risk**

The Company's policy is to regularly monitor its current and expected liquidity requirements to ensure that it maintains sufficient reserve of cash to meet its liquidity in the short and longer term.

All the Company's financial liabilities are due on demand or less than one year.

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
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15. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONT'D)

(c) Foreign currency risk

The Company's monetary assets and transactions are predominately in Hong Kong dollars, United States dollars and Renminbi. As Hong Kong dollar is pegged to United States dollar and there is insignificant fluctuation in the exchange rate between Hong Kong dollar and Renminbi, the Company does not expect any significant exposure to foreign currency risk.

(d) Interest rate risk

As the Company has no significant interest bearing assets and liabilities, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

(e) Categories of financial instruments at 31 December

	<u>2020</u>	<u>2019</u>
	HKD	HKD
Financial assets:		
Financial assets at amortised cost	34,398,101	19,758,914
Financial liabilities:		
Financial liabilities in amortised cost	<u>28,684,590</u>	<u>17,860,328</u>

(f) Fair values

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2020 and 2019.

16. MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with key management personnel

All members of key management personnel are the directors of the Company, and the remuneration for them is disclosed in note 8(a).

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2020
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16. MATERIAL RELATED PARTY TRANSACTIONS (CONT'D)

(b) Transactions with other related parties

During the year, the Company entered into the following material related party transactions:

	<u>2020</u>	<u>2019</u>
	HKD	HKD
<u>Immediate holding company</u>		
Administration and handling fee paid	270,000	270,000
Group fee paid	368,844	314,057
Corporate fee paid	143,242	123,559
<u>Fellow subsidiary companies</u>		
Freight income received	8,012,694	54,418,255
Freight charges paid	37,951,930	55,642,170
Administration and handling fee paid	-	4,000,000
<u>Related companies</u>		
Freight income received	71,618,423	2,260,931
Freight charges paid	38,724,951	246,811

Balances with related parties are disclosed in the statement of financial position and in notes 10 and 12 to the financial statements.

17. ACCOUNTING ESTIMATES AND JUDGEMENTS

Note 15 contains information about the assumptions and their risk factors relating to financial instruments. Other key sources of estimates and judgements are as follows:

(a) Depreciation

Depreciation is calculated to write off the cost of items of fixed assets, less their estimated residual value, if any, using the straight-line method over their estimated useful lives. The Company reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives and residual values are based on the Company's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in Hong Kong dollars)
(For management information only)

17. ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(b) **Impairment of trade receivable**

The management of the Company estimates the amount of impairment loss for ECL on trade receivables based on the credit risk of trade receivables. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

As at 31 December 2020, the carrying amount of trade receivables is HK\$33,399,158 (net of allowance for doubtful debts of HKD Nil) (2019: HK\$19,004,591 (net of allowance for doubtful debts of HKD Nil)).

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
 DETAILED INCOME STATEMENT
 FOR THE YEAR ENDED 31 DECEMBER 2020
 (Expressed in Hong Kong dollars)
 (For management information only)

	2020 HKD	2019 HKD
Freight income	102,745,214	74,726,657
Freight costs	<u>(95,583,116)</u>	<u>(68,548,730)</u>
Gross profit	<u>7,162,098</u>	<u>6,177,927</u>
Add: Other income		
Bank interest income	484	538
Sundry income	3,166	-
	<u>3,650</u>	<u>538</u>
Add: Other gains and losses - net exchange losses	<u>(444,312)</u>	<u>(60,593)</u>
Less: Expenditure (Appendix ii)		
Administrative expenses	1,866,567	1,668,506
Other operating expenses	635,948	5,028,503
	<u>2,502,515</u>	<u>6,697,009</u>
Profit/(loss) from operations	<u>4,218,921</u>	<u>(579,137)</u>
Less: Finance costs - Bank loan interest	<u>(6,958)</u>	<u>-</u>
Profit/(loss) before taxation	<u>4,211,963</u>	<u>(579,137)</u>

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
OVERHEAD EXPENSES
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in Hong Kong dollars)
(For management information only)

	<u>2020</u>	<u>2019</u>
	HKD	HKD
Administrative expenses		
Computer expenses	81,654	74,118
Salaries and bonuses	1,575,357	1,386,491
Staff welfare	107,181	105,522
Telephone and facsimile	102,375	102,375
	<u>1,866,567</u>	<u>1,668,506</u>
Other administrative expenses		
Administration and handling fee	270,000	4,270,000
Auditor's remuneration	47,900	46,900
Bad debts	6,646	-
Bank charges	44,183	39,481
Business registration fee	250	250
Corporate fee	143,242	123,559
Depreciation	582	291
Entertainment	96,255	70,764
General expenses	249	605
Insurance	15,457	14,713
Legal and professional fees	6,500	5,500
Local travelling	420	-
Management fee expenses	-	453,029
Printing and stationery	1,551	666
Repairs and maintenance	2,713	2,745
	<u>635,948</u>	<u>5,028,503</u>
	<u>2,502,515</u>	<u>6,697,009</u>

Auditor's Report

Shenzhen Unique Logistics International Limited

The auditors' report and the accompanying financial statements are English translations of the Chinese auditors' report NO.<Shenming Dingsuo 2021 076>and the financial statements prepared under accounting principles and practices generally accepted in the People's Republic of China. These financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in other countries and jurisdictions. In case the English version does not conform to the chinese version, the Chinese version prevails.

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Auditor's Report

To the Board of Directors of Shenzhen Unique Logistics International Limited

Opinion

We have audited the financial statements of Shenzhen Unique Logistics International Limited (hereafter referred to as “the Company”), which comprises the balance sheet as at 31 December 2020, the income statement, the cash flow statement, the statement of changes in owners’ equity for the year then ended, and the notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the company’s financial position as at 31 December 2020, and of their financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

Basis for Opinion

We conducted our audit in accordance with Chinese Standards on Auditing (CSAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management of the Company (hereafter referred to as “Management”) is responsible for the preparation and fair presentation of the financial statements in accordance with Accounting Standards of Business Enterprises, and for the design, implementation and maintenance of such internal control as management deem necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- i) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- iv) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- v) Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

SHENZHEN MINGDING CPA

Name of CPA : /s/ Zhang Hanbin

Shenzhen, China

Name of CPA : /s/ Huang Shaowei

8 April 2021

Balance Sheet

as at 31 December 2020

Prepared by : Shenzhen Unique Logistics International Limited

Currency: RMB

Assets	Note	2020/12/31		2019/12/31		Liabilities and owners' equity	Note	2020/12/31		2019/12/31	
		Consolidated	Headquarters	Consolidated	Headquarters			Consolidated	Headquarters		
Current assets:						Current liabilities					
Cash	6.1	7,159,403.96	6,441,204.28	3,750,199.05	3,020,058.10	Short-term borrowings					
Financial assets at fair value through profit or loss						Financial liabilities at fair value through profit or loss					
Derivative financial assets						Derivative financial liabilities					
Notes receivable						Notes payable					
Accounts receivable	6.2	54,232,136.84	43,279,460.23	38,716,735.94	34,560,820.95	Accounts payable	6.9	35,398,866.90	24,589,341.71	18,130,228.59	13,804,405.68
Accounts receivable financing						Advances from customers		-	-	2,818.50	-
Prepayments	6.3	152,162.63	30,884.88	118,227.01	-	Contract liabilities					
Other receivables	6.4	9,505,941.50	10,707,415.82	3,021,592.70	4,845,448.26	Employee benefits payable	6.10	883,622.10	635,152.19	891,472.29	642,228.13
Inventories						Taxes payable	6.11	1,232,956.79	624,780.67	12,391.36	6,448.10
Assets classified as held for sale						Other payables	6.12	4,795,274.81	4,505,991.02	1,780,459.31	1,578,117.87
Long-term debt investments due within one year						Liabilities classified as held for sale					
Other current assets						Long-term loans due within one year					
Total current assets		71,049,644.93	60,458,965.21	45,606,754.70	42,426,327.31	Other current liabilities					
Non-current assets:						Total current liabilities		42,310,720.60	30,355,265.59	20,817,370.05	16,031,199.78
Debt investments						Non-current liabilities:					
Other debt investments						Long-term borrowings					
Long-term receivables						Bonds payable					
Long-term equity investments	6.5	1,100,000.00	1,100,000.00	1,100,000.00	1,100,000.00	Including: Preference share					
Other equity instrument investment						Perpetual capital securities					
Other non-current financial assets						Lease liability					
Investment properties						Long-term payables					
Fixed assets	6.6	658,980.79	577,400.27	664,437.62	570,458.00	Estimated liabilities					
Fixed assets under construction						Deferred income					
Productive biological assets						Deferred tax liabilities					
Oil and gas assets						Other non-current liabilities					
Right-of-use assets						Total non-current liabilities					
Intangible assets	6.7	17,598.59	15,648.25	24,572.51	21,322.21	Total non-current liabilities					
Research and development expenditure						Total liabilities		42,310,720.60	30,355,265.59	20,817,370.05	16,031,199.78
Goodwill						Owners' equity					
Long-term deferred expenses	6.8	434,269.01	279,128.45	722,823.29	502,431.17	Share capital	6.13	16,500,000.00	16,500,000.00	16,500,000.00	16,500,000.00
Deferred tax assets						Other equity instruments					
Other non-current assets						Capital reserves	6.14	49,708.79	49,708.79	49,708.79	49,708.79
Total non-current assets		2,210,848.39	1,972,176.97	2,511,833.42	2,194,211.38	Other comprehensive income					
						Specific reserves					
						Surplus reserves	6.15	1,636,042.26	1,636,042.26	1,271,186.79	1,271,186.79
						Retained earnings	6.16	12,764,021.67	13,890,125.54	9,480,322.49	10,768,443.33
						Total owners' equity		30,949,772.72	32,075,876.59	27,301,218.07	28,589,338.91
Total assets		73,260,493.32	62,431,142.18	48,118,588.12	44,620,538.69	Total liabilities and owners' equity		73,260,493.32	62,431,142.18	48,118,588.12	44,620,538.69

Legal Representative: To Wong ,Thomas

Chief Financial Officer : Luo xiaohong

Finance Manager : Luo xiaohong

Income Statement
for the year ended 31 December 2020

Prepared by : Shenzhen Unique Logistics International Limited

Currency: RMB

Item	Note	2020	2020	2019	2019
		Consolidated	Headquarters	Consolidated	Headquarters
I. Revenue	6.17	347,680,075.44	289,990,620.80	171,507,247.01	137,106,192.03
Less: Costs of sales	6.18	332,843,916.94	280,299,582.96	157,450,661.03	127,955,124.44
Taxes and surcharges	6.19	2,469.87	1,783.09	7,051.25	5,136.41
Marketing expenses	6.20	628,583.00	628,583.00	624,385.00	624,385.00
General and administrative expenses	6.21	11,490,201.44	7,171,307.03	12,127,119.63	7,569,925.53
Research and development expenses					
Finance expenses	6.22	887,571.13	833,265.35	-108,772.60	-133,901.13
Including: Interest expense					
Interest income		26,955.29	21,336.33	18,551.69	12,199.98
Add: Other income					
Investment income/(losses)					
Including: Investment income from associates and joint ventures					
Gains /(losses) from derecognition of financial assets measured at amortised cost					
Including: Investment income from associates and joint ventures					
Income /(losses) from net exposure hedging					
Gains/(losses) from changes in fair values					
Impairment loss of credit					
Impairment loss of asset	6.23	-12,344.30	-12,004.30	-	-
Gains/(losses) from disposal of assets		-	-	130,024.97	136,451.12
II. Profit/(loss) from operations		1,814,988.76	1,044,095.07	1,536,827.67	1,221,972.90
Add: Non-operating income	6.24	3,106,811.36	3,085,265.33	609,792.90	609,792.90
Less: Non-operating expenses	6.25	12,400.00	12,400.00	533.06	264.69
III. Profit/(loss) before tax		4,909,400.12	4,116,960.40	2,146,087.51	1,831,501.11
Less: Income tax expenses		1,260,845.47	630,422.72	174,160.63	87,080.32
IV. Net profit/(loss) for the year		3,648,554.65	3,486,537.68	1,971,926.88	1,744,420.79
Attributable to owners of the parent		3,648,554.65	3,486,537.68	1,971,926.88	1,744,420.79
Attributable to non-controlling interests					
V. Other comprehensive income for the year, after tax		-	-	-	-
(i) Items that will not be reclassified subsequently to profit or loss					
(ii) Items that may be reclassified subsequently to profit or loss					
VII. Total comprehensive income for the year		3,648,554.65	3,486,537.68	1,971,926.88	1,744,420.79

Legal Representative: To Wong ,Thomas

Chief Financial Officer : Luo xiaohong

Finance Manager : Luo xiaohong

Cash Flow Statement
for the year ended 31 December 2020

Prepared by : Shenzhen Unique Logistics International Limited

Currency: RMB

Items	2020	2019
I. Cash flows from operating activities		
Cash received from the sale of goods and the rendering of services	329,134,696.24	166,995,943.40
Cash received from tax refund	3,045,644.21	600,000.00
Other cash received relating to operating activities	26,955.29	18,551.69
Subtotal of cash inflows from operating activities	332,207,295.74	167,614,495.09
Cash paid for goods and services	315,603,980.22	157,475,230.66
Cash paid to and for employees	8,163,771.48	9,160,590.53
Tax payments	97,126.26	61.14
Cash paid for other operating activities	3,991,606.73	590,533.76
Subtotal of cash outflows from operating activities	327,856,484.69	167,226,416.09
Net cash flows from operating activities	4,350,811.05	388,079.00
II. Cash flows from investing activities		
Cash received from disposal of investments		
Cash received from return on investments		
Net cash received from disposal of fixed assets, intangible assets and other long- term assets	420,000.00	215,418.49
Net cash receipts from disposal of subsidiaries and other business divisions		
Cash receipts relating to other investing activities		
Subtotal of cash inflows from investing activities	420,000.00	215,418.49
Cash paid to acquire fixed assets, intangible assets and other long-term assets	515,958.96	854,408.01
Cash paid to acquire investments		
Other cash payments relating to investing activities		
Subtotal of cash outflows from investing activities	515,958.96	854,408.01
Net cash flows from investing activities	-95,958.96	-638,989.52
III. Cash flows from financing activities		
Cash received from capital contributions		
Cash received from borrowings		
Other cash received relating to financing activities		
Subtotal of cash inflows from financing activities		
Cash repayments of debts		
Other cash payments relating to financing activities		
Subtotal of cash outflows from financing activities		
Net cash flows from financing activities		
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-845,647.18	147,813.53
V. Net increase / (decrease) in cash and cash equivalents	3,409,204.91	-103,096.99
Plus: Cash and cash equivalents at the beginning of the period	3,750,199.05	3,853,296.04
VI. Cash and cash equivalents at the end of the period	7,159,403.96	3,750,199.05

Legal Representative: To Wong ,Thomas

Chief Financial Officer : Luo xiaohong

Finance Manager : Luo xiaohong

Statement of Changes in Owners' Equity for the year ended 31 December 2020

Prepared by : Shenzhen Unique Logistics International Limited

Currency: RMB

Item	2020 Consolidated						2020 Headquarters							
	Share capital	Capital reserves	Less: Treasury stock	Surplus reserves	General risk reserves	Retained earnings	Total owners' equity	Share capital	Capital reserves	Less: Treasury stock	Surplus reserves	General risk reserves	Retained earnings	Total owners' equity
I. Balance at 31 December 2019	16,500,000.00	49,708.79	-	1,271,186.79		9,480,322.49	27,301,218.07	16,500,000.00	49,708.79	-	1,271,186.79	-	10,768,443.33	30,316,312.70
Add : Changes in accounting policy														
Correction of prior period errors														
Others														
II. Balance at 1 January 2020	16,500,000.00	49,708.79	-	1,271,186.79		9,480,322.49	27,301,218.07	16,500,000.00	49,708.79	-	1,271,186.79	-	10,768,443.33	28,589,338.91
III. Changes in equity during the reporting period				364,855.47		3,283,699.18	3,648,554.65				364,855.47		3,121,682.21	3,486,537.68
(i) Total comprehensive income						3,648,554.65	3,648,554.65						3,486,537.68	3,486,537.68
(ii) Capital contributions or withdrawals by owners														
1. Ordinary shares contributed by shareholders														
2 . Capital contributed by holders of other equity instruments														
3 . Share-based payments recognised in owners' equity														
4 . Others														
(iii) Profit distribution				364,855.47		-364,855.47					364,855.47		-364,855.47	
1 . Withdrawal of surplus reserves				364,855.47		-364,855.47					364,855.47		-364,855.47	
2 . Profit distribution to owners (or shareholders)														
3 . Others														
(iv) Transfer between owners' equity														
1 . Capital reserves transfer to share capital														
2 . Surplus reserves transfer to share capital														
3 . Surplus reserves used to cover accumulated deficits														
4. Others														
(v) Specific reserves														
1 . Withdrawal during the reporting period														
2 . Usage during the reporting period														
(vi) Others														
IV. Balance at 31 December 2020	16,500,000.00	49,708.79	-	1,636,042.26		12,764,021.67	30,949,772.72	16,500,000.00	49,708.79	-	1,636,042.26	-	13,890,125.54	32,075,876.59

Legal Representative: To Wong ,Thomas

Chief Financial Officer : Luo xiaohong

Finance Manager : Luo xiaohong

**Statement of Changes in Owners' Equity
for the year ended 31 December 2020**

Prepared by : Shenzhen Unique Logistics International Limited

Currency: RMB

Item	2019						2019							
	Consolidated						Headquarters							
	Share capital	Capital reserves	Less: Treasury stock	Surplus reserves	General risk reserves	Retained earnings	Total owners' equity	Share capital	Capital reserves	Less: Treasury stock	Surplus reserves	General risk reserves	Retained earnings	Total owners' equity
I. Balance at 31 December 2018	16,500,000.00	49,708.79		1,073,994.10		7,711,638.30	25,335,341.19	16,500,000.00	49,708.79		1,073,994.10		9,224,240.23	26,847,943.12
Add : Changes in accounting policy														
Correction of prior period errors						-6,050.00	-6,050.00						-3,025.00	-3,025.00
Others														
II. Balance at 1 January 2019	16,500,000.00	49,708.79		1,073,994.10		7,705,588.30	25,329,291.19	16,500,000.00	49,708.79		1,073,994.10		9,221,215.23	26,844,918.12
III. Changes in equity during the reporting period				197,192.69		3,451,361.96	3,648,554.65				197,192.69		3,289,344.99	3,486,537.68
(i) Total comprehensive income						3,648,554.65	3,648,554.65						3,486,537.68	3,486,537.68
(ii) Capital contributions or withdrawals by owners														
1. Ordinary shares contributed by shareholders														
2. Capital contributed by holders of other equity instruments														
3. Share-based payments recognised in owners' equity														
4. Others														
(iii) Profit distribution				197,192.69		-197,192.69					197,192.69		-197,192.69	
1. Withdrawal of surplus reserves				197,192.69		-197,192.69					197,192.69		-197,192.69	
2. Profit distribution to owners (or shareholders)														
3. Others														
(iv) Transfer between owners' equity														
1. Capital reserves transfer to share capital														
2. Surplus reserves transfer to share capital														
3. Surplus reserves used to cover accumulated deficits														
4. Defined benefit plan transfer to retained earnings														
5. Others														
(v) Specific reserves														
1. Withdrawal during the reporting period														
2. Usage during the reporting period														
(vi) Others														
IV. Balance at 31 December 2019	16,500,000.00	49,708.79		1,271,186.79		11,156,950.26	28,977,845.84	16,500,000.00	49,708.79		1,271,186.79		12,510,560.22	30,331,455.80

Legal Representative: To Wong, Thomas

Chief Financial Officer : Luo xiaohong

Finance Manager : Luo xiaohong

Shenzhen Unique Logistics International Limited Notes to the Financial Statements

For the year ended 31 December 2020

(All amounts are expressed in Renminbi Yuan("RMB")unless otherwise stated)

1. BASIC INFORMATION ABOUT THE COMPANY

Shenzhen Unique Logistics International Limited ("the Company") was established on November 3, 2004, upon approval of the Ministry of Commerce of the People's Republic of China with the approval documents, the Ministry of Commerce Capital approval No. [1667]. On November 8, 2004, the Company received the Approval certificate of Taiwan, Hong Kong, Macao and overseas Chinese investment enterprises of the People's Republic of China with the code of Foreign Capital Approval NO. A[2004]0201", and was formally established on December 3, 2004 as a sole proprietorship (Hong Kong-owned) enterprise. The unified social credit code is 91440300717853000C, and the operating period is 40 years.

According to the Company's board of directors' resolution on October 10, 2007 and the revised articles of association, ATE Unique Consolidators Limited, the Company's original shareholder, transferred its shares to Unique Logistics International (HK) Limited. The change was approved and registered by Shenzhen Administration for Industry and Commerce on June 21, 2008.

The Company's business scopes include international import and export cargo air and ocean freight agency services, including: soliciting cargo, booking space, warehousing, transit, container assembly and unpacking, settlement of freight and miscellaneous charges, customs declaration, inspection, insurance, international exhibits, multimodal transportation and other short-distance transportation and transportation consulting related services.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Basis of Preparation

Based on going concern, according to actually occurred transactions and events, the Company prepares its financial statements in accordance with the Accounting Standards for Business Enterprises – Basic standards and concrete accounting standards, Accounting Standards for Business Enterprises – Application Guidelines, Accounting Standards for Business Enterprises – Interpretations and other relevant provisions (collectively known as "Accounting Standards for Business Enterprises, issued by Ministry of Finance of PRC").

2.2 Going Concern

The Company has assessed its ability to continually operate for the next twelve months from the end of the reporting period, and no any matters that may result in doubt on its ability as a going concern were noted. Therefore, it is reasonable for the Company to prepare financial statements on the going concern basis.

3. Statement of Compliance with the Accounting Standards for Business Enterprises

The Company prepares its financial statements in accordance with the requirements of the Accounting Standards for Business Enterprises, truly and completely reflecting the Company's financial position as at December 31, 2020, and its operating results, changes in shareholders' equity, cash flows and other related information for the year then ended.

4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

4.1 Accounting system

The Company prepares its financial statements in accordance with the Accounting Standards for Business Enterprises – Basic standards and concrete accounting standards, Accounting Standards for Business Enterprises – Application Guidelines, Accounting Standards for Business Enterprises – Interpretations and other relevant provisions (collectively known as “Accounting Standards for Business Enterprises, issued by Ministry of Finance of PRC”).

4.2 Accounting Period

The accounting year of the Company is from January 1 to December 31 in calendar year.

4.3 Operating Cycle

The normal operating cycle of the Company is twelve months.

4.4 Functional Currency

The Company’s functional currency is Renminbi Yuan (“RMB”).

4.5 Accounting basis and pricing principles

The Company’s accounting is based on the accrual basis. Except for certain financial instruments, the financial statements use historical cost as the pricing principle. The Company needs to recognize impairment provision if an asset is impaired.

4.6 Accounting method of foreign currency business

For non-standard currency economic transactions that occur during the year, they are converted into the accounting standard currency at the exchange rate on the day when the business occurs. At the end of the year, the exchange difference arising from the settlement of these transactions and the conversion of monetary assets and liabilities in foreign currencies at the year-end exchange rate, except for the exchange difference between the principal and interest of foreign currency special borrowings related to the acquisition and construction of assets that meet the conditions for capitalization. In addition, it is recorded in the current year’s profit and loss account; foreign currency non-monetary items measured at historical cost are still converted at the spot exchange rate on the transaction date, and their RMB amount is not changed; foreign currency non-monetary items measured at fair value are determined by fair value. The spot exchange rate of the day is converted, and the difference is included in the current profit and loss or other comprehensive income.

4.7 Cash and Cash Equivalents

Cash in the cash flow statement refers to the company’s cash in hand and deposits that can be used for payment at any time. Cash equivalents refer to investments held with short term, strong liquidity, easy conversion into known amount of cash, and low risk of value changes, etc., which are regarded as cash equivalents. Including short-term bond investments that can be circulated in the securities market and mature within three months from the date of purchase.

4.8 Bad debt accounting method

(a) The company's bad debt confirmation standard is :

The debtor goes bankrupt or dies, and it still cannot be recovered after paying off with his bankrupt property or inheritance; Receivables that the debtor has not fulfilled the repayment obligations for more than three years and has conclusive evidence that it cannot be recovered; Objective evidence shows that the company will not be able to recover all due payments in accordance with the original terms of the accounts receivable.

(b) Method of provision for bad debts:

The company adopts the allowance method for the provision of bad debts.

4.9 Financial Instruments

(a) Classification and measurement of financial assets and financial liabilities

Financial assets are divided into the following four categories at the time of initial recognition: Financial assets measured at fair value and whose changes are included in the current profit and loss (including transactional financial assets and financial assets designated as fair value and whose changes are included in the current profit and loss) , Held-to-maturity investments, loans and receivables, available-for-sale financial assets.

Financial liabilities are divided into the following two categories at the time of initial recognition: financial liabilities measured at fair value and whose changes are included in the current profit and loss (including transactional financial liabilities and financial liabilities designated as fair value and whose changes are included in the current profit and loss) , Other financial liabilities.

(b) Recognition basis, measurement method and termination conditions of financial assets and financial liabilities

When the company becomes a party to a financial instrument contract, a financial asset or financial liability is recognized. When financial assets or financial liabilities are initially recognized, they are measured at fair value; for financial assets and financial liabilities that are measured at fair value and whose changes are included in the current profit and loss, the relevant transaction costs are directly included in the current profit and loss; for other types of financial assets or financial Liabilities, related transaction costs are included in the initial confirmation amount.

The company conducts subsequent measurement of financial assets at fair value, and does not deduct transaction costs that may occur when the financial asset is disposed of in the future, except for the following circumstances: A. The actual interest rate is used for held-to-maturity investments and loans and receivables Method, measured at amortized cost; B. Equity instrument investments that are not quoted in an active market and whose fair value cannot be reliably measured, and derivative financial assets that are linked to the equity instrument and must be settled by the delivery of the equity instrument, are measured at cost .

The company adopts the effective interest method to carry out subsequent measurement of financial liabilities based on amortized cost, except for the following circumstances:

A. Financial liabilities measured at fair value and whose changes are included in the current profit and loss are measured at fair value without deduction for future settlement Transaction costs that may occur during financial liabilities; B. Derivative financial liabilities that are linked to equity instruments that are not quoted in an active market and whose fair value cannot be reliably measured and that must be settled by the delivery of the equity instruments are measured at cost; C. Not designated A financial guarantee contract for a financial liability that is measured at fair value and whose changes are included in the current profit and loss, or is not designated as a loan commitment that is measured at fair value and whose changes are included in the current profit and loss and will be loaned at a lower than market interest rate, which is initially recognized Subsequent measurement shall be carried out according to the higher of the following two amounts: a. The amount determined in accordance with the “Accounting Standards for Business Enterprises No. 13-Contingent Events”; b. The deduction of the initial recognized amount shall be in accordance with the “Accounting Standards for Business Enterprises No. 14 —The balance after the accumulated amortization determined by the principle of “Income”.

The gains or losses arising from changes in the fair value of financial assets or financial liabilities shall be dealt with in accordance with the following methods, except those related to hedging: A. The changes in the fair value of financial assets or financial liabilities that are measured at fair value and whose changes are included in the current profits and losses are formed The gains or losses of the assets shall be included in the gains and losses from changes in fair value; the interest or cash dividends obtained during the asset holding period shall be recognized as investment income; at the time of disposal, the difference between the actual amount received and the initial recorded amount shall be recognized as investment Income, while adjusting the gains and losses from changes in fair value. B. Changes in the fair value of available-for-sale financial assets are included in other comprehensive income; interest calculated based on the actual interest rate method during the holding period is included in investment income; cash dividends for investment in available-for-sale equity instruments are declared as dividends in the investee At the time of disposal, the difference between the actual amount received and the book value after deducting the cumulative amount of changes in fair value originally directly included in other comprehensive income is recognized as investment income.

When the contractual right to receive the cash flow of a financial asset has terminated or almost all the risks and rewards of the ownership of the financial asset have been transferred, the financial asset is derecognized; when the current obligation of the financial liability is completely or partially discharged, the recognition is terminated accordingly The financial liability or part of it.

(c) Confirmation basis and measurement method of financial asset transfer

If the company has transferred almost all the risks and rewards in the ownership of financial assets to the transferee, it will terminate the confirmation of the financial assets; if it has retained almost all the risks and rewards in the ownership of the financial assets, continue to confirm the transferred financial assets, and The received consideration is recognized as a financial liability. If the company neither transfers nor retains almost all the risks and rewards of the ownership of the financial assets, the following situations shall be dealt with respectively: A. If the control of the financial asset is abandoned, the recognition of the financial asset shall be terminated; B. The control of the financial asset has not been given up If the financial assets are transferred, the relevant financial assets shall be recognized according to the degree of continued involvement in the transferred financial assets, and the relevant liabilities shall be recognized accordingly.

If the overall transfer of financial assets meets the conditions for termination of confirmation, the difference between the following two amounts is included in the current profit and loss: A. The book value of the transferred financial assets; B. The consideration received due to the transfer is directly included in the owner’s equity. The sum of the cumulative amount of changes in fair value. If the partial transfer of financial assets meets the conditions for termination of confirmation, the book value of the entire transferred financial assets will be allocated between the derecognized part and the untermiated part according to their respective relative fair values, and the difference between the following two amounts will be calculated In the current profit and loss: A. The book value of the derecognized part; B. The consideration of the derecognized part, and the sum of the amount of the corresponding derecognized part in the accumulated amount of fair value changes originally directly included in the owner’s equity.

(d) Methods for determining the fair value of major financial assets and financial liabilities

For financial assets or financial liabilities in an active market, the fair value of the financial assets or financial liabilities is determined based on the quoted prices in the active market; for financial assets or financial liabilities that do not exist in an active market, valuation techniques are used (including reference to the recent market conducted by parties who are familiar with the situation and willingly trade. The price used in the transaction, the current fair value of other financial instruments that are substantially the same, the discounted cash flow method and the option pricing model, etc.) are used to determine the fair value; the financial assets or financial liabilities assumed initially. The market transaction price serves as the basis for determining its fair value.

(e) Impairment testing of financial assets and the method of provision for impairment

On the balance sheet date, the book value of financial assets other than financial assets that are measured at fair value and whose changes are included in the current profit and loss are checked. If there is objective evidence that the financial asset is impaired, an impairment provision is made.

Individually significant financial assets shall be tested for impairment separately; for financial assets with insignificant individual amounts, they may be tested separately, or included in a portfolio of financial assets with similar credit risk characteristics for impairment testing; separate tests have not been conducted. Financial assets that are impaired (including financial assets with significant and insignificant individual amounts) are included in a combination of financial assets with similar credit risk characteristics and then tested for impairment.

For a financial asset measured at amortized cost, if there is objective evidence showing that it has been impaired at the end of the period, the impairment loss shall be recognized based on the difference between its book value and the present value of expected future cash flows. When there is no quotation in the active market and the fair value of which cannot be reliably measured, or the derivative financial asset that is linked to the equity instrument and needs to be settled by the delivery of the equity instrument is impaired, the equity instrument investment or derivative financial asset. The difference between the book value of similar financial assets and the current value determined by discounting future cash flows based on the current market rate of return of similar financial assets is recognized as an impairment loss.

The fair value of available-for-sale financial assets has experienced a significant decline, or after comprehensive consideration of various relevant factors, this decline is expected to be non-temporary, the impairment loss is recognized and the original is directly included in the owner's equity. The accumulated loss of fair value of the company is transferred out and included in the impairment loss.

4.10 Long-term Equity Investments

(a) Determination of investment cost

A. In the case of a business combination under the same control, if the merging party pays cash, transfers non-cash assets, assumes debts, or issues equity securities as the merger consideration, the merger shall be based on the owner's equity of the merged party in the final controlling party's financial consolidation on the date of merger. The share of the book value in the statement is used as its initial investment cost. The difference between the initial investment cost of long-term equity investment and the book value of the combined consideration paid or the total face value of the issued shares adjusts the capital reserve (capital premium or equity premium); if the capital reserve is insufficient to offset, adjust the retained earnings.

If a business combination under the same control is realized step by step, the initial investment cost of the investment shall be the share of the book owner's equity of the combined party calculated on the date of the combination calculated based on the shareholding ratio. The difference between the initial investment cost and the book value of the original long-term equity investment plus the fair value of the new payment consideration on the date of the merger, adjust the capital reserve (capital premium or equity premium), if the capital reserve is insufficient to offset, offset retained earnings.

B. In the case of a business combination not under the same control, the fair value of the combined consideration paid on the purchase date shall be the initial investment cost.

C. Except for the formation of a business combination: if it is obtained by paying cash, the actual purchase price paid shall be used as its initial investment cost; if it is obtained by issuing equity securities, the fair value of the issued equity securities shall be used as its initial investment cost; investment The initial investment cost shall be the value stipulated in the investment contract or agreement (except for the unfair value stipulated in the contract or agreement).

(b) Subsequent measurement and profit and loss confirmation method

The long-term equity investment that the company can control over the investee is accounted for using the cost method in the company's individual financial statements; for long-term equity investments that have joint control or significant influence, the equity method is used for accounting.

When the cost method is adopted, long-term equity investments are priced at the initial investment cost. Except for the actual payment when the investment is obtained or the declared but unpaid cash dividends or profits included in the consideration, it is based on the cash dividends or cash dividends declared to be distributed by the invested entity. Profit is recognized as current investment income, and at the same time, whether long-term investment is impaired is considered in accordance with the relevant asset impairment policy.

When the equity method is adopted, if the initial investment cost of a long-term equity investment is greater than the fair value of the investee's identifiable net assets at the time of investment, it is included in the initial investment cost of the long-term equity investment; the initial investment cost of the long-term equity investment is less than the initial investment cost of the investment. If the investee has a share of the fair value of the identifiable net assets of the investee, the difference shall be included in the current profit and loss, and the cost of long-term equity investment shall be adjusted at the same time.

When the equity method is adopted, after obtaining a long-term equity investment, the investment gains and losses shall be confirmed and the book value of the long-term equity investment shall be adjusted according to the share of the net profits and losses realized by the invested entity that shall be enjoyed or shared. When confirming the share of the net profit and loss of the investee, it is based on the fair value of the identifiable assets of the investee when the investment is obtained, in accordance with the company's accounting policy and accounting period, and offsets with associates and joint ventures. The profit and loss of internal transactions between enterprises is calculated based on the shareholding ratio attributable to the investment enterprise (but internal transaction losses are asset impairment losses, should be fully recognized), and the net profit of the invested unit is adjusted and confirmed. Calculate the portion that should be distributed according to the declared profit or cash dividends of the invested entity, and reduce the book value of the long-term equity investment accordingly. The company recognizes the net loss incurred by the investee, and the book value of the long-term equity investment and other long-term equity that actually constitute the net investment in the investee is written down to zero, unless the company is liable for additional loss obligations. For other changes in the owner's equity of the investee in addition to the net profit and loss, the book value of the long-term equity investment is adjusted and included in the owner's equity.

(c) Determining the basis for controlling and significant influence on the investee

Control refers to having the power over the investee, enjoying variable returns by participating in the relevant activities of the investee, and having the ability to use the power over the investee to affect the amount of return; significant impact refers to the investor's The unit's financial and operating policies have the power to participate in decision-making, but cannot control or jointly control the formulation of these policies with other parties.

(d) Disposal of long-term equity investments

A. Partial disposal of long-term equity investments in subsidiaries without losing control

When the long-term equity investment in a subsidiary is partially disposed of without losing control, the difference between the disposal price and the corresponding book value of the disposed investment shall be recognized as the current investment income.

B. Part of the disposal of equity investment or loss of control of the subsidiary due to other reasons

Part of the disposal of equity investment or loss of control of the subsidiary due to other reasons, for the disposal of equity, the book value of the long-term equity investment corresponding to the sold equity shall be carried forward, and the price of the sale shall be between the book value of the disposal of the long-term equity investment. The difference shall be recognized as investment income (loss); at the same time, the remaining equity shall be recognized as long-term equity investment or other related financial assets based on its book value. If the remaining equity after disposal can exercise joint control or have a significant influence on the subsidiary, it shall be accounted for in accordance with the relevant regulations on the conversion of the cost method to the equity method.

(e) Impairment test method and impairment provision accrual method

For investments in subsidiaries, associates and joint ventures, if there is objective evidence showing that they are impaired on the balance sheet date, the corresponding impairment provision shall be made based on the difference between the book value and the recoverable amount.

4.11 Fixed Assets

(a) Confirmation condition

Fixed assets refer to tangible assets held for the purpose of producing commodities, providing labor services, renting or operating management, and with a service life of more than one fiscal year. Fixed assets are recognized when the following conditions are met at the same time: A. The economic benefits related to the fixed assets are likely to flow into the enterprise; B. The cost of the fixed assets can be reliably measured.

(b) Depreciation method

The company's fixed asset depreciation is calculated using the straight-line method (dynamic average method), and the annual classification depreciation rate is determined as follows according to the original price of the fixed asset category, the estimated economic useful life and the 0%-10% residual value rate:

Category	Estimated useful life (year)	Residual rates (%)	Annual depreciation rates (%)
Office equipment	5	10	18
Vehicles	5	10	18

4.12 Construction in Progress

(a) Classification of construction in progress

The construction in progress built by the company is priced at the actual cost. The actual cost consists of the necessary expenditures incurred before the construction of the asset reaches the expected usable state, including the cost of construction materials, labor costs, relevant taxes and fees payable, and Capitalized borrowing costs and indirect costs that should be apportioned. The company's construction in progress is accounted for by project classification.

(b) Standards and time points for the transfer of construction in progress to fixed assets

Construction in progress projects are based on all the expenditures incurred before the construction of the asset reaches the expected usable state as the entry value of the fixed asset. If the construction of fixed assets under construction has reached the expected usable status, but the final accounts for completion have not yet been processed, from the date of reaching the expected usable status, the estimated value will be transferred to the fixed asset based on the project budget, cost, or actual project cost, etc. Assets, and depreciation of fixed assets is accrued in accordance with the company's fixed asset depreciation policy. After the completion of the final accounts, the original temporary estimated value will be adjusted according to the actual cost, but the original depreciation amount will not be adjusted.

4.13 Intangible Assets

(a) Valuation method, service life, impairment test

A. Initial measurement of intangible assets

The cost of outsourcing intangible assets includes the purchase price, relevant taxes, and other expenditures directly attributable to the asset's intended use. If the purchase price of intangible assets is delayed beyond normal credit conditions and is of financing nature, the cost of intangible assets is determined on the basis of the current value of the purchase price.

The cost of intangible assets developed internally includes: materials used in the development of the intangible asset, labor costs, registration fees, amortization of other patents and franchises used in the development process, and interest expenses that meet the capitalization conditions. And other direct expenses incurred before the intangible asset reaches its intended use.

B. Subsequent measurement of intangible assets

The company analyzes and judges the service life of intangible assets when it obtains them, and divides them into intangible assets with limited service life and uncertain service life.

a. Intangible assets with limited service life

For intangible assets with a limited service life, they are amortized on a straight-line basis during the period that they bring economic benefits to the enterprise. The service life is determined according to the expected service life.

At the end of each period, the service life and amortization method of intangible assets with a limited service life are reviewed, and if there is a difference with the original estimate, corresponding adjustments are made.

After review, the useful life and amortization method of intangible assets at the end of the current period are not different from previous estimates.

b. Intangible assets with uncertain service life

If it is impossible to foresee the period in which intangible assets will bring economic benefits to the enterprise, they shall be regarded as intangible assets with an indefinite useful life.

For intangible assets with uncertain service life, they are not amortized during the holding period, and the service life of intangible assets is reviewed at the end of each period. If it is still uncertain after rechecking at the end of the period, the impairment test shall be continued in each accounting period.

After review, the company has no intangible assets with uncertain service life at the end of the period.

(b) Accounting Policy for Internal Research and Development Expenditure

A. The specific criteria for dividing the research phase and development phase of the company's internal research and development projects

The company's internal research and development project expenditure is divided into research phase expenditure and development phase expenditure:

- a. Research stage: the stage of original planned investigations and research activities in order to acquire and understand new scientific or technical knowledge, etc.
- b. Development stage: before commercial production or use, the research results or other knowledge are applied to a certain plan or design to produce new or substantially improved materials, devices, products and other activities.

Expenditures in the research phase of internal research and development projects are included in the current profits and losses when they occur.

B. Expenditure in the development phase meets the specific criteria for capitalization

Expenditures in the development stage of internal research and development projects are recognized as intangible assets when the following conditions are met at the same time:

- a. It is technically feasible to complete the intangible asset so that it can be used or sold;
- b. Have the intention to complete the intangible asset and use or sell it;
- c. The way intangible assets generate economic benefits, including the ability to prove that the products produced by the intangible assets exist in the market or the intangible assets themselves exist in the market, and the intangible assets will be used internally, which can prove their usefulness;
- d. Have sufficient technical, financial and other resource support to complete the development of the intangible asset and have the ability to use or sell the intangible asset;
- e. The expenditure attributable to the development stage of the intangible asset can be reliably measured.

Expenditures in the development phase that do not meet the above conditions shall be included in the current profit and loss when incurred. Development expenditures that have been included in profit and loss in previous periods will not be re-recognized as assets in subsequent periods. Expenditures in the development phase that have been capitalized are listed as development expenditures on the balance sheet, and are converted to intangible assets from the day when the project reaches its intended use.

4.14 Impairment of Long-Term Assets

(a) Long-term equity investment, fixed assets, construction in progress, intangible assets, goodwill and other long-term assets impairment testing methods and accounting treatment methods:

A. The company is based on whether there is any sign of possible impairment of individual assets on the balance sheet date. If there are signs of impairment, conduct an impairment test to estimate the recoverable amount of the asset. If the recoverable amount of the asset is lower than its book value, the book value of the asset is written down to the recoverable amount. The written down amount is recognized as an asset impairment loss and included in the current profit and loss, and the corresponding asset impairment provision is made at the same time. After the asset impairment loss is confirmed, the depreciation or amortization expenses of the impaired asset shall be adjusted accordingly in the future period, so that the asset's remaining useful life will be systematically amortized to the adjusted asset's book value (deducting the estimated net salvage value). Once an asset impairment loss is recognized, it cannot be reversed in the subsequent accounting periods.

B. The following signs indicate that the asset may be impaired:

- a. The market price of assets fell sharply during the current period, and its decline was significantly higher than the expected decline due to the passage of time or normal use.
- b. The economic, technological or legal environment in which the company operates and the market in which the assets are located undergo major changes in the current period or in the near future, which will adversely affect the company.
- c. The market interest rate or return on investment in other markets has increased in the current period, which affects the company's discount rate for calculating the present value of the expected future cash flow of the asset, resulting in a substantial reduction in the recoverable amount of the asset.
- d. There is evidence that the asset is obsolete or its entity has been damaged.
- e. Assets have been or will be idle, terminated or planned to be disposed of in advance.
- f. The evidence reported by the company indicates that the economic performance of the asset has been lower than or will be lower than expected, such as the net cash flow created by the asset or the realized operating profit (or loss) is much lower (or higher) than the expected amount, etc.
- g. Other signs that the asset may have been impaired.

(b) If there are signs that an asset may be impaired, the company shall estimate its recoverable amount based on the individual asset. If it is difficult for the company to estimate the recoverable amount of a single asset, it shall determine the recoverable amount of the asset group based on the asset group to which the asset belongs.

The identification of an asset group is based on whether the main cash inflow generated by the asset group is independent of the cash inflows of other assets or asset groups. At the same time, when determining the asset group, consider the way the company's management manages production and operation activities (for example, according to production line, business type, region or region, etc.) and decision-making methods for the continued use or disposal of assets. Once the asset group is determined, it should be consistent across accounting periods and cannot be changed arbitrarily.

(c) The goodwill formed by business combination and intangible assets with uncertain service life, regardless of whether there are signs of impairment, should be tested for impairment every year.

4.15 Employee Benefits

(a) Accounting treatment method of short-term salary

Short-term remuneration refers to the employee remuneration that the company needs to pay in full within twelve months after the end of the annual reporting period in which employees provide related services, excluding post-employment benefits and dismissal benefits. The company recognizes the short-term salary payable as a liability during the accounting period when the employees provide services, and includes them in the relevant asset costs and expenses based on the beneficiaries of the services provided by the employees. Among them, non-monetary benefits are measured at fair value.

(b) Accounting treatment method for post-employment benefits

Post-employment benefits refer to the various forms of remuneration and benefits provided by the company after the employees retire or terminate the labor relationship with the company in order to obtain the services provided by the employees, except for short-term remuneration and dismissal benefits. Post-employment benefit plans are classified into defined contribution plans and defined benefit plans.

The post-employment welfare setting deposit plan is mainly to participate in the social basic old-age insurance and unemployment insurance organized and implemented by labor and social security institutions in various regions. During the accounting period when employees provide services to the company, the amount of deposits payable calculated according to the defined contribution plan is recognized as a liability and included in the current profit and loss or the cost of related assets.

After the company pays the above payments regularly in accordance with the standards and annuity plans prescribed by the state, it will no longer have other payment obligations.

(c) Accounting treatment method for dismissal benefits

Dismissal benefits refer to the compensation given to employees by the company to terminate the labor relationship with employees before the expiration of the labor contract of the employees, or to encourage employees to voluntarily accept the reduction, and shall be included in the current profits and losses in the current period.

4.16 Revenue

The company confirms the realization of operating income in accordance with the following regulations, and records the realized income in the current profit and loss.

(a) If the labor service provided by the company starts and is completed in the same fiscal year, the realization of operating income is confirmed when the labor service has been provided, the price is received, or evidence of the price is obtained; the start and completion of the labor service belong to different accounting years, When the total revenue of the labor service contract and the completion degree of the labor service can be reliably determined, the price related to the transaction can flow in, and the cost incurred and the cost to be incurred to complete the labor service can be reliably measured, the operating income is recognized by the percentage of completion method. The realization of long-term contract projects when the contract results can be reasonably foreseen, the realization of operating income shall be confirmed according to the percentage method of the progress of the completed project at the time of closing; otherwise, the income shall be confirmed according to the amount of labor cost that has occurred and is expected to be compensated.

(b) For the sale of goods, the company has transferred the main risks and rewards in the ownership of the goods to the purchaser, the company no longer exercises the right to continue management and actual control of the goods, and the relevant income has been received or received. When the cost related to the sale of the product can be reliably measured, the realization of operating income is recognized.

(c) To provide other people with the use of the intangible assets of the enterprise and other receivable royalties income, calculate and confirm the realization of operating income according to the charging time and method stipulated in the relevant contracts and agreements.

4.17 Government Grants

- (a) Government subsidies are confirmed when they meet the conditions attached to the government subsidies and can be received.
- (b) Government subsidies for monetary assets are measured according to the amount received or receivable. Government grants for non-monetary assets shall be measured at fair value; if the fair value cannot be obtained reliably, it shall be measured at a nominal amount of RMB 1 yuan.
- (c) Asset-related government subsidies refer to government subsidies obtained by the company for purchase and construction or to form long-term assets in other ways; otherwise, they are government subsidies related to income.
- (d) If the government document does not clearly specify the subsidy object, and can form long-term assets, the part of the government subsidy corresponding to the asset value is regarded as the government subsidy related to the asset, and the remaining part is regarded as the government subsidy related to the income; it is difficult to distinguish, Take government subsidies as a whole as government subsidies related to income.
- (e) Government subsidies related to assets, which offset the book value of related assets, or are recognized as deferred income, shall be included in profit and loss in installments according to a reasonable and systematic method during the useful life of the related assets. Government subsidies related to income, if used to compensate related costs or losses that have occurred, are included in the current profit and loss or offset related costs; if they are used to compensate for related costs or losses in subsequent periods, they are included in deferred income. In the period when the relevant costs or losses are recognized, they are included in the current profits and losses or offset the relevant costs. Government subsidies measured at their nominal amounts are directly included in the current profits and losses. The company adopts the same method to deal with the same or similar government subsidy business.
- (f) Government subsidies related to daily activities are included in other income or offset related costs according to the nature of economic business. Government subsidies not related to daily activities are included in non-operating income and expenditure.
- (g) When the confirmed government subsidy needs to be returned, if the book value of the relevant asset is offset at the initial recognition, the book value of the asset is adjusted; if there is a relevant deferred income balance, the book balance of the relevant deferred income is offset, and the excess is included in the current period Profit and loss; in other circumstances, it is directly included in the current profit and loss.
- (h) Obtained policy-based preferential loan interest discounts, if the finance allocates the interest-subsidized funds to the lending bank, the actual loan amount received is used as the entry value of the loan, and the borrowing costs are calculated based on the loan principal and the policy preferential interest rate. If the finance directly allocates the interest subsidy funds to the company, the interest subsidy will reduce the borrowing costs.

4.18 Deferred income tax assets/deferred income tax liabilities

(a) Based on the difference between the book value of assets and liabilities and their tax base (if items that are not recognized as assets and liabilities can determine their tax base in accordance with the provisions of the tax law, the difference between the tax base and its book amount), Deferred income tax assets or deferred income tax liabilities are calculated and confirmed according to the applicable tax rate during the period when the asset is expected to be recovered or the liability is settled.

(b) The confirmation of deferred income tax assets is limited to the taxable income that is likely to be obtained to offset the deductible temporary differences. On the balance sheet date, if there is conclusive evidence that sufficient taxable income is likely to be obtained in the future to offset the deductible temporary differences, the deferred income tax assets that have not been recognized in the previous accounting period are recognized.

(c) On the balance sheet date, review the book value of deferred income tax assets. If it is probable that sufficient taxable income cannot be obtained in the future to offset the benefits of deferred income tax assets, the deferred income tax assets shall be written down. Book value. When it is possible to obtain sufficient taxable income, the reduced amount shall be reversed.

(d) The current income tax and deferred income tax of the company are included in the current profit and loss as income tax expenses or income, but does not include the income tax generated in the following situations: A. Business combination; B. Transactions or events directly confirmed in the owner's equity.

4.19 Changes in Significant Accounting Policies and Accounting Estimates

(a) Changes in accounting policies

The Company has no significant changes in accounting policies for the reporting period.

(b) Significant changes in accounting estimates

The Company has no significant changes in accounting estimates for the reporting period.

4.20 The scope of integrated financial statements and their preparation methods

The consolidated financial statements are based on the financial statements of the parent company and its branches, and based on other relevant information, after offsetting the impact of internal transactions between the parent company and the branches and branches on the consolidated financial statements. The project amount is compiled by the parent company.

The status of the branches included in the scope of the consolidated financial statements this year is as follows:

<u>Company name</u>	<u>Registration site</u>	<u>Person in charge</u>	<u>Integrated or not</u>
Shenzhen Unique Logistics International Limited Xiamen Branch	Xiamen	Tam Ping Hong	Yes
Shenzhen Unique Logistics International Limited Fuzhou Branch	Fuzhou	Leung Ka Chi	Yes
Shenzhen Unique Logistics International Limited Guangzhou Branch	Guangzhou	Leung Ka Chi	Yes

5. Tax (fee) item

The main types of taxes (fees) and tax (fee) rates are listed as follows:

Tax (fee) item	Basis of tax assessment	Tax rate
Vat	Taxable value-added	6%
Urban maintenance and construction tax	Turnover tax	7%
Educational surcharge	Turnover tax	1%-3%
Enterprise income tax	Taxable income	25%

According to Article 2 of the “Notice on Implementing Inclusive Tax Reduction and Exemption Policies for Small and Micro Enterprises” (Caishui [2019] No. 13) and the “Announcement on Issues Concerning Implementation of Inclusive Income Tax Reduction and Exemption Policies for Small and Micro-profit Enterprises” (Announcement by the State Administration of Taxation) No. 2 of 2019) From January 1, 2019 to December 31, 2021, for small, low-profit enterprises whose annual taxable income does not exceed 1 million yuan, a 25% reduction is included in the taxable income. Corporate income tax is paid at a tax rate of 20%; for the portion of annual taxable income exceeding 1 million yuan but not exceeding 3 million yuan, a 50% reduction is included in the taxable income, and corporate income tax is paid at a tax rate of 20%.

6. NOTES TO THE FINANCIAL STATEMENTS

6.1 Cash and Cash Equivalents

Items	31 December 2020	31 December 2019
Cash on hand	22,541.18	16,269.85
Cash in bank	7,136,862.78	3,733,929.20
Total	7,159,403.96	3,750,199.05

6.2 Accounts Receivable

(a) Accounts receivable by aging

Aging	31 December 2020	31 December 2019
Within 1 year	54,215,197.54	36,253,793.86
Over 1 years	16,939.30	2,462,942.08
Subtotal	54,232,136.84	38,716,735.94
Less: provision for bad debt	-	-
Total	54,232,136.84	38,716,735.94

(b) Top five closing balances by entity

Entity name	Balance at 31 December 2020	Proportion of the balance to the total accounts receivable (%)	Provision for bad debt
Unique Logistics International(South China) Limited	7,893,082.30	14.55	-
Reach Win Scm Ltd.	7,355,968.97	13.56	-
Tgf Unique Ltd	4,682,297.18	8.63	-
Asy Speed(Shenzhen)	3,571,000.39	6.58	-
Uli (South China) Limited	3,449,676.87	6.36	-
Yinghuali(Shenzhen)	3,128,018.39	5.77	-

6.3 Advances to Suppliers

Entity name	Balance at 31 December 2020	Proportion of the balance to the total advances to suppliers (%)
Deposit	97,791.00	64.27
Booking space and Port handling	13,258.35	8.71
Other	41,113.28	27.02
Total	152,162.63	100.00

6.4 Other Receivables

(a) Other receivables by category

Items	31 December 2020	31 December 2019
Rent, water, electricity and other deposits	6,902,354.16	2,085,226.50
Unique Logistics International(SouthChina)Limited-Xmn	658,216.60	-
Deferred and prepaid expenses	51,206.02	77,463.48
Others	1,894,164.72	858,902.72
Total	9,505,941.50	3,021,592.70

(b) Deferred and prepaid expenses by category

Items	Balance at 31 December 2020	Proportion of the balance to the total advances to suppliers (%)
Legal fee	30,041.60	58.67
Vehicle insurance premium	8,814.11	17.21
Hiring fee	6,140.01	11.99
The membership fee	5,132.58	10.02
Accident premium	1,077.72	2.10
Total	51,206.02	100.00

6.5 Long-term Equity Investments

Entity	Balance at 31 December 2020	Share proportion of the invested unit (%)
Across Logistics(Shenzhen)Limited	600,000.00	100
Uniquorn International Logistics Co.,Ltd.	500,000.00	50
Total	1,100,000.00	

6.6 Fixed Assets

Items	Office equipment	Vehicles	Furniture and Accessories	Total
Initial cost:				
Balance at 31 December 2019	414,701.03	636,303.39	58,923.00	1,109,927.42
Increase during the reporting period	47,804.22	468,154.74	-	515,958.96
Decrease during the reporting period	-	516,930.71	-	516,930.71
Balance at 31 December 2020	462,505.25	587,527.42	58,923.00	1,108,955.67
Accumulated depreciation:				
Balance at 31 December 2019	250,913.70	192,024.96	2,551.14	445,489.80
Increase during the reporting period	44,614.92	75,015.41	16,672.08	136,302.41
Decrease during the reporting period	-	131,817.33	-	131,817.33
Balance at 31 December 2020	295,528.62	135,223.04	19,223.22	449,974.88
Carrying amount:				
Balance at 31 December 2019	163,787.33	444,278.43	56,371.86	664,437.62
Balance at 31 December 2020	166,976.63	452,304.38	39,699.78	658,980.79

6.7 Intangible Assets

Items	31 December 2019	Increase during the reporting period	Decrease during the reporting period	Balance at 31 December 2020
Software	24,572.51	-	6,973.92	17,598.59

6.8 Long-term Deferred Expenses

Items	31 December 2019	Increase during the reporting period	Decrease during the reporting period		31 December 2020
			Amortisation	Other decrease	
Renovation(Shenzhen)	502,431.17	-	223,302.72	-	279,128.45
Renovation (Xiamen)	85,476.84	-	18,994.92	-	66,481.92
Renovation(Guangzhou)	134,915.28	-	46,256.64	-	88,658.64
Total	722,823.29	-	288,554.28	-	434,269.01

6.9 Accounts Payable

(a) Accounts payable by aging

Aging	31 December 2020	31 December 2019
Within 1 year	34,797,203.31	16,841,987.25
Over 1 years	601,663.59	1,288,241.34
Total	35,398,866.90	18,130,228.59

(b) Top five closing balances by entity

Entity name	Balance at 31 December 2020	Proportion of the balance to the total (%)
Polar Air Cargo Worldwide(Shenzhen Representative Office)	3,618,433.15	10.22
Tdl Shenzhen	3,092,518.00	8.74
China Southern Air Cargo Logistics (Guangzhou) Co., Ltd	2,449,585.30	6.92
Uniquorn International Logistics Co.,Ltd.(Shenzhen)	2,045,602.69	5.78
Patent International Logistics (Shenzhen) Co.,Ltd.	1,666,016.44	4.71

6.10 Employee Benefits Payable

Items	31 December 2020	31 December 2019
Short-term employee benefits	883,622.10	891,472.29

6.11 Taxes Payable

Items	31 December 2020	31 December 2019
Enterprise income tax	1,214,772.67	8,934.32
Individual income tax	12,325.04	4,713.26
Value added tax (VAT)	4,901.85	-1,535.04
City construction tax	558.38	162.65
Educational surcharge	239.31	69.70
Local educational surcharge	159.54	46.47
Total	1,232,956.79	12,391.36

6.12 Other Payables

Items	31 December 2020	Proportion of the balance to the total (%)
Freight charges	1,849,250.00	38.56
Deposit	1,670,000.00	34.83
Workers' education funds and trade union funds	50,916.70	1.06
Others	1,225,108.11	25.55
Total	4,795,274.81	100.00

6.13 Share Capital

Investor	31 December 2019	Changes during the reporting period (+,-)					31 December 2020
		New issues	Bonus issues	Capitalisation of reserves	Others	Subtotal	
Unique Logistics International (H.K.) Limited	16,500,000.00	-	-	-	-	-	16,500,000.00

6.14 Capital Reserves

Items	31 December 2019	Increase during the reporting period	Decrease during the reporting period	31 December 2020
Foreign currency capital translation difference	49,708.79	-	-	49,708.79

6.15 Surplus Reserves

Items	31 December 2019	Increase during the reporting period	Decrease during the reporting period	31 December 2020
Statutory surplus reserves	1,271,186.79	364,855.47	-	1,636,042.26

6.16 Retained Earnings

Items	2020.12.31	2019.12.31
Balance at the beginning of the reporting period	9,480,322.49	7,711,638.30
Add: net profit attributable to owners of the parent company for the reporting period	3,648,554.65	1,971,926.88
Adjustments for the opening balance (increase)/(decrease)	-	-6,050.00
Less: appropriation to statutory surplus reserves	364,855.47	197,192.69
Balance at the end of the reporting period	12,764,021.67	9,480,322.49

6.17 Revenue and Cost of Sales

Items	2020		2019	
	Revenue	Cost of sales	Revenue	Cost of sales
Air freight	257,269,701.24	251,076,269.44	104,686,077.53	99,047,254.16
Shipping	90,285,845.88	81,767,647.50	66,706,075.12	58,403,406.87
Others	124,528.32	-	115,094.36	-
Total	<u>347,680,075.44</u>	<u>332,843,916.94</u>	<u>171,507,247.01</u>	<u>157,450,661.03</u>

6.18 Taxes and Surcharges

Items	2020	2019
City construction tax	1,440.74	3,383.77
Educational surcharge	617.49	1,450.18
Local educational surcharge	411.64	966.79
Stamp duty and others	-	1,250.51
Total	<u>2,469.87</u>	<u>7,051.25</u>

6.19 Selling Expenses

Items	2020	2019
Salary	<u>628,583.00</u>	<u>624,385.00</u>

6.20 General and Administrative Expenses

Items	2020	2019
Salary	6,721,059.17	6,835,826.58
Lease fee	1,250,833.28	1,374,307.55
Housing fund	388,776.00	386,094.00
Communication and network fee	349,650.60	302,396.73
Group fee	299,602.28	284,793.45
Renovation fee	288,554.28	283,208.83
Social security charges	284,454.12	1,191,719.15
Business entertainment expenses	273,093.67	237,464.19
Office expenses	270,511.46	165,557.84
CW system	242,556.61	226,916.30
Vehicle expenses	197,367.15	240,283.74
Water, electricity and property costs	180,316.72	207,690.25
Depreciation expense	136,302.41	154,740.44
Welfare expenses	129,438.47	78,644.10
Transportation	128,295.19	73,393.88
Expenses for business trips	98,048.92	165,028.26
Consulting fees	68,572.56	81,870.46
Express fee	45,886.50	56,970.67
Audit fee	42,842.52	42,373.70
Maintenance	35,418.00	25,203.00
Employee education	13,100.00	29,714.00
Hiring fee	7,766.69	6,866.60
Amortization of intangible assets	6,973.92	6,973.92
Advertising and promotion expenses	6,080.00	-
Disability funds	505.24	15,870.53
Labour union expenditure	-9,489.47	12,555.00
Others	33,685.15	-359,343.54
Total	<u>11,490,201.44</u>	<u>12,127,119.63</u>

6.21 Finance Costs

Items	2020	2019
Bank charges	68,879.24	57,592.62
Less: interest income	26,955.29	18,551.69
Net foreign exchange losses	845,647.18	-147,813.53
Total	887,571.13	-108,772.60

6.22 Impairment Loss of Assets

Items	2020	2019
Bad debt of receivables	-12,344.30	-

6.23 Non-operating Income Details of non-operating income

Items	2020	2019
Government grants	3,045,644.21	-
Gains from damage or scrapping of non-current asset	34,886.62	-
Debt that is not payable	4,734.50	9,792.90
Maritime subsidy income	-	600,000.00
Others	21,546.03	-
Total	3,106,811.36	609,792.90

6.24 Non-operating Expenses

Items	2020	2019
Penalty	12,400.00	-
Overdue fine	-	533.06
Total	12,400.00	533.06

7.1 RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1. Name and relationship of related parties

Name	Relationship with the Company
Unique Logistics International(H.K.) Limited	Parent company
Unique Logistics International(South China) Limited	Jointly controlled
Uli (South China) Limited	Jointly controlled

2. The main details of the balance of current accounts with related parties are as follows:

Related parties	Item	2020
Uli (South China) Limited	Account receivable	3,449,676.87

8.1 Comparative data

In order to comply with the principle of inertia, the company has appropriately reclassified the comparative data in the financial statements that have been audited in the previous year this year.

Name of the Company :

Shenzhen Unique Logistics International Limited

Legal Representative :
Wong To,Thomas

Finance Manager :
Luo Xiaohong

Date : 8 April 2021

Declaration

Shenzhen Unique Logistic Int'l Ltd.:

Entrusted by the Shenzhen Unique Logistic Int'l Ltd. (the "Company"), we conducted an audit on the financial statements of the Company in 2020 and 2021, which was in accordance with Chinese Standards on Auditing, and we presented audit opinions on whether the financial statements of the Company in 2020 and 2021 are prepared in accordance with the Accounting Standards of Business Enterprises in all material respects and issued a standard and unqualified auditor's report.

Since we only perform necessary audit procedures on whether the Company prepares the financial statements of 2020 and 2021 in accordance with the Accounting Standards of Business Enterprises in accordance with Chinese Standards on Auditing, we are not aware that the financial statements of the Company in 2020 and 2021 shall be subject to corresponding major adjustments in accordance with International Financial Reporting Standards (IFRS).

This statement is made at the request of the Company and must not be used any other purpose than providing to the relevant units responsible for translating the audit report.

We declare that all the information given is true and correct!

Shenzhen Mingding Certified Public Accountants

February 27, 2023

ULI INTERNATIONAL CO., LTD.

Financial Statements

And Independent Auditor's Report

For the Years Ended December 31, 2020 and 2019

Independent auditor's report

To the Board of Directors and Stockholders
ULI INTERNATIONAL CO., LTD.

Opinion

We have audited the financial statements of ULI INTERNATIONAL CO., LTD.(the "Company") which comprise the statements of balance sheets as at December 31, 2020 and 2019, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Business Entity Accounting Act relevant to financial accounting standards and Regulation on Business Entity Accounting Handling, and Enterprise Accounting Standard in the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Business Entity Accounting Act relevant to financial accounting standards and Regulation on Business Entity Accounting Handling, and Enterprise Accounting Standard in the Republic of China, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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The PKF International Association is an association of legally independent firms.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the generally accepted auditing standards the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PKF Taiwan
/s/ PKF Taiwan

Taipei, Taiwan
April 15, 2021

ULI INTERNATIONAL CO., LTD.
Balance Sheets
December 31, 2020 and 2019
(Expressed in New Taiwan dollars)

	NOTE	Dec 31, 2020		Dec 31, 2019	
		Amount	%	Amount	%
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	3,5	\$ 55,790,504	48.10	\$ 51,779,923	53.12
Notes receivable-net	3,6	729,567	0.63	737,571	0.76
Accounts receivable-net	3,7,18	46,281,189	39.90	33,939,720	34.82
Current tax assets	3,17	540,706	0.47	540,706	0.55
Other current assets		2,986,299	2.57	2,129,803	2.18
Total current assets		<u>106,328,265</u>	<u>91.67</u>	<u>89,127,723</u>	<u>91.43</u>
NON-CURRENT ASSETS					
Property, plant and equipment	3,8	1,490,884	1.29	688,188	0.70
Refundable deposits	9	8,168,920	7.04	7,668,920	7.87
Total non-current assets		<u>9,659,804</u>	<u>8.33</u>	<u>8,357,108</u>	<u>8.57</u>
TOTAL		<u>\$ 115,988,069</u>	<u>100.00</u>	<u>\$ 97,484,831</u>	<u>100.00</u>
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Notes payable		\$ 2,484,280	2.14	\$ 1,694,751	1.74
Accounts payable		8,223,963	7.09	8,730,627	8.96
Accounts payable-related party	18	5,917,411	5.10	2,264,012	2.32
Other payable	10	16,953,687	14.62	12,711,834	13.04
Current tax liabilities	3,17	4,211,676	3.63	-	-
Other current liabilities		1,667,479	1.44	1,395,471	1.43
Total current liabilities		<u>39,458,496</u>	<u>34.02</u>	<u>26,796,695</u>	<u>27.49</u>
NON-CURRENT LIABILITIES					
Shareholder account credit	18	10,850,000	9.35	10,850,000	11.13
Total liabilities		<u>50,308,496</u>	<u>43.37</u>	<u>37,646,695</u>	<u>38.62</u>
EQUITY					
Capital	11	10,000,000	8.62	10,000,000	10.26
Retained earnings					
Legal reserve		12,889,942	11.12	12,889,942	13.22
Unappropriated earnings		42,789,631	36.89	36,948,194	37.90
TOTAL EQUITY		<u>65,679,573</u>	<u>56.63</u>	<u>59,838,136</u>	<u>61.38</u>
TOTAL LIABILITIES AND EQUITY		<u>\$ 115,988,069</u>	<u>100.00</u>	<u>\$ 97,484,831</u>	<u>100.00</u>

The accompanying notes are an integral part of the financial statements.

Chairman:



Manager:



Finance Manager:



ULI INTERNATIONAL CO., LTD.
 Statements of Comprehensive Income
 For the years Ended December 31, 2020 and 2019
 (Expressed in New Taiwan dollars)

	NOTE	2020		2019	
		Amount	%	Amount	%
Operating revenues	3,12,18	\$ 277,334,032	100.00	\$ 236,201,018	100.00
Operating costs	13,18	212,454,950	76.61	187,042,128	79.19
Gross profit		64,879,082	23.39	49,158,890	20.81
Operating expenses		46,702,690	16.84	46,521,753	19.70
Operating income		18,176,392	6.55	2,637,137	1.11
Non-operating income and expenses					
Other income	14	766,611	0.28	5,498,092	2.33
Other gains and losses	15	-	-	(50,739)	(0.02)
Foreign exchange gain - net		5,166,434	1.86	6,164,487	2.61
Total non-operating income and expense		5,933,045	2.14	11,611,840	4.92
Income before income tax		24,109,437	8.69	14,248,977	6.03
Income tax expense	3,17	(4,404,329)	(1.58)	(385,306)	(0.16)
Net Income		19,705,108	7.11	13,863,671	5.87
Other comprehensive income		-	-	-	-
Total comprehensive income		\$ 19,705,108	7.11	\$ 13,863,671	5.87

The accompanying notes are an integral part of the financial statements.

Chairman:



Manager:



Finance Manager:



ULI INTERNATIONAL CO., LTD.
 Statements of Changes in Equity
 For the years Ended December 31, 2020 and 2019
 (Expressed in New Taiwan dollars)

	Retained Earnings			
	Capital	Legal reserve	Unappropriated earnings	Total
Balance, January 1, 2019	\$ 10,000,000	\$ 12,889,942	\$ 30,420,452	\$ 53,310,394
Appropriations of prior year's earnings				
Cash dividends to shareholders—NT \$7.34 per share	-	-	(7,335,929)	(7,335,929)
Net income in 2019	-	-	13,863,671	13,863,671
Other comprehensive income of 2019	-	-	-	-
Total comprehensive income of 2019	-	-	13,863,671	13,863,671
Balance, December 31, 2019	10,000,000	12,889,942	36,948,194	59,838,136
Appropriations of prior year's earnings				
Cash dividends to shareholders—NT \$ 13.86 per share	-	-	(13,863,671)	(13,863,671)
Net income in 2020	-	-	19,705,108	19,705,108
Other comprehensive income of 2020	-	-	-	-
Total comprehensive income of 2020	-	-	19,705,108	19,705,108
Balance, December 31, 2020	<u>\$ 10,000,000</u>	<u>\$ 12,889,942</u>	<u>\$ 42,789,631</u>	<u>\$ 65,679,573</u>

The accompanying notes are an integral part of the financial statements.

Chairman:



Manager:



Finance Manager:



ULI INTERNATIONAL CO., LTD.
 Statements of Cash Flows
 For the Years Ended December 31, 2020 and 2019
 (Expressed in New Taiwan dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income before income tax	\$ 24,109,437	\$ 14,248,977
Adjustments for:		
Interest income	(83,660)	(120,492)
Bad debt	-	2,099,652
Depreciation	510,899	795,696
Loss on disposals of property, plant and equipment	-	48,429
Change in operating assets and liabilities :		
Decrease in notes receivable	8,004	890,422
(Increase) decrease in accounts receivable	(12,341,469)	1,866,032
(Increase) decrease in other current assets	(856,496)	514,126
Increase (decrease) in notes payable	789,529	(9,739)
(Decrease) increase in accounts payable	(506,664)	319,819
Increase (decrease) in accounts payable-related party	3,653,399	(699,499)
Increase (decrease) in other payable	4,241,853	(3,345,739)
Increase (decrease) in other current liabilities	272,008	(722,464)
Cash generated from operations	19,796,840	15,885,220
Interest received	83,660	120,492
Income tax paid	(192,653)	(1,936,743)
Net cash provided by operating activities	19,687,847	14,068,969
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property, plant and equipment	(1,313,595)	-
Proceeds from disposal of property, plant and equipment	-	857,143
(Increase) decrease in refundable deposits	(500,000)	1,005,000
Net cash (used in) provided by investing activities	(1,813,595)	1,862,143
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash dividends	(13,863,671)	(7,335,929)
Cash used in financing activities	(13,863,671)	(7,335,929)
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,010,581	8,595,183
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	51,779,923	43,184,740
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	\$ 55,790,504	\$ 51,779,923

The accompanying notes are an integral part of the financial statements.

Chairman:



Manager:



Finance Manager:



ULI INTERNATIONAL CO., LTD.
Notes to Financial Statements
December 31, 2020 and 2019
(Expressed in New Taiwan dollars, unless otherwise stated)

1. Organization and Operations

ULI INTERNATIONAL CO., LTD. (the Company) was registered under the Company Law of the Republic of China on October 14, 2002. The Company is engaged mainly in air and ocean freight forwarding services.

2. Date And Procedures Of Authorization Of Financial Statements For issue

The financial statements of the Company were authorized for issue in accordance with a resolution of the Board of Directors' meeting on April 15, 2021.

3. Summary of Significant Accounting Policies

(1) Statement of Compliance

The Company's financial statements were prepared in accordance with the Business Entity Accounting Act relevant to financial accounting standards and Regulation on Business Entity Accounting Handling, and Enterprise Accounting Standard in the Republic of China.

(2) Basis of Preparation

The financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

(3) Foreign Currency

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Such exchange differences are recognized in profit or loss in the year in which they arise. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the translation of non-monetary items are included in profit or loss for the year except for exchange differences arising on the translation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income. Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.

(4) Current and Non-current Distinction

An asset is classified as current when:

- a. The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- b. The Company holds the asset primarily for the purpose of trading;

- c. The Company expects to realize the asset within twelve months after the reporting period; or
- d. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- a. The Company expects to settle the liability in the normal operating cycle;
- b. The Company holds the liability primarily for the purpose of trading;
- c. The liability is due to be settled within twelve months after the reporting period; or
- d. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(5) Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and with maturity dates that do not present significant risks on changes in value resulting from changes in interest rates.

(6) Allowance for bad debts

Notes and accounts receivables are initially measured and recognized at their fair values and subsequently measured at amortized cost using the effective interest method, less impairment. If the effect of discounting is immaterial, the short term notes, accounts receivables are measured at their nominal amount.

The Company first assesses at each reporting date whether objective evidence of impairment exists for notes and accounts receivables that are individually significant. If there is objective evidence that an impairment loss has occurred, the amount of the impairment loss is assessed individually. For notes and accounts receivables other than those mentioned above, the Company groups those assets with similar credit risk characteristics and collectively assess them for impairment.

(7) Financial instruments

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

- a. Equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

b. Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Financial liabilities carried at amortized cost

Financial liabilities other than those held for trading purposes and designated as at FVTPL are subsequently measured at amortized cost at the end of each reporting period.

Financial liabilities measured at amortized cost include interest bearing loans and borrowings, notes payable, accounts payable and other payable that are subsequently measured using the EIR method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR method amortization process.

(8) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment. Costs include any incremental costs that are directly attributable to the construction or acquisition of the item of property, plant and equipment.

Depreciation is provided on the straight-line method over the estimated service lives, which range as follows: transportation equipment, 5 years; office equipment, 5-8 years; other equipment, 5 years.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(9) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as lessee :

Finance expenses implicit in lease payments for each period are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

Contingent rents are recognized as expense in the year in which they are incurred.

(10) Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is an indication that an asset in the scope of EAS 19 may be impaired. If any indication exists, the Company completes impairment testing for the Cash-generating Unit (CGU) to which the individual assets belong. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount of an individual asset or a CGU is the higher of its fair value less costs to sell and its value in use. If circumstances indicate that previously recognized impairment losses may no longer exist or may have decreased at each reporting date, the Company re-assesses the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized for the asset in prior years.

The recognition or reversal of impairment losses is classified as other operating income and expenses.

(11) Provision

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

The amount recognized 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.

(12) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- a. The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- b. The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- c. The amount of revenue can be measured reliably;
- d. It is probable that the economic benefits associated with the transaction will flow to the Company; and
- e. The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income

Interest income is recorded using the effective interest rate and recognized in profit or loss.

Revenue from service rendered

Revenue from providing service is recognized in the accounting period in which the service are rendered. For performance obligations that are satisfied over time, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total service to be provided. The proportion of service provided is determined based on the portion of the work performed, the time passed by, or the milestone reached.

(13) Employee Retirement Benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

(14) Employee Bonuses and Remunerations Paid to Directors and Supervisors

Employee bonuses and remunerations paid to directors and supervisors are charged to expense at fair value.

(15) Income Taxes

Income tax expense (benefit) is the aggregate amount of current income tax and deferred income tax included in the determination of profit or loss for the period.

Current income tax

Current income tax assets and liabilities for the current period and prior periods are measured using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity rather than profit or loss.

Income tax on unappropriated earnings is recorded as an expense in the year when the shareholders have resolved that the earnings shall be retained.

Adjustments of prior years' tax liabilities are added to or deducted from the current period's tax provision.

Deferred income tax

Deferred income tax is determined using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts in financial statements at the reporting date.

Deferred tax assets are recognized for all deductible temporary differences, the carryforward of unused tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax losses and unused tax credits can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow the manner in which the Branch expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is not recognized in profit or loss but rather in other comprehensive income or directly in equity. Deferred tax assets are reassessed and recognized at each reporting date. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities offset each other, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities, and the deferred taxes relate to the same taxable entity and the same taxation authority.

4. Significant Accounting Judgments, Estimates And Assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, the accompanying disclosures and the disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation for uncertainty at the reporting date, which would have a significant risk for a material adjustment to the carrying amounts of assets or liabilities within the next fiscal year are discussed below.

(1) Allowances for bad debts

Receivables are assessed for impairment at the end of each reporting period and considered impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the receivables, the estimated future cash flows of the asset have been affected.

As of December 31, 2020 and 2019, the carrying amounts of allowance for bad debts were \$2,674,493 and \$4,774,145, respectively.

5. Cash and Cash Equivalents

	<u>Dec 31, 2020</u>	<u>Dec 31, 2019</u>
Cash on hand	\$ 20,000	\$ 20,000
Checking account	615,227	420,220
Saving account	53,741,346	49,732,547
Foreign Exchange Deposits	1,413,931	1,607,156
Total	<u>\$ 55,790,504</u>	<u>\$ 51,779,923</u>

6. Notes Receivable-net

	<u>Dec 31, 2020</u>	<u>Dec 31, 2019</u>
Notes receivable	\$ 761,866	\$ 769,870
Less: Allowance for bad debt	(32,299)	(32,299)
Net	<u>\$ 729,567</u>	<u>\$ 737,571</u>

7. **Accounts Receivable-net**

	Dec 31,2020	Dec 31,2019
Accounts receivable	\$ 41,182,065	\$ 37,940,574
Less: Allowance for bad debt	(2,642,194)	(4,741,846)
Net	\$ 38,539,871	\$ 33,198,728

	Dec 31, 2020	Dec 31, 2019
Accounts receivable-related party	\$ 7,741,318	\$ 740,992
Less: Allowance for bad debt	-	-
Net	\$ 7,741,318	\$ 740,992

Movements of the allowance for doubtful receivables

	Dec 31, 2020	Dec 31, 2019
Beginning Balance	\$ 4,774,145	\$ 17,534,788
Provision	-	2,099,652
Write-off	(2,099,652)	(14,860,295)
Ending Balance	\$ 2,674,493	\$ 4,774,145

8. **Property, Plant and Equipment**

	Dec 31,2020	Dec 31, 2019
Transportation equipment	\$ 1,032,499	\$ -
Office equipment	329,247	447,843
Other equipment	129,138	240,345
Totals	\$ 1,490,884	\$ 688,188

(1) For the year ended December 31, 2020 and 2019:

	Transportation equipment	Office equipment	Other equipment	Totals
Dec 31, 2020				
Cost	\$ 1,180,000	\$ 3,542,789	\$ 3,813,453	\$ 8,536,242
Accumulated depreciation	(147,501)	(3,213,542)	(3,684,315)	(7,045,358)
Book value	\$ 1,032,499	\$ 329,247	\$ 129,138	\$ 1,490,884
Dec 31, 2019				
Cost	\$ -	\$ 3,542,789	\$ 3,679,858	\$ 7,222,647
Accumulated depreciation	-	(3,094,946)	(3,439,513)	(6,534,459)
Book value	\$ -	\$ 447,843	\$ 240,345	\$ 688,188
Jan 1, 2019				
Cost	\$ 1,590,300	\$ 3,542,789	\$ 3,679,858	\$ 8,812,947
Accumulated depreciation	(419,672)	(2,976,350)	(3,027,469)	(6,423,491)
Book value	\$ 1,170,628	\$ 566,439	\$ 652,389	\$ 2,389,456

(2) Movement of property, plant and equipment for the years ended December 31, 2020 and 2019 were as follows:

	Transportation equipment	Office equipment	Other equipment	Totals
Balance at January 1, 2020	\$ -	\$ 447,843	\$ 240,345	\$ 688,188
Additions	1,180,000	-	133,595	1,313,595
Depreciation	(147,501)	(118,596)	(244,802)	(510,899)
Balance at December 31, 2020	<u>\$ 1,032,499</u>	<u>\$ 329,247</u>	<u>\$ 129,138</u>	<u>\$ 1,490,884</u>
Balance at January 1, 2019	\$ 1,170,628	\$ 566,439	\$ 652,389	\$ 2,389,456
Disposals	(905,572)	-	-	(905,572)
Depreciation	(265,056)	(118,596)	(412,044)	(795,696)
Balance at December 31, 2019	<u>\$ 1,000,000</u>	<u>\$ 447,843</u>	<u>\$ 240,345</u>	<u>\$ 1,688,188</u>

(3) Property, plant and equipment were not restricted on December 31, 2020 and 2019.

(4) There was no indication of impairment of the Company's property, plant and equipment on December 31, 2020 and 2019

9. Refundable deposits

	Dec 31, 2020	Dec 31, 2019
Agent security deposit	\$ 6,800,000	\$ 6,800,000
Office leasing security deposit	313,920	313,920
Other deposit	1,055,000	555,000
Total	<u>\$ 8,168,920</u>	<u>\$ 7,668,920</u>

10. Other Payable

	Dec 31, 2020	Dec 31, 2019
Accrued salaries	\$ 276,342	\$ 221,915
Accrued bonus and employee compensation	12,463,918	9,142,362
Accrued pension cost	288,868	343,616
Accrued profession service fees	85,000	150,000
Accrued insurance	487,154	507,480
Accrued import and export charges	1,281,357	457,295
Other accrued expenses	2,071,048	1,889,166
Total	<u>\$ 16,953,687</u>	<u>\$ 12,711,834</u>

11. Equity

(1) Capital

	Dec 31, 2020	Dec 31, 2019
Shares authorized	1,000,000	1,000,000
Common stock	1,000,000	1,000,000
Outstanding stock	<u>1,000,000</u>	<u>1,000,000</u>

(2) Legal reserve

According to the revised Company Law, the appropriation for legal capital reserve shall be made until the reserve equals the Company's paid-in capital. The reserve may be used to offset a deficit, or be distributed as dividends in cash or stocks for the portion in excess of 25% of the paid-in capital if the Company incurs no loss.

(3) Distribution of Retained Earnings

As stipulated in the Company's articles, the annual after-tax net income must be used to offset accumulate deficit first and succeeding appropriate 10% of the annual net income as legal reserve, except for when accumulated legal reserve has reached the Company's paid-in capital. The remainder will be used to distribute and pay for dividend. After that if we still have some surpluses, it will be submitted and distributed by the shareholders' meeting for approval.

12. Operating Revenues

	2020	2019
Freight revenue	\$ 275,006,566	\$ 232,876,680
Commission revenue	27,277	251,539
Other operating revenue	2,301,189	3,081,595
Total	277,335,032	236,209,814
Less: Freight discounts	(1,000)	(8,796)
Net	\$ 277,334,032	\$ 236,201,018

13. Operating Costs

	2020	2019
Freight	\$ 196,053,504	\$ 171,579,568
Storage fee	8,468,095	9,758,196
Cartage fee	2,620,726	2,769,006
Other operating costs	5,312,625	2,935,358
Total	\$ 212,454,950	\$ 187,042,128

14. Other Income

	2020	2019
Interest income	\$ 83,660	\$ 120,492
Other-unpaid payable	-	4,805,408
Other	682,951	572,192
Total	\$ 766,611	\$ 5,498,092

15. Other Gains and Losses

	2020	2019
Loss on disposal of property, plant and equipment	\$ -	\$ (48,429)
Other losses	-	(2,310)
Total	\$ -	\$ (50,739)

16. Additional Information of Expenses by Nature

	2020	2019
Depreciation of property, plant and equipment	\$ 510,899	\$ 795,696
Employee benefits expense	\$ 34,318,960	\$ 31,736,863

17. Income Tax

(1) Income tax expense recorded in profit or loss:

	2020	2019
Current income tax charge	\$ 4,404,329	\$ 385,306
Deferred income tax	-	-
Income tax expense	\$ 4,404,329	\$ 385,306

(2) Income tax relating to components of other comprehensive income: None.

(3) A reconciliation of income before income tax and income tax expense recognized in profit was as follows:

	2020	2019
Loss before income tax	\$ 24,109,437	\$ 14,248,977
Income tax calculated at 20%	\$ 4,821,887	\$ 2,849,795
Permanent difference	25,018	39,625
Effect of the deductible temporary differences for which no deferred income tax assets have been recognized	(442,576)	(2,504,114)
Income tax expense	\$ 4,404,329	\$ 385,306

	2020	2019
Income tax expense	\$ 4,404,329	\$ 385,306
Current tax liabilities (assets) at the beginning of the period	(540,706)	1,010,731
Less : Tax prepayments and withholding income tax	(192,653)	(926,012)
Less : Income tax paid	-	(1,010,731)
Current tax liabilities (assets)	\$ 3,670,970	\$ (540,706)

	Dec 31, 2020	Dec 31, 2019
Current tax liabilities	\$ 4,211,676	\$ -
Current tax assets	(540,706)	(540,706)
Net	\$ 3,670,970	\$ (540,706)

(4) Deferred tax assets: None.

(5) The deductible temporary differences for which no deferred income tax assets have been recognized:

	Dec 31, 2020	Dec 31, 2019
Temporary differences	\$ 436,618	\$ 879,194

(6) The tax authorities have examined income tax returns of the Company through 2018.

(7) Retained earnings-unappropriated information:

	<u>Dec 31, 2020</u>	<u>Dec 31, 2019</u>
After 1998	\$ 42,789,631	\$ 36,948,194

18. Related Party Transactions

a. Operating Revenues

	<u>2020</u>	<u>2019</u>
Other related party	\$ 25,356,882	\$ 9,247,354

The pricing and the collection terms for sales with related parties were not materially different from those with third parties.

b. Operating Costs

	<u>2020</u>	<u>2019</u>
Other related party	\$ 21,281,535	\$ 17,433,263

The pricing and payment terms with related parties were not materially different from those with third parties.

c. Accounts receivable

	<u>Dec. 31, 2020</u>	<u>Dec. 31, 2019</u>
Other related party	\$ 7,741,318	\$ 740,992

d. Accounts payable

	<u>Dec. 31, 2020</u>	<u>Dec. 31, 2019</u>
Other related party	\$ 5,917,411	\$ 2,264,012

e. Borrow from related parties

	<u>Maximum amount during the year</u>	<u>Dec. 31</u>	<u>Interest rates</u>	<u>Interest expense</u>
2020				
Key management personnel	\$ 10,850,000	\$ 10,850,000	-	\$ -
2019				
Key management personnel	\$ 10,850,000	\$ 10,850,000	-	\$ -

19. Pledged Assets: None.

20. Significant contingent liabilities and unrecognized commitments

As of December 31, 2020 and 2019, the Company provided guarantees for shipping agent both amounting to \$ 1,115,000.

21. Subsequent event: None.

Unique Logistics International Co., LTD.
Reconciliation of financial statements to U.S. GAAP
For the Years Ended December 31, 2020 and 2019

Unique Logistics International Co., LTD.
Reconciliation Report

The Company's financial statements have been prepared in accordance with the Business Entity Accounting Act and the Regulation on Business Entity Accounting Handling, as well as Enterprise Accounting Standards (hereinafter referred to as "EAS") and their related Interpretations announced by the Accounting Research and Development Foundation of the Republic of China. There is no significant differences between EAS and United States GAAP, in terms of impact on the Company's financial statements.

Unique Logistics International Co., LTD.
Balance sheet
December 31, 2020, and December 31, 2019
amounts expressed in New Taiwan Dollars

As at December 31, 2020	As Reported	Increase (Decrease)	U.S. GAAP
Assets			
Cash and cash equivalents	55,790,504	-	55,790,504
Accounts receivable – trade, net	47,010,756	-	47,010,756
Other Current Assets	3,527,005	-	3,527,005
Property and equipment – net	1,490,884	-	1,490,884
Deposits and other assets	8,168,920	-	8,168,920
	<u>115,988,069</u>	<u>-</u>	<u>115,988,069</u>
Liabilities			
Accounts payable – trade	10,708,243	-	10,708,243
Accounts payable – related party	5,917,411	-	5,917,411
Accrued expenses	16,953,687	-	16,953,687
Income tax payable	4,211,676	-	4,211,676
Other current liabilities	1,667,479	-	1,667,479
Long-term-debt due to related parties	10,850,000	-	10,850,000
	<u>50,308,496</u>	<u>-</u>	<u>50,308,496</u>
Shareholders' Equity			
Common stock	10,000,000	-	10,000,000
Retained earnings	55,679,573	-	55,679,573
	<u>65,679,573</u>	<u>-</u>	<u>65,679,573</u>
Total Liabilities and Stockholders' Equity	<u>115,988,069</u>	<u>-</u>	<u>115,988,069</u>
As at December 31, 2019	As Reported	Increase (Decrease)	U.S. GAAP
Assets			
Cash and cash equivalents	51,779,923	-	51,779,923
Accounts receivable – trade, net	34,677,291	-	34,677,291
Other Current Assets	2,670,509	-	2,670,509
Property and equipment – net	688,188	-	688,188
Deposits and other assets	7,668,920	-	7,668,920
	<u>97,484,831</u>	<u>-</u>	<u>97,484,831</u>
Liabilities			
Accounts payable – trade	10,425,378	-	10,425,378
Accounts payable – related party	2,264,012	-	2,264,012
Accrued expenses	12,711,834	-	12,711,834
Income tax payable	-	-	-
Other current liabilities	1,395,471	-	1,395,471
Long-term-debt due to related parties	10,850,000	-	10,850,000
	<u>37,646,695</u>	<u>-</u>	<u>37,646,695</u>
Shareholders' Equity			
Common stock	10,000,000	-	10,000,000
Retained earnings	49,838,136	-	49,838,136
	<u>59,838,136</u>	<u>-</u>	<u>59,838,136</u>
Total Liabilities and Stockholders' Equity	<u>97,484,831</u>	<u>-</u>	<u>97,484,831</u>

Unique Logistics International Co., LTD.
Statements of Income and Comprehensive Income
amounts expressed in New Taiwan Dollars

The application of U.S. GAAP would have the following effect on net income as reported:

	Year ended December 31, 2020	Year ended December 31, 2019
Net income for the period, as reported	19,705,108	13,863,671
Adjustments:		
Revenue	-	-
Costs of sales	-	-
General and Administrative expenses	-	-
Other income and expenses	-	-
Income tax expense	-	-
Net income – U.S. GAAP	<u>19,705,108</u>	<u>13,863,671</u>

TGF Unique Limited

Annual report and financial statements
Registered number 03920217
Year ended 31 March 2021

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Directors' report

The directors present their directors' report and financial statements for the year ended 31 March 2021.

Principal activities

The principal activity of the Company during the year was that of a freight forwarding company.

Political contributions

The company made no political contributions during the year (2020: £nil).

Results and dividends

The results of the Company for the period are in the profit and loss account on page 5. There was a profit after taxation for the period of £631,000 (2020: £289,000) which will be transferred to reserves. The directors have proposed a dividend in financial year 2021 of 139,000 (2020: £132,000). At 31 March 2021 the Company has net cash funds of £1,981,000 (2020: £1,225,000).

Use of financial instruments

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest any cash assets safely and profitably.

Currency risk

The Company is exposed to transaction and translation foreign exchange risk.

Credit Risk

The Company's credit risk is driven by trade receivables. Receivables are monitored closely and provision taken for accounts where the recoverability of cash is considered at risk. The Company has no significant concentration of credit risk as the trade receivables are spread across a large number of customers.

Future Development

The focus for the business for the next financial year is growth from existing and new customers, customer retention, improving utilisation of our operating base and product, and focus on cost efficiency. Competition in the industry is significant, and the business will focus in area in which it has a strategic advantage, including customised solutions and value added service.

Directors

The directors who held office during the year and up to the date of this report were as follows:

R Lee	— appointed 6 March 2009
FCW Ha	— appointed 6 March 2009
PMB Lee	— appointed 17 February 2011
S Reed	— appointed 10 March 2020
PM Larsen	— appointed 10 March 2020
A Berkshire	— appointed 28 June 2021

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Management has considered the consequences of COVID-19 and other events and conditions, and it has determined that they do not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

/s/ Francis Ha

Francis Ha

Director

30 November 2021

672 Spur Road
North Feltham Trading Estate
Feltham, Middlesex
TW14 0SL

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) including FRS101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- assess the company's ability to continue as a going concern, disclosing, as appropriate, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of TGF Unique Limited

Opinion

We have audited the financial statements of TGF Unique Limited ("the company") for the year ended 31 March 2021 which comprise the profit and loss account and other comprehensive income, the balance sheet, the statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations - ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and management and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading senior management meetings minutes.
- Considering remuneration incentive schemes and performance targets for management and directors
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

Independent auditor's report to the members of TGF Unique Limited (continued)

As required by auditing standards, and taking into account possible pressures to meet profit targets and recurring negative cash flow from operations, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition in particular the risk that export and import revenue is recorded in the wrong period and the risk that management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to seldom accounts for sales and expenses, those posted to unusual or unrelated accounts for sales, those posted with unexpected cash pairing, and those posted with unusual or unexpected entries to deposit or loans.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

Independent auditor's report to the members of TGF Unique Limited (continued)

Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 2 the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Alexander Chong (Senior Statutory Auditor) for and on behalf of KPMG LLP, Statutory Auditor

66 Queen Square
Bristol
BS14BE

3 December 2021

A copy of the audit report is filed and available at the Company's House.

Profit and Loss Account and Other Comprehensive Income
for the year ended 31 March 2021

	<i>Note</i>	31 March 2021 £000	31 March 2020 £000
Turnover	2	10,520	7,119
Cost of Sales		(9,083)	(6,065)
Gross Profit		1,437	1,054
Administrative Expenses	3-5	(740)	(734)
Profit before taxation		697	320
Tax on profit	6	(66)	(31)
Profit for the year		631	289

There was no other comprehensive income in either year.

The notes on pages 9 to 15 form part of these financial statements.

Balance Sheet
at 31 March 2021

	<i>Note</i>	2021 £000	2021 £000	2020 £000	2020 £000
Current Assets					
Debtors	7	2,681		2,424	
Cash at bank and in hand		1,981		1,225	
		4,662		3,649	
Creditors: amounts falling due within one year	8	(2,930)		(2,409)	
Net current assets			1,732		1,240
Net Assets			1,732		1,240
Capital and reserves					
Called up share capital	9		200		200
Profit and loss account			1,532		1,040
Total shareholders' fund - equity interests			1,732		1,240

The notes on pages 9 to 15 form part of these financial statements.

These financial statements were approved by the board of directors on 30 November 2021 and were signed on its behalf by:

/s/ Francis Ha
Francis Ha
Director

Statement of Changes in Equity for the year ended 31st March 2021

	<u>Called up Share Capital</u>	<u>Profit and loss account</u>	<u>Total</u>
	£000	£000	£000
Balance at 31 March 2019	200	883	1,083
Profit for the year	-	289	289
Total comprehensive income for the year	-	289	289
Dividends	-	(132)	(132)
Balance at 31 March 2020	200	1,040	1,240
Profit for the year	-	631	631
Total comprehensive income for the year	-	631	631
Dividends	-	(139)	(139)
Balance at 31 March 2021	200	1,532	1,732

The notes on pages 9 to 15 form part of these financial statements.

Notes
(forming part of the financial statements)

1 Accounting policies

TGF Unique Limited (the “Company”) is a private company limited by shares incorporated, domiciled and registered in England in the UK. The registered number is 03920217 and the registered address is 672 Spur Road, North Feltham Trading Estate, Feltham, England, TW14 0SL.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (“FRS 101”).

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (“FRS 101”). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 (“Adopted IFRSs”), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company’s ultimate parent undertaking, Japan Post Holdings Co., Ltd., a company incorporated in Japan, includes the Company in its consolidated financial statements. The consolidated financial statements of Japan Post Holdings Co are prepared in accordance with Japanese GAAP which is recognised as equivalent to IFRS. The financial statements are available to the public and may be obtained from Japan Post Holdings Co., Ltd., 1-3-2 Kasumigaseki, Chiyoda-ku, Tokyo 100-8798.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A cashflow statement and related notes;
- Certain disclosures regarding revenue;
- Comparative period reconciliations for share capital;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel;

As the consolidated financial statements of Japan Post Holdings Co., Ltd. include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Notes (continued)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

1.1 Measure convention

The financial statements are prepared on the historical cost basis

1.2 Going Concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides and the anticipated impact of CO VID-19 on the operations and its financial resources, the Company will have sufficient funds to meet its liabilities as they fall due for that period.

The cash flow forecasts include our current assumptions of the level of trade achieved during the period of lockdown in the UK from March 2020 to June 2020 and November 2020 to February 2021.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

1.4 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

1.5 Classification of financial instruments issued by the Company

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Notes (continued)

1.6 Non-derivative financial instruments

Non-derivative financial instruments comprise investment in equity, trade and other debtors, cash and cash equivalents, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Investment in debt and equity securities

Investments in subsidiaries are carried at cost less impairment.

Loans and borrowings

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Investments

Investments in joint ventures, associates and subsidiaries are carried at cost less impairment.

1.7 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.8 Accounting estimates and judgements

There are no judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements or estimates with a significant risk of material adjustment in the next year.

2 Turnover

The principal operation of the Company is the provision of a freight forwarding service, the turnover of which is all generated from the UK.

Revenue shall be recognised when or as performance obligations are satisfied by transferring control of a promised service to the customer. Control either transfers over time or at a point in time, but typically transfers over time.

Control of a service transfers over time if one of the following criteria is met:

- Customer simultaneously receives and consumes the benefits as TGF Unique performs;
- Customer controls assets as TGF Unique creates or enhances it; or
- TGF Unique's performance does not create an asset for which it has an alternative use and there is a right to payment for performance completed to date.

Notes (continued)

3 Expenses and auditor's remuneration

Profit before tax is stated after charging:	<u>31 March 2021</u>	<u>31 March 2020</u>
	<u>£000</u>	<u>£000</u>
Foreign exchange (gains)/losses	(31)	37
Audit of these financial statements	<u>10</u>	<u>10</u>

4 Remuneration of directors

	<u>31 March 2021</u>	<u>31 March 2020</u>
	<u>£000</u>	<u>£000</u>
Director's remuneration	230	220
Company contributions to money purchase pension plans	<u>15</u>	<u>21</u>

Retirement benefits are accruing to 2 (2020: 2) directors under defined contribution pension schemes.

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £123,000 (2020 :£130,000) and company pension contributions of £4,000 (2020 : £4,221) were made to a money purchase scheme on his behalf.

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	<u>Number of employees</u>	
	<u>31 March</u>	<u>31 March</u>
	<u>2021</u>	<u>2020</u>
Administration staff	<u>10</u>	<u>10</u>

The aggregate payroll costs of these persons were as follows:

	<u>31 March</u>	<u>31 March</u>
	<u>2021</u>	<u>2020</u>
	<u>£000</u>	<u>£000</u>
Wages and salaries	615	526
Social security costs	50	50
Other Pension costs (note 10)	<u>21</u>	<u>21</u>
	<u>686</u>	<u>597</u>

Notes (continued)

6 Taxation

Recognised in the profit and loss account

	31 March 2021 £000	31 March 2020 £000
<i>UK corporation tax</i>		
Current tax on income for the period	66	31
Total current tax credit	66	31

Reconciliation of effective tax rate

	31 March 2021 £000	31 March 2020 £000
Profit for the period	631	289
Total tax expense	66	31
Profit before tax	697	320
Tax at 19% (2020: 19%) on profit on ordinary activities before tax		
Effects of:	132	61
Expenses not deductible for tax purposes	-	1
Consortium relief claimed	(66)	(31)
Total tax expense	66	31

Factors that may affect future current and total tax charges

A UK corporation rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. This will increase the company's future current tax charge accordingly. In the March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the company's future tax charge.

7 Debtors

	31 March 2021 £000	31 March 2020 £000
Trade Debtors	2,521	2,221
Amounts due from group undertakings	38	47
VAT receivable	5	14
Prepayments and accrued income	117	142
	2,681	2,424

Amounts due from group undertakings are interest free and repayable on demand.

Notes (continued)

8 Creditors: amounts falling due within one year

	<u>31 March 2021</u>	<u>31 March 2020</u>
	£000	£000
Trade creditors	896	1,021
Amounts due to group undertakings	874	586
VAT payable	1	-
Corporation tax	1	33
Accruals and deferred income	1,158	769
	<u>2,930</u>	<u>2,409</u>

Amounts due to group undertakings are interest free, unsecured and repayable on demand.

9 Called upon share capital

	<u>31 March 2021</u>	<u>31 March 2020</u>
	£000	£000
<i>Allotted, called up and fully paid</i>		
200,000 ordinary shares of £1 each	<u>200</u>	<u>200</u>

10 Employee benefits

Defined contribution plans

During the year to 31 March 2021 the Company operated a defined contribution pension scheme. This scheme covers the majority of the employees. The pension cost of £21,000 (2020: £21,000) in respect of the defined contribution pension scheme represents the contributions payable to the pension scheme in respect of the accounting year.

11 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary of Toll Global Forwarding Group (UK) Limited. The directors consider the ultimate parent undertaking to be Japan Post Holdings Co., Ltd., a public company incorporated in Japan and listed in the Tokyo Stock Exchange.

The smallest group for which financial statements are prepared, and of which the Company is a member of is Toll Global Forwarding Limited and consolidated financial statements can be obtained from Toll Global Forwarding Limited, 30/F. Tower Two, Enterprise Square Five, 38 Wang Chiu Road, Kowloon Bay, Kowloon Hong Kong.

The largest group for which financial statements are prepared, and of which the Company is a member of is Japan Post Holdings Co., Ltd. and consolidated financial statements can be obtained from Japan Post Holdings Co., Ltd., 1-3-2 Kasumigaseki, Chiyoda-ku, Tokyo 100-8798.

Notes (continued)

12 Related parties

Related party transactions during the year comprised sales and purchase of services with Other Group companies for use of relevant networks to deliver customer contracts. There were also an amount owed by the Company to TGFG UK Ltd for other operational services (custom duties and port charges).

	Sales to 31 March 2021 £000	Costs 31 March 2021 £000	Sales to 31 March 2020 £000	Costs 31 March 2020 £000
Other related parties	212	667	212	725
	<u>212</u>	<u>667</u>	<u>212</u>	<u>725</u>
	Receivables outstanding 31 March 2021 £000	Creditors outstanding 31 March 2021 £000	Receivables outstanding 31 March 2020 £000	Creditors outstanding 31 March 2020 £000
Unique Logistics Int'l (HK) Ltd.	29	103	35	-
Shenzen Unique Logistics Int'l Limited	1	302		
Unique Freight Solutions (S) PTE LTD	-	-	7	-
Unique Logistics International (NYC) LLC	3	111	-	11
Toll Global Forwarding Group UK Limited	-	352	-	534
Other related parties	5	309	12	41
	<u>38</u>	<u>1,175</u>	<u>54</u>	<u>586</u>

B M CHATRATH & CO LLP
(FORMERLY B M CHATRATH & CO.)
CHARTERED ACCOUNTANTS
LLPIN : AAJ-0682

REGD OFFICE: CENTRE POINT , 4th FLOOR, suite NO. 440
21, HEMANTA BASU SARANI, KOLKATA - 700 001
TEL : 2248-4575/4667/6810/6798, 2210-1385, 2248-9934
E-mail: bmccal@bmchatrath.in
Website:www.bmchatrath.com

INDEPENDENT AUDITOR'S REPORT

To the Members of

UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying Financial Statements of **UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss and Statement of Cash Flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us in the Basis for Opinion Paragraph the aforesaid Financial Statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the Accounting Principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its Profit and Cash Flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our Opinion.

NOIDA :- D-26, 2nd Floor, Sector - 3, Noida - 201301 (Uttar Pradesh), Ph. No. - 0120-4593360, 0120-4593361

DELHI :- Flat No. - 10, 45 Friends Colony East, New Delhi 110065

MUMBAI :-104, Building No. B69, Nitin Shanti Nagar CHSL, Shanti Nagar, Sector -1, Mira Road East, Dist. - Thane, Mumbai - 401107 **HYDERABAD** :- Mangalgi
Vinaygar Apartments, Flat No. -202, 8-2-616/3/E/2, Road No. - 10, Banjara Hills, Pin : 500034 **JAIPUR** B-269, Janta Colony, Jaipur-302004, Ph. : 0141-2601727

Due to Covid-19 Pandemic and the consequential nation-wise Lockdown and restrictions on travel we have conducted Audit on a remote access basis based on the information sent to us by the Company. This includes various Financial Accounts/Records.

Our Report has been made based on the Digital Review of the records maintained in the System and other related information received through email from time to time from the Management on our specific queries. The Audit has been conducted as per the Guidelines of the Institute of Chartered Accountants of India (ICAI).

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (As Amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "**Annexure - A**". Statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid Financial Statements comply with the Accounting Standards (AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) We have also audited the Internal Financial Controls over Financial Reporting (IFCoFR) of the Company as on 31st (March, 2021 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date and our Report as per "**Annexure -B**" expressed an unmodified opinion.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2016, in our opinion and to the best of our information and according to the explanations given to us:
 - i. There was no Pending Litigation as on 31st March, 2021 that would impact the Financial Statements of the Company for the year ended 31st March, 2021.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B M CHATRATH & CO LLP
CHARTERED ACCOUNTANTS
Firm Registration No. 301011E/E300025

/s/ S.K. BASU

(S.K. BASU)

Partner

Membership No. 054484

UDIN: 21054484AAAAJH7305

Place: KOLKATA

Date: 28.06.2021

ANNEXURE - "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 of Independent Auditor's Report of even date to the members of UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED on the Financial Statements as of and for the year ended March 31,2021)

- i) a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
 - b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, the fixed assets have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
 - c) No immovable properties are held by the Company as at 31st March, 2021 accordingly Paragraph 1(c) of the order is not applicable.
 - ii) The Company's nature of operations does not require it to hold inventories. Accordingly the Paraprath 3(ii) of the Order is not applicable.
 - iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
 - iv) The Company has not made any loan, or Investment or furnished any Guarantee or Securities within the meaning of Section 185 & 186 of the Companies Act, 2013. Accordingly the provisions of clause (iv) of Paragraph 3 of the said Order is not applicable to the Company.
 - v) The Company has not accepted any deposits from the public, within the meaning of Section 73, 74, 75 & 76 of the Act & the Rules framed there under to the extent notified. Accordingly the provisions of clause (v) of Paragraph 3 of the Order is not applicable to the Company.
-

- vi) The Central Government has not prescribed the maintenance of cost records under Section 184 (1) of the Act, for any of the services rendered by the Company.
- vii) a) According to the information and explanations given to us and the records of the Company examined by us the Company generally regular in depositing undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Value Added Tax, Cess, GST and other Material Statutory dues with the appropriate Authorities.
- b) According to the information and explanations given to us, no undisputed amount payable in respect of Income Tax, Wealth Tax, Value Added Tax, Service Tax, Custom Duty, Excise Duty and GST were outstanding for a period more than six (6) months from the date they become payable.
- viii) According to the records of the Company, examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to any Financial Institute or Bank or Government or dues to Debenture Holders as of the Balance Sheet date.
- ix) The Company did not raise any money by way of Initial Public Offer or Further Public Offer and Term Loans. Hence the provision of the clause (ix) of Paragraph 3 of the said Order are not applicable to the Company.
- x) During the course of our examination of the Books and Records of the Company carried out in accordance with the Generally Accepted Accounting Practices in India and according to the information and explanations given to us, we have neither come across any instance of Material Fraud by the Company or on the Company by its Officers or Employers obtain or Employees, noticed or reported during the year nor we have been informed of any such case by the Management.
- xi) Since, the Private Limited Companies are outside the purview of the Schedule V of Section 197 (1) of the Companies Act,2013, hence the Clause (xi) of the Paragraph 3 of the said Order is not applicable to the Company.
- xii) As the Company is not a Nidhi Company and Nidhi Rules 2014 are not applicable to it, the provisions of clause 3(xii) of Paragraph 3 of the Order are not applicable to the Company.
- xiii) The Company has entered into transactions with related parties in compliance with the provisions of Section 177 & 188 of the Act. The details of such Related Party Transactions have been disclosed in the Financial Statements as required under Accounting Standards (AS-18 Related Party Disclosures) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv) The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For B M CHATRATH& CO LLP
CHARTERED ACCOUNTANTS
Firm Registration No. 301011E/E300025

/s/ S.K. BASU

(S.K. BASU)

Partner

Membership No. 054484

UDIN: 21054484AAAAJH7305

Place: KOLKATA

Date: 28.06.2021

ANNEXURE - "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) of the Independent Auditors' Report of even date to the members of UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED on the financial statements as on and for the year ended March 31,2021)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act").

We have audited the Internal Financial Controls with reference to Financial Statements of UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED("the Company") as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining Internal Financial Controls based on the Internal Control over Financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's Internal Financial Controls with reference to Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of Internal Financial Controls, both applicable to an audit of Internal Financial Controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate Internal Financial Controls with reference to Financial Statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the Internal Financial Controls System with reference to Financial Statements and their operating effectiveness. Our audit of Internal Financial Controls with reference to Financial Statements included obtaining an understanding of Internal Financial Controls with reference to Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to Financial Statements

A company's Internal Financial Controls with reference to Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with Generally Accepted Accounting Principles. A company's Internal Financial Controls with reference to Financial Statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisation of Management and Directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Financial Statements.

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

Because of the inherent limitations of Internal Financial Controls with reference to Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the Internal Financial Controls with reference to Financial Statements to future periods are subject to the risk that the Internal Financial Controls with reference to Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate Internal Financial Controls System with reference to Financial Statements and such Internal Financial Controls with reference to Financial Statements were operating effectively as at March 31, 2021, based on the Internal Control Over Financial Reporting criteria established by the Company considering the essential components of Internal Control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For B M CHATRATH & CO LLP
CHARTERED ACCOUNTANTS
Firm Registration No. 301011E/E300025**

/s/ S.K. BASU

(S.K. BASU)

Partner

Membership No. 054484

UDIN: 21054484AAAAJH7305

Place: KOLKATA

Date: 28.06.2021

UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED
BALANCE SHEET AS AT 31 MARCH 2021

	Note No.	As at 31st March, 2021 Amount (Rs.'000)	As at 31st March, 2020 Amount (Rs.000)
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital	2	13,086	13,086
(b) Reserves and Surplus	3	77,218	67,294
		90,304	80,380
2. Non-Current Liabilities			
(b) Long-Term Borrowings	4	421	752
(b) Long-Term Provisions	5	16,816	8,543
		17,237	9,295
3. Current Liabilities			
(a) Trade Payables	6	291,741	234,096
(b) Other Current Liabilities	7	8,764	19,702
(c) Short-Term Provisions	8	21,810	26,229
		322,315	280,027
		429,856	369,702
II. ASSETS			
1. Non-Current Assets			
(a) Property, Plant & Equipment			
(i) Tangible Assets		4,343	3,417
(ii) Intangible Assets	9	1	2
(iii) Capital Work in Progress		-	-
		4,344	3,419
(c) Deferred Tax Assets (net)	10	1,997	2,548
(d) Long-Term Loans and Advances	11	34,730	30,356
		36,727	32,904
2. Current Assets			
(a) Trade Receivables	12	364,546	303,138
(b) Cash and Cash Equivalents	13	4,351	3,560
(c) Short-Term Loans and Advances	14	1,485	5,595
(d) Other Current Asset	15	18,403	21,086
		388,785	333,379
		429,856	369,702
Significant Accounting Policies	1		

The accompanying notes are an integral part of the financial statements. In terms of our report attached

For B M CHATRATH & CO LLP
CHARTERED ACCOUNTANTS
Firm Registration No. 301011E/E300025

For UNIQUE LOGISTICS INTERNATIONAL (INDIA)
PRIVATE LIMITED

/s/ S.K. BASU

(S.K. BASU)

Partner

Membership No. 054484

UDIN: 21054484AAAAJH7305

Place: KOLKATA

Date: 28th June 2021

/s/ PATRICK MAN BUN LEE

PATRICK MAN BUN LEE

Director

DIN:06728542

/s/ PING HONG TAM

PING HONG TAM

Director

DIN:06709767

Place: HONGKONG

Date: 28th June 2021

UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2021

	Note No.	For the year ended 31st March, 2021 Amount (Rs.'000)	For the year ended 31st March, 2020 Amount (Rs.'000)
I. REVENUE			
(a) Revenue from Operations (Gross)	16	2,118,465	1,842,748
(b) Other Income	17	1,768	5,765
Total Revenue		2,120,233	1,848,513
II. EXPENSES			
(a) Operating Expenses	18	1,910,059	1,622,980
(b) Employee Benefits Expense	19	154,278	158,294
(c) Finance Cost	20	392	529
(d) Depreciation and Amortisation Expense	21	1,720	1,856
(e) Other Expenses	22	39,247	46,003
Total Expenses		2,105,696	1,829,662
III. Profit Before Exceptional and Extraordinary Items and Tax (III)		14,537	18,851
Exceptional Items		-	-
IV. Profit Before Extraordinary Items and Tax		14,537	18,851
Extraordinary Items		-	-
V. Profit Before Tax		14,537	18,851
VI. Tax Expense:			
(a) Current Tax	23	4,061	5,406
(b) Deferred Tax Expense / (Income)	24	551	(80)
(c) Short / (Excess) Provision of earlier years		4,612	5,326
VII. Profit After Taxation (5-6)		9,925	13,525
Basic and diluted Earning per Share (in Rs.)	25	7.58	10.34
Significant Accounting Policies	1		

For B M CHATRATH & CO LLP
 CHARTERED ACCOUNTANTS
 Firm Registration No. 301011E/E300025

For UNIQUE LOGISTICS INTERNATIONAL (INDIA)
 PRIVATE LIMITED

/s/ S.K. BASU

(S.K. BASU)

Partner

Membership No. 054484

UDIN: 21054484AAAAJH7305

Place: KOLKATA

Date: 28th June 2021

/s/ PATRICK MAN BUN LEE

PATRICK MAN BUN LEE

Director

DIN:06728542

/s/ PING HONG TAM

PING HONG TAM

Director

DIN: 06709767

Place: HONGKONG

Date: 28th June 2021

UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED
STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST MARCH 2021

Particulars	For the year ended 31st March, 2021 Amount (Rs.'000)	For the year ended 31st March, 2020 Amount (Rs.'000)
I. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before exceptional items and tax as per statement of profit and loss	14,537	18,851
Adjustment for: Depreciation and amortisation expenses	1,720	1,856
Other Comprehensive Income / (Expenses)	-	
(Profit) / Loss on Sale of Fixed Assets	-	(363)
Operating Profit before working capital changes	16,257	20,344
Adjustment for: (Increase) / Decrease in Trade Receivables	(61,408)	(20,639)
(Increase) / Decrease in Short-Term Loans and Advances	4,110	(4,163)
(Increase) / Decrease in Other Current Assets	2,684	1,414
Increase / (Decrease) in Trade Payables	57,645	(24,922)
Increase / (Decrease) in Other Current Liabilities	(10,938)	11,434
Increase / (Decrease) in Short-Term Provisions	(8,481)	(2,445)
Net cash flows generated from operating activities after exceptional items	(132)	(18,978)
II. CASH FLOW FROM INVESTING ACTIVITIES		
(Increase) / Decrease in Property, Plant & Equipment	(2,645)	(627)
(Increase) / Decrease in Deferred Tax Assets	-	
(Increase) / Decrease in Security Deposit	489	1,258
(Increase) / Decrease in TDS Receivable	(4,864)	15,705
Net cash used in investing activities	(7,020)	16,336
III. CASH FLOW FROM FINANCING ACTIVITIES		
Increased / (Decrease) in Long Term Borrowings	(331)	(724)
Increased / (Decrease) in Employee Benefit Obligations	2,866	465
Increased / (Decrease) in Other Provision	5,406	(7,294)
Net cash used in financing activities	7,942	(7,553)
NET INCREASE / (DECREASE) IN CASH AND BANK BALANCE (I+II+III)	790	(10,194)
Add: Cash and equivalent at the beginning	3,560	13,754
Cash and equivalent at the end of the year	4,351	3,560
Cash and cash equivalent as per above comprises of the following		
Cash Balances	6	39
Bank Balances	4,345	3,521
Balance as per statement of cash flow	4,351	3,560
Significant Accounting Policies (Note -1)		

The accompanying notes are an integral part of the financial statements.
In terms of our report attached

For B M CHATRATH & CO LLP
CHARTERED ACCOUNTANTS
Firm Registration No. 301011E/E300025

For UNIQUE LOGISTICS INTERNATIONAL (INDIA)
PRIVATE LIMITED

/s/ S.K. BASU

(S.K. BASU)

Partner

Membership No. 054484

UDIN: 21054484AAAAJH7305

Place: KOLKATA

Date: 28th June 2021

/s/ PATRICK MAN BUN LEE

PATRICK MAN BUN LEE

Director

DIN:06728542

/s/ PING HONG TAM

PING HONG TAM

Director

DIN:06709767

Place: HONGKONG

Date: 28th June 2021

UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE - 1: SIGNIFICANT OF ACCOUNTING POLICIES

A Basis of Preparation

The Financial Statements of **UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED** have been prepared in conformity with Generally Accepted Accounting Principles, to comply in all material respects with the Accounting Standards notified by the Companies (Accounting Standards) Rules, 2015 (as amended) and the relevant provisions of the Companies Act, 2013. The Financial Statements have been prepared under the historical cost convention and on Accrual Basis. The accounting policies have been constantly applied by the Company and are consistent with those used in the previous years.

B Fixed Assets

Fixed Assets have been stated at cost less depreciation. The cost includes all expenses incurred to bring the asset to its present location and condition.

C Depreciation

Depreciation on own assets is provided on Written Down Value Method at the following rates prescribed under Schedule II of the Companies Act, 2013. Disclosure of useful life:

a) Motor Vehicle	8 Years
b) Computer	3 Years
c) Office Equipment	5 Years
d) Furniture & Fixture	10 Years

The depreciation of assets provided during the year has been charged on pro-rata basis as per Rate Prescribed Act under Schedule II of the Companies Act, 2013.

D Use of Estimates

The preparation of Financial Statements requires management to make estimates and assumptions that affect the reported amounts of Assets and Liabilities and disclosure of contingent liabilities at the date of Financial Statements and results of operations during the reporting year end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

E Revenue Recognition

Revenue from transactions is usually recognized at the completion of service on an accrual basis. This is consistent with the "Completed Service Contract Method" as mentioned in Para 7.1(ii) of Accounting Standard 9, issued by the Institute of Chartered Accountants of India.

F Trade Receivable

Where ever necessary provision has been taken on Trade Receivables by the Company.

UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE -1: SIGNIFICANT OF ACCOUNTING POLICIES

G Foreign Currency Transactions

Transactions in Foreign Currencies are initially recorded at their respective functional currency (i.e. Indian Rupee) spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates if exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognized in the statement of profit and loss.

Non-monetary items are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the initial transactions.

Exchange differences arising on translation / settlement of foreign currency monetary items are recognized as income or expenses in the period in which they arise.

H Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit/ (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated in the Cash Flow Statement.

I Employee Benefits (Defined Employee Benefit Plans under AS 15)

(i) Short-term employee benefits

Employee benefits payable wholly within twelve months of availing employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. The undiscounted amount of short term employee benefits such as salaries and wages, bonus and ex-gratia to be paid in exchange of employee services are recognized in the period in which the employee renders the related service.

(ii) Post-employee benefits

Defined contribution plans:

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The company makes specified monthly contribution towards Provident Fund and Employees State Insurance Corporation (ESIC). The contribution is recognized as an expense in the Statement of Profit and Loss during the period in which employee renders the related service. There are no other obligations other than the contribution payable to the Provident Fund and Employee State Insurance Scheme.

Defined benefit plan:

Gratuity liability, wherever applicable, is provided for on the basis of an actuarial valuation done as per projected unit credit method, carried out by an independent actuary at the end of the year. The Company's gratuity benefit scheme is a defined benefit plan.

UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE -1: SIGNIFICANT OF ACCOUNTING POLICIES

J Tax Expenses

Tax Expenses Comprises Convert & Deferred Taxes. Convert Taxes are determined based on respective Taxable Income of each Taxable Entity & Tax Rules applicable for respective Tax Jurisdictions.

Deferred Tax is recognized on timing difference being the difference between Taxable Income & Accounting Income the originate in one period & are capable of reversal in one or more subsequent periods.

Deferred Tax Assets & Liabilities are measured based on Tax Rates that are expected to apply in the period when asset is realized or the liability is settled, based on Tax Rates & Tax Laws that have been enacted by the Balance Sheet date.

K Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

L Earnings per Share

Basic earnings per share are calculated by dividing net profit for the year attributable to ordinary equity shares by the number of Equity Shares.

M Contingent Liabilities

A contingent liability is a possible obligation that arises from the past events whose existence will be confirmed by the occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extreme rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the Financial Statements.

For **B M CHATRATH & CO LLP**
CHARTERED ACCOUNTANTS
Firm Registration No. 301011E/E300025

For **UNIQUE LOGISTICS INTERNATIONAL (INDIA)**
PRIVATE LIMITED

/s/ S.K. BASU

(S.K. BASU)

Partner

Membership No. 054484

UDIN: 21054484AAAAJH7305

Place: KOLKATA

Date: 28th June 2021

/s/ PATRICK MAN BUN LEE

PATRICK MAN BUN LEE

Director

DIN:06728542

/s/ PING HONG TAM

PING HONG TAM

Director

DIN: 06709767

Place: HONGKONG

Date: 28th June 2021

UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS AS AT 31ST MARCH, 2021

Note - 2: Share Capital

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Number of shares	Amount (Rs.'000)	Number of shares	Amount (Rs.'000)
A. Authorised Capital				
2000000 Equity Shares of Rs. 10/- each	2000000	20,000	2000000	20,000
B. Issued, Subscribed and Paid up Capital				
Opening Balance at the beginning of the year	1308631	13,086	1308631	13,086
Add: Addition during the year	-	-	-	-
Closing Balance (1308631 number of Equity Shares (2) Rs. 10/- each)	1308631	13,086	1308631	13,086
Total	1308631	13,086	1308631	13,086

2 (a) The Company has one class of Shares having par value of Rs. 10/- each. Each Equity Shareholder is eligible for 1 vote per share held. In the event of liquidation the equity shareholders are eligible to receive the remaining assets of the Company.

2 (b) Reconciliation of Shares Outstanding:

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Number of shares	Amount (Rs.'000)	Number of shares	Amount (Rs.'000)
Equity Shares outstanding at the beginning of the Period				
Equity Shares application received during the period	1308631	13,086	1308631	13,086
Equity Shares allotted during the period				
Equity Shares outstanding at the end of the Period	1308631	13,086	1308631	13,086

2 (c) Equity Shares held by the Holding Company. The detail is given below:

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Number of shares	Percentage (%)	Number of shares	Percentage (%)
Unique Logistics Holdings Limited	850261	65	850261	65

2 (d) Disclosure of Shareholders holding more than 5 percent share in the Company:

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Number of shares	Percentage (%)	Number of shares	Percentage (%)
Unique Logistics Holdings Limited	850261	65	850261	65
Frangipani Trade Services, INC., USA	458370	35	458370	35

2 (e) No Shares have been reserved for issue under Option and Contracts/ Commitments for the sale of shares/ Disinvestment as at the Balance Sheet date.

2 (f) No Shares have been allotted by way of Bonus share or pursuant to contracts or has been bought back by the Company during the period of five years preceding the date at which the Balance Sheet is prepared.

2 (g) No convertible securities have been issued by the Company during the year.

2 (h) No calls are unpaid by any Director, an Officer of the Company during the year.



UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS AS AT 31ST MARCH, 2021

Note - 3: Reserves and Surplus

Particulars	As at 31st March, 2021 Amount (Rs.'000)	As at 31st March, 2020 Amount (Rs.'000)
(a) Securities Premium Reserve		
Balance Brought Forward	8,183	8,183
Add: During the year on issue of shares	-	-
Closing Balance	8,183	8,183
(b) Surplus in the Statement of Profit and Loss		
Opening Balance as per Statement	59,110	45,585
Add: Adjustment of retained earning	-	-
Add: Profit / (Loss) during the year	9,925	13,525
Closing Balance	69,035	59,110
Total (a+b)	77,218	67,294

Note - 4: Long Term Borrowings

Particulars	As at 31st March, 2021 Amount (Rs.'000)	As at 31st March, 2020 Amount (Rs.'000)
Secured Loan		
HDFC Bank Car Loan - Secured against Hypothecation of Car, repayable in 3 years from date of purchase	421	752
Total	421	752

Note - 5: Long-Term Provisions

Particulars	As at 31st March, 2021 Amount (Rs.'000)	As at 31st March, 2020 Amount (Rs. '000)
Provision for Employee Benefits:		
Gratuity	9,540	6,674
Other Provision:		
Taxation	7,276	1,869
Total	16,816	8,543

UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS AS AT 31ST MARCH, 2021

Note - 6: Trade Payables

Particulars	As at 31st March, 2021 Amount (Rs.'000)	As at 31st March, 2020 Amount (Rs.'000)
Dues to Micro, Medium and Small Enterprises		
Trade Payables (Not being covered under Micro, Small & Medium Enterprises Development Act, 2006) :		
- Related Parties	88,154	86,854z
- Others	203,587	147,242
Total	291,741	234,096

In absence of any specific information available with the Company from suppliers regarding their status under the Micro Small and Medium Enterprise Development Act, 2006, no disclosure have been considered necessary in this regard as at 31st March, 2021.

Note - 7: Other Current Liabilities

Particulars	As at 31st March, 2021 Amount (Rs.'000)	As at 31st March, 2020 Amount (Rs.'000)
Statutory Liabilities		
TDS Payable	3,743	4,175
P.F. Payable (Employer's contribution)	577	588
P.F. Payable (Employees contribution)	687	692
ESI Payable	27	30
Professional Tax Payable	15	16
GST Payable	2,926	1,344
Outstanding Liability		
Audit Fees (Statutory Audit)	210	191
Audit Fees (Transfer Pricing)	133	121
Audit Fees (Tax Audit)	46	42
Audit Fess (GST Audit)	69	194
OD Loan		
HSBC Bank Account-Secured against Corporate Guarantee (by Holding Company)	-	12,006
Current Maturity Of Car Loan		
HDFC Bank Car Loan - Secured against Hypothecation of Car, repayable in 3 years from date of purchase	331	303
Total	8,764	19,702

Note - 8: Short-Term Provisions

Particulars	As at 31st March, 2021 Amount (Rs.'000)	As at 31st March, 2020 Amount (Rs.'000)
Provision for Income Tax:		
Provision for Income Tax Current year	4,061	5,406
Provision for Employee Benefits:		
Gratuity	2,102	2,954
Leave Encashment	-	2,022
Bonus & Ex-Gratia	4,560	4,701
LTA	733	694
Salaries	8,888	9,289
Medical Reimbursement	872	755
Other Provision:		
Others	593	408
Total	21,810	26,229

UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS AS AT 31ST MARCH, 2021

Note - 9: Property, Plan & Equipment

Description of assets	Useful Life As Per Companies Act, 2013	Depreciation Rate As Per Companies Act, 2013	Original Cost			Depreciation/Amortisation			Net Block			
			Balance As At 1st April, 2020	Additions During The Period	Sold/ Written-off During The Period	Balance As At 31st March, 2021	Balance As At 1st April, 2020	For The Period	Depreciation for Assets Sold/ Written-off During The Period	Balance As At 31st March, 2021	Balance As At 31st March, 2020	
<u>TANGIBLE ASSETS</u>												
Motor Vehicle	8	31.23%	3,628	0.0	0.0	3,628	2,190	449	-	2,639	988	1,437
Computer	3	63.16%	8,186	1,019	0.3	9,205	7,229	825	-	8,054	1,150	957
Office Equipment	5	45.07%	1,558	506	92	1,972	1,328	162	86	1,404	568	230
Furniture & Fixture	10	25.89%	3,196	1,203	128	4,272	2,403	232	-	2,635	1,637	793
<u>INTANGIBLE ASSETS</u>												
Software internet	3	63.16%	202	50	-	252	200	51	-	251	0.70	2
TOTAL			16,770	2,778	220	19,328	13,351	1,720	86	14,984	4,344	3,419

UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS AS AT 31ST MARCH, 2021

Note -10: Deferred Tax Assets

Particulars	As at 31st March, 2021 Amount (Rs.'000)	As at 31st March, 2020 Amount (Rs.'000)
Deferred Tax Assets on		
Bonus	1,147	1,183
Leave Encashment	-	509
Gratuity	529	743
Provision for Doubtful Debts	302	15
Depreciations	19	99
Net Deferred Tax Asset / (Liability)	1,997	2,548

Note - 11: Long-Term Loans and Advances

Particulars	As at 31st March, 2021 Amount (Rs.'000)	As at 31st March, 2020 Amount (Rs.'000)
Unsecured considered Good		
Security Deposit	5,081	5,571
TDS Receivable	29,649	24,785
Total	34,730	30,356

Note - 12: Trade receivables

Particulars	As at 31st March, 2021 Amount (Rs.'000)	As at 31st March, 2020 Amount (Rs.'000)
Unsecured Considered Good (Net of Adhoc Provision for Bad & Doubtful		
Outstanding for the period exceeding six months	2,364	5,568
Others	362,182	297,570
Total	364,546	303,138

Note - 13: Cash and Cash Equivalents

Particulars	As at 31st March, 2021 Amount (Rs.'000)	As at 31st March, 2020 Amount (Rs.'000)
Cash in hand	6	39
Balances with Banks in Current Accounts	4,345	3,521
Total	4,351	3,560

Note - 14: Short-Term Loans and Advances

Particulars	As at 31st March, 2021 Amount (Rs.'000)	As at 31st March, 2020 Amount (Rs.'000)
(Unsecured, Considered Good)		
Prepaid Expenses	1,061	1,226
Staff Advance	424	770
Advance to Suppliers (Revenue Advance)	-	3,599
Total	1,485	5,595

Note - 15: Other Current Asset

Particulars	As at 31st March, 2021 Amount (Rs.'000)	As at 31st March, 2020 Amount (Rs.'000)
(Unsecured, Considered Good)		
GST Recievable	3,009	1,646
TDS Receivable - Current	15,394	19,441
Total	18,403	21,087

UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Note - 16: Revenue from Operations

Particulars	For the year ended 31st March, 2021 Amount (Rs.'000)	For the year ended 31st March, 2020 Amount (Rs.'000)
Services		
Logistic Services provided to customer	2,118,465	1,842,748
Total	2,118,465	1,842,748

Note - 17: Other Income

Particulars	For the year ended 31st March, 2021 Amount (Rs.'000)	For the year ended 31st March, 2020 Amount (Rs.'000)
Interest Income		
Interest on Income Tax Refund	1,113	2,482
Other Non-Operative Income		
Other Income	655	549
Foreign Exchange Difference (Net)	-	2,370
Profit on Sale of Fixed Asset	-	364
Total	1,768	5,765

Note - 18: Operational Expenses

Particulars	For the year ended 31st March, 2021 Amount (Rs.'000)	For the year ended 31st March, 2020 Amount (Rs.'000)
Clearing and Forwarding	-	1,364
Direct Expenses	1,910,059	1,621,161
Service Charges	-	455
Total	1,910,059	1,622,980

Note -19: Employee Benefits Expense

Particulars	For the year ended 31st March, 2021 Amount (Rs.'000)	For the year ended 31st March, 2020 Amount (Rs.'000)
Salaries & Wages	135,359	141,918
Contribution to Gratuity, Bonus & Ex-Gratia	10,605	7,550
Contribution to Provident Fund & ESI	7,286	7,318
Staff Welfare Expenses	1,028	1,508
Total	154,278	158,294

Note - 20: Finance Cost

Particulars	For the year ended 31st March, 2021 Amount (Rs.'000)	For the year ended 31st March, 2020 Amount (Rs.'000)
Interest on HSBC Bank Over Draft	312	339
Interest A/C -Company Car loan	80	190
Total	392	529

UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Note - 21: Depreciation & Amortisation Expense

Particulars	For the year ended 31st March, 2021 Amount (Rs.'000)	For the year ended 31st March, 2020 Amount (Rs.'000)
Depreciation for the year	1,720	1,856
Total	1,720	1,856

Note - 22: Other Expenses

Particulars	For the year ended 31st March, 2021 Amount (Rs.'000)	For the year ended 31st March, 2020 Amount (Rs.'000)
Advertising	7	38
Audit Fees - Statutory	204	195
Audit Fees - Transfer Pricing	159	135
Audit Fees - Tax Audit	43	43
Audit Fees - GST	227	150
Audit Fees - Other Matter	52	61
Bank Charges	886	771
Books and Periodicals	-	35
Provision for Bad and Doubtful debts	1,200	1,200
Brokerage and Commission	140	125
Asset Written off	128	93
Business Promotion	22	335
Car Hire Charges	10	15
Cleaning	991	864
Consultancy	1,598	4,617
Conveyance	825	1,138
Courier	634	916
Conference & Meeting	-	117
Subscriptions	661	796
Electricity	2,025	2,282
Entertainment	136	260
Employee Fuel Expenses Reimbursement	2,961	3,965
Foreign Exchange Difference (Net)	93	-
Insurance	182	137
Insurance Overseas	682	496
Interest & Late Filing Fees	-	23
Legal & professional Fees	978	920
Office Expenses	451	426
Printing & Stationary	1,819	2,107
Professional Tax (Company)	16	17
Rent	14,080	14,134
Repairs & Maintenance - Computer Maintenance	1,072	799
Repairs & Maintenance - Others	3,896	4,160
ROC Filing Fees	-	6
Service Tax Paid on Demand	-	712
Integrated GST Expenses	319	-
Taxes / Licenses	16	7
Telephone and Internet	1,568	1,762
Training	59	58
Travelling Expenses	332	1,745
Utilities	-	275
Misc. Expenses	13	29
Manpower Supply service	440	39
Interest & Penalty-GST	322	-
Total	39,247	46,003

UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Note - 23: Current Tax

Particulars	For the year ended 31st March, 2021 Amount (Rs.'000)	For the year ended 31st March, 2020 Amount (Rs.'000)
Provision for Taxation	4,061	5,406
Total	4,061	5,406

Note - 24: Deferred Tax Expense / (Income)

Particulars	For the year ended 31st March, 2021 Amount (Rs.'000)	For the year ended 31st March, 2020 Amount (Rs.'000)
Deferred Tax Expense / (Income)	551	(80)
Total	551	(80)

Note - 25: Earning Per Share

Particulars	For the year ended 31st March, 2021 Amount (Rs.'000)	For the year ended 31st March, 2020 Amount (Rs.'000)
Basic		
(i) Weighted average number of Equity Shares of Rs. 10 each outstanding during the period	1,308,631	1,308,631
(ii) Net Profit/(Loss) for the year	9,925	13,525
(iii) Basic Earnings per Share [(ii) / (i)]	7.58	10.34

UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2021

Note - 26: Inventories

The nature of the Companies Business does not involves inventory.

Note - 27: Investments

The Company does not have any investments as on the date of Balance Sheet.

Note - 28: Micro, Small & Medium Enterprise

As per the information and records available with the Company there is no micro, small & medium enterprises as defined in the Micro, Small & Medium Enterprises Development Act, 2006, to whom the Company owes any amount of principal together with interest. Therefore, no additional disclosure is made.

Note - 29: (a) Related Party Disclosure under Accounting Standard – 18

<u>Name of Related Party</u>	<u>Address</u>	<u>Nature of Relationship</u>	<u>Business Description</u>
Unique Logistics International (H.K.) Limited	Unit B & D, 4th Floor, Sunshine Kowloon Bay Cargo Centre, 59 Tai Yip Street, Kowloon Bay, Kowloon Hong Kong.	Indirect Shareholder Sec. 92A (2) (a/b)	Logistic Service
PT Unique Logistics International Indonesia	Jl. Ir. H. Juanda lli No. 25b Jakarta 10120 Country: Indonesia	Indirect Shareholder Sec. 92A (2) (a/b)	Logistic Service
TGF Unique Limited	Australis House Unit 2 Heron Way Feltham, Middlesex TW14 OAR. Country : U. K.	Indirect Shareholder Sec. 92A (2) (a/b)	Logistic Service
Unique Logistics International (SIN) Pte Ltd	1 Paya Lebar Link, #04-01 Paya Lebar Quarter 1 Country : Singapore	Indirect Shareholder Sec. 92A (2) (a/b)	Logistic Service
Unique Logistics International (NYC), LLC - Charlotte Branch	11020 DAVID TAYLOR DR STE 100, CHARLOTTE, US 28262	Indirect Shareholder Sec. 92A (2) (a/b)	Logistic Service
Unique International Logistics (M) Sdn Bhd	46-7, Mentari Business Park , Wisma Yapiem Jalan PJS 8/2, Dataran Mentari, Petaling Jaya Selangor D E 46150 Country: Malaysia	Indirect Shareholder Sec. 92A (2) (a/b)	Logistic Service
Unique Logistics International (ATL), LLC	510 Plaza Drive, Suite 2290, Atlanta, Ga 30349 United States of America	Indirect Shareholder Sec. 92A (2) (a/b)	Logistic Service
ULI (North & East China) Co. Ltd. - Tianjin	RM 1206, LONGTONG PLAZA, TIANJIN, 300 051, NO.4, GUIZHOU ROAD, HEPING DIST, Country : China	Indirect Shareholder Sec. 92A(2)(a/b)	Logistic Service
ULI (North & East China) Co. Ltd. - Beijing	RM 215B THREE GEORGE BUSINESS BUILDING All JIUXIANQIAD ROAD , CHAOYANG Country: China	Indirect Shareholder Sec. 92A(2)(a/b)	Logistic Service
ULI (North & East China) Co. Ltd. - Shanghai	ROOM 1308, TOMSON COMMERCIAL BUILDING, NO 710 DONGFANG ROAD Country: China	Indirect Shareholder Sec. 92A(2)(a/b)	Logistic Service
ULI (North & East China) Co. Ltd. - Ningbo	RM302, HUI JIN MANSION, No 77 HEYI ROAD Counry: China	Indirect Shareholder Sec. 92A(2)(a/b)	Logistic Service



UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2021

Unique Logistics International (BOS), INC	35 Village Road, Middleton, MA 01949 SUITE #701, Country : U.S.A.	Indirect Shareholder Sec. 92A (2) (a/b)	Logistic Service
ULI (South China) Limited	UNIT 4 B & D Sunshine Kowloon Bay Cargo center 59 tai yip street Kowloon Bay, Country : China	Indirect Shareholder Sec. 92A (2) (a/b)	Logistic Service
Unique Logistics (Korea) Co. Ltd.	10th Fl, Jung An Bldg., 97-10, Seosomun- Dong, Jung- Gu, Seoul, 100-814, Korea, Country : South Korea	Indirect Shareholder Sec. 92A (2) (a/b)	Logistic Service
Unique Logistics International (Vietnam) Co. Ltd.	181 Dien Bien Phu St Da Kao Ward, Dist.I, Hcmc Ho Chi Minh Socialist Republic of Vietnam, Country : Vietnam	Indirect Shareholder Sec. 92A (2) (a/b)	Logistic Service
Shenzhen Unique Logistics International Limited- Xiamen Branch	Room 1003, Metals and Minerals Building #226, Dongou Road, Xiamen, 361 012, Country : China	Indirect Shareholder Sec. 92A (2) (a/b)	Logistic Service
Unique Logistics International Philippines Inc.	2/F, Alabang Citi Arcade Don Jesus Blvd. Cor West Service Rd. Cupang Muntinlupa City Philippines Country: Philippines	Indirect Shareholder Sec. 92A (2) (a/b)	Logistic Service
Unique Freight Solutions (Thailand) Co. Ltd.	729/108 RATCHADAPHISEK RD., BANGPONGPANG, YANNAWA, BANGKOK 10120, BANGKOK Country: Thailand	Indirect Shareholder Sec. 92A (2) (a/b)	Logistic Service
Shenzhen Unique Logistics International Limited	8d2-8d3, Blocl Cd, Tianxiang Building, Tian'an Cyber Park, Futian District Shenzhen- China, Country: China	Indirect Shareholder Sec. 92A (2) (a/b)	Logistic Service
Unique Logistics International (South China) Ltd - Guangzhou Branch	ROOM 2309-2310 YIAN PLAZA, 33 JIANSHE, LIU MA ROAD, YUE XIU DISTRICT, GUANGZHOU, 510060	Indirect Shareholder Sec. 92A (2) (a/b)	Logistic Service
ULI International Company Limited	11/F No, 107, Jen Ai Road Sec. 4 Taipai 106 Taiwan, R.D.C Country: China	Indirect Shareholder Sec. 92A (2) (a/b)	Logistic Service
Unique Logistics International (NYC) LLC.	154-09 146th Avenue , Unit 3B, Jamaica NY 11434 Country: U.S.A.	Indirect Shareholder Sec. 92A (2) (a/b)	Logistic Service
Unique Logistics International (NYC) LLC- Chicago	1 Pierce Place, Suite 280C, Itasca, IL 60143 Chicago Country: U.S.A.	Indirect Shareholder Sec. 92A (2) (a/b)	Logistic Service
Unique Logistics International (LAX) Inc.	16330, Marquardt Avenue Cerritos Ca 90703 United States of America, Country : U.S.A.	Indirect Shareholder Sec. 92A (2) (a/b)	Logistic Service

(b) Key Management Persons -18

<u>Name of Key Management Persons</u>	<u>Address</u>	<u>Nature of Relationship</u>	<u>Business Description</u>
SUDHERSHAN SHARMA	C-3/37 II Floor Janakpuri New Delhi-110058	Director	Salary

Note: Sections mentioned above refer to sections of the Income-Tax Act, 1961

UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2021

Details of Transactions with Related Parties during the year

Name of Related Party	Amount Paid (Rs.'000)	Amount Received (Rs.'000)
SHENZHEN UNIQUE LOGISTICS INTL LTD.	-	1,911
TGF UNIQUE LIMITED	1,044	3,447
ULI INTERNATIONAL COMPANY LIMITED	1,234	33
ULI (NORTH & EAST CHINA) CO LTD	1,526	225
UNIQUE FREIGHT SOLUTIONS (THAILAND) CO., LTD.	1,956	10
UNIQUE LOGISTICS INTERNATIONAL (SIN) PTE. LTD.	271	83
UNIQUE INTL LOGISTICS (M) SDN. BHD. - KUL	310	43
UNIQUE LOGISTICS INTL (NYC), LLC - ATLANTA BRANCH	3,048	-
UNIQUE LOGISTICS INTL (NYC), LLC - BOS BRANCH	3	10,371
UNIQUE LOGISTICS INTL (NYC), LLC - CHARLOTTE BRANCH	42	4,769
UNIQUE LOGISTICS INTL (SOUTH CHINA) LTD-GUANGZHOU BRANCH	516	-
UNIQUE LOGISTICS INTL (H.K.) LTD	13,888	23,492
PT. UNIQUE LOGISTICS INTERNATIONAL INDONESIA	2,014	-
UNIQUE LOGISTICS INTL (LAX) INC	1,183	33
UNIQUE LOGISTICS INTERNATIONAL (NYC), LLC - LOS ANGELES	297	98
UNIQUE LOGISTICS INTL (NYC), LLC	38,904	147,614
UNIQUE LOGISTICS INTL (NYC), LLC - CHICAGO BRANCH	1,668	1,332
UNIQUE LOGISTICS (KOREA) CO., LTD.	1,224	24,318
UNIQUE LOGISTICS INTERNATIONAL (VIETNAM) CO., LTD.	456	17,934
ULI (NORTH & EAST CHINA) CO LTD	10	56,745
UNIQUE LOGISTICS INTL (SOUTH CHINA) LTD-XIAMEN BRANCH	37	3
Total	69,632	292,461

Name of Key Management Persons	Amount Paid (Rs.'000)
SUDHERSHAN SHARMA	3,875
Total	3,875

Note - 30: Transactions in Foreign Currency (in, Rs.'000)

Nature	FY2020-21	FY2019-20
Sale - Freight	437,124	315,544
Payment - Freight	184,662	212,180

Note - 31: Gratuity

(i) The Company offers its employees, defined benefit plans in the form of Gratuity. A Gratuity scheme cover all employees as statutorily required under payment of Gratuity Act, 1972. The actuarial valuation is done based on Projected Unit Credit Method. Under this Rationale, each Individual's up to valuation date Gratuity at valuation date, based on service up to valuation date and projected salary has been worked out year by year from current age to Superannuation age.

(ii) Actuarial Valuation Details of Gratuity as on 31.03.2021:

Table showing changes in Present Value of Obligations

Particulars	Amount (Rs.'000)
Present Value of Obligation as at 31 st March 2020	9,628
(+) Interest Cost	668
(-) Past Service Cost	-
(+) Current Service Cost	1,689
(-) Benefits Paid	(88)
(+) Actuarial Gain/Loss on Obligation	(255)
Present Value of Obligation as on 31st March 2021	11,642

UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2021

Gratuity Plan

Particulars	As of March 31, Amt(Rs.'000)				
	2021	2020	2019	2018	2017
Obligations at year end	11,642	9,628	7,464	6,262	4,811
Plan Assets at year end, at fair value					
Funded Status					
Gain /(Loss)	(255)	798	138	(29)	463
Experience Adjustments on plan liabilities					
Experience Adjustments on plan assets					

Table showing Expense recognised in Statement of Profit & Loss

Particulars	Amount (Rs.)
Current service Cost	1,689
(-) Past Service Cost	-
(+) Interest Cost	668
(+) Actuarial Gain/Loss recognised in the year	(255)
Expense recognised in Statement of Profit & Loss	2,102

Table showing Actuarial Assumptions as at 31st March, 2021

Mortality Table	IALM 2006-2008 ULTIMATE
Superannuation Age	60
	10 PER THOUSAND P.A
Early Retirement & Disablement	6 above age 45
	3 between 29 and 45
	1 below age 29
Discount Rate	6.97%
Inflation Rate	4.00%
Return on Asset	N/A
Remaining Working Life	18 YEARS
FORMULA USED	PROJECTED UNIT CREDIT METHOD

(iii) Company's Leave Policy suggests that no leave days are carried forward to the next Fiscal Year. Therefore, this qualifies as a "Short Term Employee Benefit". As per Para 8 and 9 of the AS 15 (Revised, 2005) "no actuarial assumptions are required to measure the obligation or the cost and there is no possibility of any actuarial gain or loss. Moreover, short-term employee benefit obligations are measured on an undiscounted basis.

(iv) The Company has Contributed Rs 7,015,385 towards employers provident fund during the Financial year ended 31st March 2021 (Rs. 6,965,527 during the financial year ended 31st March 2020).

Note - 32: Disclosure in respect of specified Bank Notes held and Transacted

The disclosure requirements relating to holdings as well as dealings in Specified Bank Notes are applicable for the period from 8th November 2016 to 30th November 2016 which are not relevant to these Financial Statements. Hence, reporting under this clause is not applicable.

Note - 33: Segment Reporting

Geographical Segment	Turnover (Rs.'000)
A. Logistic Services	2,118,465
B. Logistics Services (Segment Revenue)	
Within India(Rs)	1,681,341
Outside India(Rs)	437,124

Note - 34: Deferred Tax Asset (Net)

The Deferred Tax Assets are shown in the Accounts as at 31st March 2021, Net off Deferred Tax Liability as on that date

	Amount (Rs.'000)
Deferred Tax Assets:	
Opening Balance (01.04.2020)	2,549
Less: (Reversal) of Deferred Tax Assets during 2020-2021	(2,549)
Less: Deferred Tax (Asset) during 2020-2021	1,997
Deferred Tax Assets (Net)	1,997

UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2021

Note - 35: Auditor Remuneration:

Nature	FY2020-21 (Rs.'000)	FY2019-20 (Rs.'000)
As Auditor:		
- Statutory	204	195
- Transfer Pricing	159	135
- Tax Audit	43	43
-GST	227	150
- Other Matter	52	61
Total	685	583

Note - 36:

The Company has assessed the impact of COVID-19 on its financial statements based on the internal and external information up to the date of approval of these financial statements. The Company will continue to monitor the future economic conditions and update its assessment.

Note - 37:

Previous year's figures have been rearranged/ regrouped wherever deemed necessary to make them comparable with the current year.

For B M CHATRATH & CO LLP

For UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED

CHARTERED ACCOUNTANTS
Firm Registration No. 301011E/E300025

/s/ S.K. BASU
(S.K. BASU)
Partner
 Membership No. 054484
 UDIN: **21054484AAAAJH7305**
 Place: KOLKATA
 Date: 28th June 2021

/s/ PATRICK MAN BUN LEE
PATRICK MAN BUN LEE
Director
 DIN:06728542

/s/ PING HONG TAM
PING HONG TAM
Director
 DIN: 06709767

Place: HONGKONG
 Date: 28th June 2021

UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED

Computation of Depreciation admissible u/s 32(1)(ii) of the Income Tax Act, 1961 (Written Down Value Method)

Description of assets	Depreciation Rate as per Income Tax Act, 1961	W.D.V. As On 01.04.2020 (Rs.'000)	Additions during the period			Sale During the year (Rs.'000)	Cost As On 31.03.2021 (Rs.'000)	Depreciation			Net Assets As On 31.03.2021 (Rs.'000)
			More than 180 days (Rs.'000)	Less than 180 days (Rs.'000)	Total Addition (Rs.'000)			Used More Than 180 Days (Rs.'000)	Used Less Than 180 Days (Rs.'000)	Total Depreciation (Rs.'000)	
<u>FURNITURE & FITTINGS</u>											
Furniture & Fixture	10.00%	2,044	63	1,140	1,203		3,248	211	57	268	2,980
<u>PLANT & MACHINERY</u>											
Motor Vehicle	15.00%	2,344	0				2,344	352		352	1,992
Office Equipment	15.00%	860	21	485	506	5	1,361	131	36	168	1,193
Computer	40.00%	1,432	346	723	1,069	-	2,500	711	145	856	1,645
TOTAL		6,680	430	2,348	2,778	5	9,453	1,405	238	1,643	7,811

UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED

Computation of Deferred Tax Assets / (Liability)

Particulars	Amount (Rs.'000)		
	Details	Timing Difference	Tax @ 25.16% (22%+10%+4%)
a) Disallowed u/s 43B of Income Tax Act 1961			
Bonus	4,560	4,560	1,147
b) Disallowed u/s 40 A(7) of Income Tax Act 1961:			
Gratuity (As per Actuarial Valuation)	2,102	2,102	529
Provision for Doubtful Debts	1200	1,200	302
c) Difference Between Book Depreciation & Tax Depreciation		77	19
Depreciation As Per Companies Act, 2013	1,720		
Depreciation As Per Income Tax, 1961	1,643		
Total Deferred Tax Assets / (Liability) As On 31-03-2021			1,997
Total Deferred Tax Assets / (Liability) As On 01-04-2020			2,549
Deferred Tax Assets Increase / (Decrease)			(551)

UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED

Computation of taxable income for the Assessment Year 2021-2022

Income from Business	(Rs.in '000)
Net Profit as per Profit & Loss Account	14,537
Less: Income treated separately	
Interest on Income Tax refund & Term Deposit	1,113
	13,424
Add: Depreciation as per Companies Act	1,720
	15,143
Less: Depreciation as per IT Rules	1,643
	13,500
Add: Provision for Gratuity [Disallowed u/s 40A(7)]	2,954
	16,454
Add: Provision for Bad Debts	1,200
	17,654
Add: Disallowance u/s 43B	
Bonus	4,560
	4,560
	22,214
Add: Expenses Disallowed	
Interest and penalty Tax	322
Interest on TDS	
Interest on GST	
Late Return Fees on GST	322
	22,537
Less:	
Allowable u/s 43B	
Gratuity	2,954
Bonus	4,560
	7,514
	15,023
Income from Other Sources	
Interest on Income Tax refund	1,113
	1,113
Gross Total Income	16,136
R/O	16,136
Tax Payable @ 22 %	3,550
Add: Surcharge @ 10%	355
	3,905
Add: EC & SHEC @ 4%	156
Tax Provision	4,061

B M CHATRATH & CO LLP
(FORMERLY B M CHATRATH & CO.)
CHARTERED ACCOUNTANTS
LLPIN : AAJ-0682

REGD. OFFICE : CENTRE POINT, 4th FLOOR, Suite No. 440
21, HEMANTA BASU SARANI, KOLKATA - 700 001
TEL : 2248-4575/4667/6810Z6798, 2210-1385, 2248-9934
E-mail: bmccal@bmchatrath.in
website: www.bmchatrath.com

RECONCILIATION OF FINANCIAL STATEMENTS TO US GAAP

To: Unique Logistics International Inc.

Re: Unique Logistics International (INDIA) Pvt. Ltd. Reconciliation of Financial Statements to United States Generally Accepted Accounting Principles

We have audited the Financial Statements of Unique Logistics International (INDIA) Pvt. Ltd., as of March 31, 2021, which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss, including the Statement of other comprehensive income, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

The below mentioned reconciliation statement of the Indian GAAP financial statements to United States generally accepted accounting principles (U.S. GAAP) as at 31st March, 2021, has been prepared following the same accounting policies and methods of computation as the reconciliation of the consolidated financial statements to U.S. GAAP for the year ended March 31, 2021. The disclosures provided below are incremental to those included with the financial statements and the reconciliation of those financial statements to U.S. GAAP.

The significant differences between Indian generally accepted accounting principles (IGAAP) as they apply to Unique Logistics are as follows:

1. As per ASC 606, the core principle is that a vendor should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the vendor expects to be entitled in exchange for those goods or services. The revenue recognition is on the basis of allocation of the transaction price over the performance obligation and fulfillment of performance obligation.

As per Indian GAAP revenue recognition criteria depend on the category of revenue transaction. In general criteria includes no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods/rendering of services.

The reporting entity (Unique Logistics International (India) Pvt. Ltd.) broadly recognize revenue which is in principal similar to US GAAP revenue recognition criteria. The revenue is recognized on the basis of performance obligation as defined in the service contract.

2. As per ASC 842 there is a requirement that lessee to record operating leases on the balance sheet. As a result, lease liability will be recorded at the present value of future lease obligations and Right of Use (ROU) asset, which represents lease right to use the underlying asset, are recorded at commencement date. Rental charges for operating leases shall be straight lined over the period of the agreement considering the escalation prices and the net activity in lease liability and ROU asset is essentially rent equalization reserve and same shall be created for USD 20,700 as on 31st March 2021.

NOIDA :- D-26, 2nd Floor, Sector - 3, Noida -201301 (Uttar Pradesh), Ph. No. - 0120-4593360, 0120-4593361

DELHI:-Flat No. - 10. 45 Friends Colony East, New Delhi 110065

MUMBAI :- 104, Building No B69, Nitin Shanti Nagar CHSL, Shanti Nagar, Sector -1, Mira Road East. Dist. - Thane, Mumbai - 401007

HYDERABAD :- Mangalgiri Vinaygar Apartments, Flat No. - 202, 8-2-616/3/E/2, Road No - 10, Banjara Hills. Pin : 500034

JAIPUR :- B-269, Janta Colony. Jaipur-302004. Ph : 0141-2601727

3. ASC 830 states that, a reporting entity must use a “functional-currency approach” in which all transactions are first measured in the currency of the primary economic environment in which the reporting entity operates (i.e., the functional currency) and then translated into the reporting currency. Statement of Profit and Loss has been translated from Indian Rupees (INR) to United States Dollar (USD) using average rate of 1USD = INR 74.064. Balance Sheet has been translated from Indian Rupees (INR) to United States Dollar (USD) using closing rate of 1USD = INR 73.505. Impact of Increase (Decrease) in financial position due to creation of rent equalization reserve has been translated using average rate.

FOR B M CHATRATH & CO LLP
CHARTERED ACCOUNTANTS
FIRM REGISTRATION No. 301011E/E300025

/s/ S K BASU

PARTNER

MEMBERSHIP No.: 054484

UDIN: 21054484AAAAALA5701

Place: Kolkata
Date: 30.08.2021

The application of U.S. GAAP would have the following effect on the financial statements:

Particulars	Year Ended March 31,2021	
	INR	USD
Revenue from Operations	2,118,464,995	28,603,216
Cost of Revenue	1,910,059,478	25,789,354
Operating Expenses:		
Depreciation and amortization	1,719,569	23,217
Employee benefit expense	154,277,484	2,083,033
Other Expense	39,247,331	529,912
Total Operating expenses	195,244,384	2,636,162
Income from operations	13,161,133	177,700
Other (Income) Expenses:		
Interest Expenses	392,742	5,303
Other Income	1,768,416	23,877
Total Other(Income) Expenses	1,375,674	18,574
Income (loss) before income taxes	14,536,807	196,274
Tax expense (benefit)	4,611,973	62,270
Net income (loss) for the period, as reported	9,924,834	134,004
Adjustments:		
Rent equalisation reserve	1,533,144	20,700
Net income - U.S. GAAP	8,391,690	113,304
Foreign Currency Translation Reserve	-	37,964
Comprehensive income - U.S. GAAP	8,391,690	151,268

*Financial statements have been translated from Indian Rupees (INR) to United States Dollar (USD) using average rate of 1USD = INR 74.064 for Income Statement

As at March 31, 2021	As Reported		Increase (Decrease)		US GAAP	
	INR	USD	INR	USD	INR	USD
Asset						
Current Assets:						
Cash and cash equivalents	4,351,463	59,200	-	-	4,351,463	59,200
Accounts receivable, net	364,546,061	4,959,493	-	-	364,546,061	4,959,493
Prepayments and other current assets	19,886,617	270,549	-	-	19,886,617	270,549
Total current assets	388,784,141	5,289,242	-	-	388,784,141	5,289,242
Property and equipment, net	4,343,733	57,839	-	-	4,343,733	57,839
Intangible assets, net	703	9	-	703	-	9
Other long term assets	34,729,420	472,479	16,475,058	222,444	51,204,478	694,923
Deferred Tax Asset	1,997,616	27,177	-	-	1,997,616	27,177
Total Assets	429,855,614	5,846,746	16,475,058	222,444	446,330,672	6,069,190
Liabilities and stockholders' equity						
Current liabilities:						
Accounts payable	291,740,701	3,969,007	-	-	291,740,701	3,969,007
Accrued expenses and other liabilities	30,574,326	415,951	-	-	30,574,326	415,951
Total current liabilities	322,315,027	4,384,958	-	-	322,315,027	4,384,958
Other long-term liabilities	17,236,535	234,496	18,008,202	243,144	35,244,737	477,640
Total liabilities	339,551,562	4,619,454	18,008,202	243,144	357,559,764	4,862,598
Stockholders' equity						
Common Stock	13,086,310	173,591	-	-	13,086,310	173,591
Reserve and Surplus	77,217,742	1,053,701	(1,533,144)	(20,700)	75,684,598	1,033,001
Total liabilities and stockholders' equity	429,855,614	5,846,746	1,64,75,058	222,444	446,330,672	6,069,190

*Financial statements have been translated from Indian Rupees (INR) to United States Dollar (USD) using closing rate of 1USD = INR 73.505 for Financial Positions. Increase (Decrease) in financial position is occurring due to creation of rent equalization reserve which has been translated at average rate.

UNIQUE LOGISTICS INTERNATIONAL (VIETNAM) CO., LTD.
Audited reconciliation of financial statements to
Unites States Generally Accepted Accounting Principle (US. GAAP)
for the year ended 31 December 2020

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REPORT OF DIRECTOR

Director of Unique Logistics International (Vietnam) Co., Ltd. (“The Company”) has the pleasure in presenting this report and the Company’s audited reconciliation of financial statements to US. GAAP for the year ended 31 December 2020.

1. General information

Unique Logistics International (Vietnam) Co., Ltd. is limited liability company with two or more members incorporated in Vietnam pursuant to the Business Registration Certificate No, 0310403753 on 11 October 2010 and the next amendments with the latest amendments registered on the 4th amendment issued on 23 July 2020 issued by the Planning and Investment Department of Ho Chi Minh City regarding the changes of owners’ equity.

Operating duration of the Company is 20 years since 11 October 2010

The Company’s head office

- Address : No,181, Dien Bien Phu Street, Da Kao Ward, District 1, Ho Chi Minh City
- Telephone : 028 3822 2352
- Fax : 028 3829 5440

The Company has a branch in Hanoi operated according to the first Registration Certificate No, 0310403753-001 on 24 June 2011 and the next amendments with the latest amendments registered on the fifth amendment on 03 August 2020 issued by the Planning and Investment Department of Hanoi City.

The branch office is located at Floor 5, Han Viet Building, 203 Minh Khai Street, Minh Khai Ward, Hai Ba Trung District, Ha Noi City.

According to the third amendment Investment Registration Certificate dated 28 October 2020, the principal activities of the Company are to provide forwarding services

In 2020, the main activities of the Company are to provide forwarding services.

2. The member of Member Council and Director

Members of Member Council and Director during the financial year and at the date of this report are:

Member Council

<u>Full name</u>	<u>Nationality</u>	<u>Position</u>
Mr, Lee, Patrick Man Bun	Canadian	Chairman
Mr, Tran Duy Hoa	Vietnamese	Member

Director

<u>Full name</u>	<u>Position</u>
Mr, Tran Duy Hoa	Director

Legal representative

The legal representative of the Company during the financial year and at the date of this report is

Mr, Tran Duy Hoa Director

3. Events since the balance sheet date

There have been no significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the financial statements.

REPORT OF DIRECTOR

4. Auditors

AFC Vietnam Auditing Company Limited has been appointed to perform the audit for the year ended 31 December 2020.

5. Publication of the financial statements

Director does hereby publish that the accompanying reconciliation of financial statements to US GAAP which give a true and fair view of the financial position of the Company as at 31 December 2020 and the results of its operations of the Company for the year then ended in accordance with the United States Generally Accepted Accounting Principle (US GAAP) and the statutory requirements relevant to preparation and presentation of the financial statements.

TRAN DUY HOA

Director

Ho Chi Minh City, 15 August 2021

No. 186A/2021/BCCD-HCM.00802

INDEPENDENT AUDITORS' REPORT

**To: The members of Member Council and Director
Unique Logistics International (Vietnam) Co., Ltd.**

We have audited the accompanying reconciliation of financial statements to US GAAP of Unique Logistics International (Vietnam) Co., Ltd. prepared on 15 August 2021 and set out from pages from 5 to 21, which comprise the balance sheet as at 31 December 2020, and the statement of operations for the year then ended and Note to the financial statements thereto.

Director's Responsibility for the Financial Statements

Director is responsible for the preparation and fair presentation of these financial statements in accordance with the Unites States Generally Accepted Accounting Principle and comply with relevant statutory requirements to preparation and presentation of the financial statements and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit, We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Director, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for audit opinion.

Auditor's opinion

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the reconciliation of financial statements of Unique Logistics International (Vietnam) Co., Ltd. as at 31 December 2020 included balance sheets and statement of operations for the year then ended in accordance with the Unites States Generally Accepted Accounting Principles and the statutory requirements relevant to preparation and presentation of the financial statements.

INDEPENDENT AUDITORS' REPORT
(Cont.)

Limitation

Without qualifying our above opinion, we would like to note that the financial statements are prepared for the purpose of internal management of Unique Logistics International (Vietnam) Co., Ltd. Therefore, this report may not be appropriate for any other purpose. Our audit report is only for Unique Logistics International (Vietnam) Co., Ltd. and its partners. It is not available to any other parties than Unique Logistics International (Vietnam) Co., Ltd.

Other matters

Unique Logistics International (Vietnam) Co., Ltd, has prepared other financial statements for the purpose of its tax finalization for the financial year-ended 31 December 2020 in accordance with Vietnamese Accounting Standards and Vietnamese Accounting System relating to preparation and presentation of the financial statements. These financial statements have been audited by another Auditor.

Unique Logistics International (Vietnam) Co., Ltd, has prepared other financial statements for the purpose of internal management for the financial year ended 31 December 2020 in accordance with Vietnamese Accounting Standards and Vietnamese Accounting System (VAS) relating to preparation and presentation of the financial statements dated 09 March 2021.

/s/ DANG THI MY VAN

/s/ NGUYEN NGOC ANH TRUC

General Director

Audit Practicing Registration Certificate
No, 0173-2018-009-1

AFC VIETNAM AUDITING COMPANY LIMITED
Ho Chi Minh City, 15 August 2021

Auditor

Audit Practicing Registration Certificate No, 5517-2021-009-1

UNIQUE LOGISTICS INTERNATIONAL (VIETNAM) CO., LTD.
No.181, Dien Bien Phu Street, Da Kao Ward, District 1, Ho Chi Minh City

RECONCILIATION STATEMENT OF OPERATIONS

For the financial year ended 31 December 2020

	<u>2020</u> <u>USD</u>	<u>2019</u> <u>USD</u>
Net profit/(loss) after tax, reported	1,567,733.56	410,221.10
Adjustment		
Labour cost due to incentive in year	(80,230.70)	2,733.36
Current CIT expenses	-	(546.67)
Total adjustment	(80,230.70)	2,186.69
Net profit/(loss) after tax, US. GAAP	<u>1,487,502.86</u>	<u>412,407.79</u>
Other comprehensive, reported		
Translation adjustment	42,444.68	4,588.93
Comprehensive, US. GAAP	<u>1,529,947.54</u>	<u>416,996.72</u>

LE THI NGOC AI
Preparer

LE THI NGOC AI
Chief Accountant

TRAN DUY HOA
Director
Ho Chi Minh City, 15 August 2021

UNIQUE LOGISTICS INTERNATIONAL (VIETNAM) CO., LTD.
No.181, Dien Bien Phu Street, Da Kao Ward, District 1, Ho Chi Minh City

STATEMENT OF OPERATIONS

For the financial year ended 31 December 2020

	2020	2019
	USD	USD
Net service sales	30,858,740.07	8,963,487.52
Total net sales	30,858,740.07	8,963,487.52
Cost of service sales	27,688,906.80	7,750,152.13
Total cost of sales	27,688,906.80	7,750,152.13
Gross profit/(loss)	3,169,833.27	1,213,335.39
Selling, general and administrative expenses	1,083,749.18	690,478.87
Income from operations	2,086,084.09	522,856.52
Interest and others, net	(200,637.64)	(7,346.79)
Income before income taxes	1,885,446.45	515,509.73
Income tax expense	397,943.59	103,101.94
Net income	1,487,502.86	412,407.79

LE THI NGOC AI
Preparer

LE THI NGOC AI
Chief Accountant

TRAN DUY HOA
Director
Ho Chi Minh City, 15 August 2021

BALANCE SHEET

As at 31 December 2020

	Reported USD	Increase/ (Decrease) USD	US GAAP USD
CURRENT ASSETS	8,152,603.09	12,784.57	8,165,387.66
Cash and cash equivalents	516,501.72	-	516,501.72
Current account receivables	7,623,365.54	-	7,623,365.54
Other current receivables	-	1,239.87	1,239.87
Current advances to supplies	30.35	(30.35)	-
Other current assets	1,239.87	(1,239.87)	-
Current prepaid expenses	11,465.61	12,814.92	24,280.53
NON-CURRENT ASSETS	49,344.55	(12,784.57)	36,559.98
Other non-current receivables	36,559.98	-	36,559.98
Non-current prepaid expenses	12,784.57	(12,784.57)	-
TOTAL ASSETS	8,201,947.64	-	8,201,947.64
LIABILITIES	6,016,328.85	78,024.53	6,094,353.38
Current liabilities	5,913,761.84	78,024.52	5,991,786.36
Current account payables (Obligation in Operating cycles)	2,804,022.60	1,674,284.99	4,478,307.59
Current advance from customers	3,032.95	(3,032.95)	-
Taxes and obligation payable to the State	624,198.10	(624,198.10)	-
Payable to employees	222,548.16	(222,548.16)	-
Current accrued expenses	98,599.98	(98,599.98)	-
Other current liability	1,023,630.33	(647,881.28)	375,749.05
Current loan and finance lease	1,137,729.72	-	1,137,729.72
Non-current liabilities	102,567.01	0.01	102,567.02
Non-current obligation in Operating cycles	-	2,502.32	2,502.32
Non-current accrued expenses	2,416.05	(2,416.05)	-
Other non-current liabilities	86.26	(86.26)	-
Non-current loans and finance lease	100,064.70	-	100,064.70
OWNER'S EQUITY	2,185,618.79	(78,024.53)	2,107,594.26
Owners' invested equity	143,754.06	16,895.94	160,650.00
Retained earnings	2,041,864.73	(94,920.47)	1,946,944.26
TOTAL RESOURCES	8,201,947.64	0.00	8,201,947.64

LE THI NGOC AI
Preparer

LE THI NGOC AI
Chief Accountant

TRAN DUY HOA
Director
Ho Chi Minh City, 15 August 2021

BALANCE SHEET

As at 31 December 2019

	Reported USD	Increase/ (Decrease) USD	US. GAAP USD
CURRENT ASSETS	2,287,834.07	6,673.28	2,294,507.35
Cash and cash equivalents	325,896.00	-	325,896.00
Current trade receivables	1,106,565.38	849,497.18	1,956,062.56
Other current receivables	849,497.18	(849,497.18)	-
Current prepaid expenses	5,875.51	6,673.28	12,548.79
NON-CURRENT ASSETS	19,276.23	(6,673.28)	12,602.95
Other non-current receivables	12,602.95	-	12,602.95
Non-current prepaid expenses	6,673.28	(6,673.28)	-
TOTAL ASSETS	2,307,110.30	0.00	2,307,110.30
LIABILITIES	991,745.42	(2,188.09)	989,557.33
Current liabilities	991,659.32	(2,188.09)	989,471.23
Current account payables (Obligation in Operating cycles)	544,757.78	344,734.97	889,492.75
Taxes and obligation payable to the State	278,715.11	(278,715.11)	-
Payable to employees	49,875.70	(49,875.70)	-
Current accrued expenses	18,332.25	(18,332.25)	-
Current loan and finance lease	99,978.48	-	99,978.48
Long-term liabilities	86.10	-	86.10
Non-current obligation in Operating cycles	-	86.10	86.10
Other long-term liabilities	86.10	(86.10)	-
OWNER'S EQUITY	1,315,364.88	2,188.09	1,317,552.97
Owners' invested equity	143,288.74	17,361.26	160,650.00
Retained earnings	1,172,076.14	(15,173.17)	1,156,902.97
TOTAL RESOURCES	2,307,110.30	0.00	2,307,110.30

LE THI NGOC AI
Preparer

LE THI NGOC AI
Chief Accountant

TRAN DUY HOA
Director
Ho Chi Minh City, 15 August 2021

BALANCE SHEET

As at 01 January 2019

	Reported USD	Increase/ (Decrease) USD	US. GAAP USD
CURRENT ASSETS	1,883,908.30	3,816.53	1,887,724.83
Cash and cash equivalents	103,722.77	-	103,722.77
Current trade receivables	1,041,967.53	721,598.55	1,763,566.08
Other current receivables	721,598.55	(710,598.41)	11,000.14
Current prepaid expenses	5,619.32	3,816.52	9,435.84
VAT deductibles	11,000.13	(11,000.13)	-
NON-CURRENT ASSETS	15,560.06	(3,816.52)	11,743.54
Other non-current receivables	11,743.54	-	11,743.54
Non-current prepaid expenses	3,816.52	(3,816.52)	-
TOTAL ASSETS	1,899,468.36	0.01	1,899,468.37
LIABILITIES	998,912.11	(0.01)	998,912.10
Current liabilities	998,912.11	(0.01)	998,912.10
Current account payables (Obligation in Operating cycles)	443,944.77	339,577.95	783,522.72
Taxes and obligation payable to the State	234,459.01	(234,459.01)	-
Payables to employees	95,465.12	(95,465.12)	-
Current accrued expenses	9,653.83	(9,653.83)	-
Other current liability	116,190.63	-	116,190.63
Current loan and finance lease	99,198.75	-	99,198.75
OWNER'S EQUITY	900,556.25	0.02	900,556.27
Owners' invested capital	143,134.30	17,515.70	160,650.00
Undistributed profit after tax	757,421.95	(17,515.68)	739,906.27
TOTAL RESOURCES	1,899,468.36	0.01	1,899,468.37

LE THI NGOC AI
Preparer

LE THI NGOC AI
Chief accountant

TRAN DUY HOA
Director
Ho Chi Minh City, 15 August 2021

NOTE TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. BUSINESS HIGHLIGHT

1.1 Ownership structure

Unique Logistics International (Vietnam) Co., Ltd. is limited liability company with two or more members incorporated in Vietnam pursuant to the Business Registration Certificate No. 0310403753 on 11 October 2010 and the next amendments with the latest amendments registered on the 4th amendment issued on 23 July 2020 issued by the Planning and Investment Department of Ho Chi Minh City regarding the changes of owners' equity.

1.2 Scope of business activities

The scope of business activities is to provide forwarding services.

1.3 The principal activities

According to the third amendment Investment Registration Certificate dated 28 October 2020, the Company's principal activities are to provide forwarding services.

In 2020, the main activities of the Company are to provide forwarding services.

1.4 Normal business cycle

The normal business cycle of the Company is not exceeding 12 months.

1.5 Statement of comparative presentation of information in the financial statements

The figures are presented in the financial statements for the financial year ended 31 December 2020 compared with the corresponding figures of previous year.

1.6 The number of employees

The number of the Company's employees as at 31 December 2020 was 53 (as at 31 December 2019 the number of employees was 37).

2. FINANCIAL YEAR, ACCOUNTING CURRENCY ACCOUNTING

2.1 Financial year

The Company's financial year starts from 01 January and ends at 31 December annual.

2.2 Accounting currency

The Company maintains its accounting records in Viet Nam Dong ("VND").

3. ACCOUNTING STANDARDS AND SYSTEM

As at 31 December 2020 and for the financial year ended 31 December 2020 and 2019 (audited)

The reconciliation of the audited financial statements to United States generally accepted accounting principles (U.S. GAAP) as at 31 December 2020 and for the financial year ended 31 December 2020 and 2019, has been prepared following the same accounting policies and methods of computation as the reconciliation of the financial statements to U.S. GAAP for the year ended 31 December 2019. The disclosures provided below are incremental to those included with the annual financial statements and the reconciliation of those financial statements to U.S. GAAP.

NOTE TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

The reconciliation of the audited financial statements to U.S. GAAP should be read in conjunction with the financial statements and the reconciliation of the consolidated financial statements to U.S. GAAP for the year ended 31 December 2019.

The significant differences between Vietnamese Accounting Standards and Vietnamese Accounting Systems as they apply to Unique Logistics International (Vietnam) Co., Ltd. are as follows:

- a. According to ASC 606 Revenue from Contracts with Customers, revenue is recognised when control of the promised good and service is transfers to the Company's customers. In an amount that reflects the consideration, the Company expects to receive in exchange of service. The Company recognizes revenue upon meeting each performance obligations based on the allocated amount of the total consideration of the contract to each specific performance obligations.

According to VAS 14 Revenue and other income, the revenue of transaction related to the services is recorded when the result of the transaction can be measured reliably. In case that the services are to be provided in many accounting periods, the determination of sales in each period is done on the basis of the service completion rate as of the balance sheet date. Revenue is recognized upon completion of services provided when satisfy all four conditions:

- Revenue can be measured reliably;
- It is possible to obtain economic benefits from the service provision transaction;
- The work volume finished on the date of making the accounting balance sheet can be determined;
- The costs incurred from the service provision transaction and the costs of its completion can be determined.

There is no any difference relating to the revenue recognition policies between US. GAAP and VAS. Therefore, no need to make any adjustment with the Company's revenue.

- b. In 2021, the Company recognized an additional bonus expense for sales staff in 2020 with the amount of USD 80,230.70. The adjustment to increase expenses in 2020 does not reduce the CIT expense in 2020 because this expense is an expense that is not deductible when calculating CIT. It makes profit after tax in 2020 decrease USD 80,230.70. Under US. GAAP, any error in the financial statement statements of 2020 discovered after the financial statements are issued or available to be issued in 2021 shall be reported as an error correction by restating the financial year 2020.
- c. Under US. GAAP, prepaid expenses include insurance, interest, rents, taxes, unused royalties, current paid advertising service not yet received, operating supplies and paid in advance. Current advances to suppliers in VAS classified as current prepaid expenses.
- d. Under US. GAAP, other assets include: cash and claims to cash that are restricted as to withdrawal or use for other than current operations, as designated for expenditure in the acquisition or construction of noncurrent assets, or are segregated for the liquidation of long-term debts; investments in securities or advances that have been made for the purpose of control, affiliation, or other continuing business advantage; receivables arising from unusual transactions that are not expected to be collected with in 12 months; cash surrender value of life insurance policies; land and other natural resources; depreciable assets... VAT deductibles, which classified as other current assets in VAS, classified as other current receivables.
- e. Under US. GAAP, prepaid expenses are not current assets in the sense that they will be converted into cash but in the sense that, if not paid in advance, they would require the use of current assets during operating cycle. Non-current prepaid expenses in VAS classified as current prepaid expenses.

NOTE TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

- f. Under US. GAAP, obligations in the operating cycle include: payables incurred in the acquisition of materials and supplies to be used in the production of good or in providing services to be offered for sales; collection received in advance of the delivery of goods or performance of service; debts that arise from operation directly related to the operating cycles, such as accrual for wage, salaries, commission, rentals, royalties, and income and other taxes. Current advance from customers, Statutory obligations, payables to employees, current/ non-current accrued expenses, payables due to paying on behalf in VAS classified as Obligation in the operating cycle.
- g. According to Note 2.2, the Company maintains its accounting records in Viet Nam Dong. Financial statements prepared in VND are translated to USD for publishing with relating parties under bellowing principles:
- For all items which is reclassifying as assets, the buying exchange at 31 December 2020 of HSBC Bank (Vietnam) Ltd. – Ho Chi Minh City branch shall be used with the mount VND 23,005/ USD;
 - For all items which is reclassifying as assets, the buying exchange at 31 December 2020 of HSBC Bank (Vietnam) Ltd. – Ho Chi Minh City branch shall be used with the mount VND 23,185/ USD;
 - For owner’s equity which is contributed by owners, the exchange rate at the investment date shall be used;
 - For all items in Statement of Operations, the approximate exchange rate in 2020 shall be used.

Translation adjustment result from the process of translating that entity’s financial statements into the reporting currency. Translation adjustments shall not be included in determining net income but shall be reported in other comprehensive income.

As at 31 December 2019 and for the financial year ended 31 December 2019

The reconciliation of the audited financial statements to United States generally accepted accounting principles (U.S. GAAP) as at 31 December 2019 and for the financial year ended 31 December 2019, has been prepared following the United States generally accepted accounting principles. The disclosures provided below are incremental to those included with the annual financial statements and the reconciliation of those financial statements to U.S. GAAP.

The significant differences between Vietnamese Accounting Standards and Vietnamese Accounting Systems as they apply to Unique Logistics International (Vietnam) Co., Ltd. are as follows:

- a. According to ASC 606 Revenue from Contracts with Customers, revenue is recognised when control of the promised good and service is transfers to the Company’s customers. In an amount that reflects the consideration, the Company expects to receive in exchange of service. The Company recognizes revenue upon meeting each performance obligations based on the allocated amount of the total consideration of the contract to each specific performance obligations.

According to VAS 14 Revenue and other income, the revenue of transaction related to the services is recorded when the result of the transaction can be measured reliably. In case that the services are to be provided in many accounting periods, the determination of sales in each period is done on the basis of the service completion rate as of the balance sheet date. Revenue is recognized upon completion of services provided when satisfy all four conditions:

- Revenue can be measured reliably;
- It is possible to obtain economic benefits from the service provision transaction;
- The work volume finished on the date of making the accounting balance sheet can be determined;
- The costs incurred from the service provision transaction and the costs of its completion can be determined.

NOTE TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

There is no any difference relating to the revenue recognition policies between US. GAAP and VAS. Therefore, no need to make any adjustment with the Company's revenue.

- b. In 2021, the Company reduced the bonus expenses for sales staff in 2019 to USD 2,733.36. The effect of this downward adjustment makes the CIT expense of 2019 decrease USD 546.67. Total effect of adjustment in 2019 is USD 2,186,69. Under US. GAAP, any error in the financial statement statements of 2019 discovered after the financial statements are issued or available to be issued in 2021 shall be reported as an error correction by restating the financial year 2019.
- c. Under US. GAAP, receivables due to receiving on behalf is classified account receivables. Other current account receivables in VAS classified as account receivables.
- d. Under US. GAAP, prepaid expenses are not current assets in the sense that they will be converted into cash but in the sense that, if not paid in advance, they would require the use of current assets during operating cycle. Non-current prepaid expenses in VAS classified as current prepaid expenses.
- e. Under US. GAAP, obligations in the operating cycle include: payables incurred in the acquisition of materials and supplies to be used in the production of good or in providing services to be offered for sales; collection received in advance of the delivery of goods or performance of service; debts that arise from operation directly related to the operating cycles, such as accrual for wage, salaries, commission, rentals, royalties, and income and other taxes. Current advance from customers, Statutory obligations, payables to employees, current/ non-current accrued expenses, payables due to paying on behalf in VAS classified as Obligation in the operating cycle.
- f. According to Note 2.2, the Company maintains its accounting records in Viet Nam Dong. Financial statements prepared in VND are translated to USD for publishing with relating parties under bellowing principles:
 - For all items which is reclassifying as assets, the buying exchange at 31 December 2020 of HSBC Bank (Vietnam) Ltd. – Ho Chi Minh City branch shall be used with the mount VND 23,110/ USD;
 - For all items which is reclassifying as assets, the buying exchange at 31 December 2020 of HSBC Bank (Vietnam) Ltd. – Ho Chi Minh City branch shall be used with the mount VND 23,230/ USD;
 - For owner's equity which is contributed by owners, the exchange rate at the investment date shall be used;
 - For all items in Statement of Operations, the approximate exchange rate in 2020 shall be used.

Translation adjustment result from the process of translating that entity's financial statements into the reporting currency. Translation adjustments shall not be included in determining net income but shall be reported in other comprehensive income.

As at 01 January 2019

The significant differences between Vietnamese Accounting Standards and Vietnamese Accounting Systems as they apply to Unique Logistics International (Vietnam) Co., Ltd. are as follows:

- a. In 2020, the Company recognized an additional bonus expense for sales staff in 2018 with the amount of USD 82,811.17. The adjustment to increase expenses in 2020 does not reduce the CIT expense in 2018 because this expense is an expense that is not deductible when calculating CIT. Under US. GAAP, any error in the financial statement statements of 2018 discovered after the financial statements were issued in 2019 shall be restating the opening balance. The effect of restating the opening balance is as follows:

NOTE TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

	31/12/2018 Reported USD	Increase/ (Decrease) USD	01/01/2019 Restated USD
Balance sheet			
Payables to employees	12,653.95	82,811.17	95,465.12
Undistributed profit after tax	840,233.12	(82,811.17)	757,421,95

- b. Under US. GAAP, receivables due to receiving on behalf is classified account receivables. Other current account receivables in VAS classified as account receivables.
- c. Under US. GAAP, prepaid expenses are not current assets in the sense that they will be converted into cash but in the sense that, if not paid in advance, they would require the use of current assets during operating cycle. Non-current prepaid expenses in VAS classified as current prepaid expenses.
- d. Under US. GAAP, other assets include: cash and claims to cash that are restricted as to withdrawal or use for other than current operations, as designated for expenditure in the acquisition or construction of noncurrent assets, or are segregated for the liquidation of long-term debts; investments in securities or advances that have been made for the purpose of control, affiliation, or other continuing business advantage; receivables arising from unusual transactions that are not expected to be collected with-in 12 months; cash surrender value of life insurance policies; land and other natural resources; depreciable assets... VAT deductibles, which classified as other current assets in VAS, classified as other current receivables.
- e. Under US. GAAP, obligations in the operating cycle include: payables incurred in the acquisition of materials and supplies to be used in the production of good or in providing services to be offered for sales; collection received in advance of the delivery of goods or performance of service; debts that arise from operation directly related to the operating cycles, such as accrual for wage, salaries, commission, rentals, royalties, and income and other taxes. Current advance from customers, Statutory obligations, payables to employees, current/ non-current accrued expenses, payables due to paying on behalf in VAS classified as Obligation in the operating cycle.

4. OTHER INFORMATION

4.1 Transactions and balances with key management members, the individuals involved with key management members

The key management members include members of the Management Board and Director. Individuals associated with key management members are close members in the family of key management members.

Transactions with key management members, the individuals involved with key management members

The Company had no incurred sales and services rendered transactions as well as other transactions with key management member and individuals related to key management members.

NOTE TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

Liabilities to key management members and individuals related to key management members

Liabilities to key management members and individuals related to key management members are as following:

	<u>31/12/2020</u>	<u>31/12/2019</u>	<u>01/01/2019</u>
	USD	USD	USD
Mr. Tran Duy Hoa			
Other payable – Dividend	76,569.46	-	-
Current loans	-	31,993.11	24,198.75
Non-current loans	32,020.70	-	-

The remuneration of the Board of Management and Director

	<u>Year 2020</u>	<u>Year 2019</u>
	USD	USD
Income	<u>62,269.53</u>	<u>57,946.14</u>
	<u>62,269.53</u>	<u>57,946.14</u>

4.2 Significant transactions with related parties during the year

The transactions with related parties are as follows:

<u>Related parties</u>	<u>Transaction</u>	<u>Year 2020</u>	<u>Year 2019</u>
		USD	USD
Green Trident Logistics (Hangzhou) Ltd, Paying on behalf	Providing services	57.34	153,058.08
		-	441.23
PT. Unique Logistics International Indonesia Purchasing services	Providing services	-	111,874.52
		73.59	176.04
Shenzhen Unique Logistics International Company Limited Providing services	Purchasing services	11,795.48	13,696.88
		1,353.32	1,739.00
TGF Unique Limited Purchasing services	Providing services	-	1,739.00
		2,646.58	2,192.94
ULI (North & East China) Co., Ltd. Purchasing services	Providing services	5,565.88	7,881.71
		17,475.91	2,331.33
ULI International Company Limited Purchasing services	Providing services	994.59	11,865.07
		55.94	104.37
	Paying on behalf	106,074.93	-
Unique Freight Solutions (Thailand) Co., Ltd. Providing services	Purchasing services	1,539.53	607.66
		-	0.96
Unique International Logistics (M) Sdn. Bhd. Purchasing services	Providing services	6,783.82	16,061.94
		3,319.12	4,564.14
	Paying on behalf	180.45	-
Unique Logistics (Korea) Co., Ltd.	Providing services	44,427.33	48,112.35
	Purchasing services	3,423.46	6,642.49
Unique Logistics Holdings Limited Providing services	Purchasing services	83,441.35	19,528.69
		-	18.10
	Other paying	47,086.50	61,528.45
	Dividend	232,901.93	48,141.07
Unique Logistics International (ATL), LLC	Providing services	14,303.56	54,613.15

Related parties	Transaction	Year 2020	Year 2019
		USD	USD
Unique Logistics International (BOS), Inc.	Providing services	24,003.09	129,560.40
	Purchasing services	1,054.35	8,943.96
Unique Logistics International (H.K) Limited	Providing services	4,101.53	2,519.26
	Purchasing services	24,053.66	1,500.49
	Receiving on behalf	13,888,938.09	4,832,957.77
	Paying on behalf	15,375,733.49	4,657,546.06
Unique Logistics International (India) Private Limited	Providing services	7,889.03	30,173.78
	Purchasing services	15,377.46	20.01
Unique Logistics International (LAX) Inc.	Providing services	9,517.58	30,794.73
	Purchasing services	5,463.01	6,367.56
Unique Logistics International (NYC), LLC	Providing services	21,404,823.36	3,407,958.97
	Purchasing services	2,071,677.27	252,326.91
Unique Logistics International (Shanghai), Co., Ltd.	Purchasing services	-	833.07
	Providing services	64.89	49.96
Unique Logistics International (SIN) Pte. Ltd.	Purchasing services	23,806.99	5,109.03
	Providing services	1,136.22	-
Unique Logistics International (South China), Limited	Purchasing services	45.19	1,287.02
	Providing services	81.97	74.94
Unique Logistics International Philippines Inc.	Providing services	-	326.95
ULI (South China) Limited	Providing services	-	53.31
	Purchasing services	3,465.07	16.90
Uniquorn International Logistics Co., Ltd.	Purchasing services	3,802.52	-

Liability balances with related parties

The balances of receivable/ (payable) with the related parties are as follows:

Related parties		31/12/2020	31/12/2019	01/01/2019
		USD	USD	USD
Green Trident Logistics (Hangzhou) Ltd,	Account receivables	8.99	-	-
PT, Unique Logistics International Indonesia	Account payables	(78.53)	(4.95)	(5.00)
Shenzhen Unique Logistics International Company Limited	Account payables	(977.10)	(2,800.83)	(50.40)
TGF Unique Limited	Account payables	(2,646.12)	(916.65)	-
	Account receivables	-	-	25,863.88
ULI (North & East China) Company Limited	Account payables	(8,855.20)	(359.97)	-
	Account receivables	2,608.14	572.89	3.26

Related parties		31/12/2020	31/12/2019	01/01/2019
		USD	USD	USD
ULI (South China) Limited	Account payables	(360.70)	-	(21.50)
ULI International Company Limited	Account receivables	6.23	2,226.32	4.08
	Account payables	(5.01)	-	-
Unique International Logistics (M) Sdn. Bhd.	Account payables	(626.79)	(125.96)	(289.33)
	Account receivables	113.57	1,979.83	379.82
Unique Logistics (Korea) Co., Ltd.	Account receivables	7,391.92	4,730.72	3,141.36
	Account payables	(118.99)	-	(140.00)
Unique Logistics Holdings Limited	Account receivables	-	1,515.97	-
	Account payables	(34,881.16)	(1,431.13)	(1,357.13)
	Other short-term payables	(273,127.89)	-	(88,520.19)
	Short-term loans	-	(67,985.36)	(75,000.00)
	Long-term loans	(68,043.99)	-	-
Unique Logistics International (ATL), LLC	Account receivables	-	6,284.63	3,054.82
Unique Logistics International (BOS), Inc.	Account receivables	-	36,584.95	8,787.85
		-	-	(452.07)
Unique Logistics International (H.K) Limited	Other short-term payables	(647,881.28)	-	-
	Account receivables	408.18	176.27	584.83
	Other receivables	-	849,007.78	721,598.55
	Account payables	(22,781.27)	(1,850.25)	-
Unique Logistics International (India) Private Limited	Account receivables	1,324.82	1,644.66	3,116.20
	Account payables	(44.06)	-	-
Unique Logistics International (LAX) Inc.	Account receivables	-	1,351.73	70,988.34
	Account payables	-	-	(15,102.50)
Unique Logistics International (NYC), LLC	Account receivables	7,051,675.12	860,729.46	747,136.40
	Account payables	(2,336.03)	-	(6,864.55)
Unique Logistics International (SIN) Pte. Ltd.	Account receivables	258.68	-	-
	Account payables	(7,627.24)	(1,089.20)	-
Unique Logistics International (South China) Limited	Account payables	(5.02)	(29.99)	-
Unique Logistics Intl (Shanghai) Co., Ltd.	Account receivables	-	50.25	-
Uniquorn International Logistics Co., Ltd.	Account payables	(1,148.65)	-	-
Unique Freight Solutions (Thailand) Co., Ltd.	Account payables	-	-	(33.00)

NOTE TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

4.3 Other information

Unique Logistics International (Vietnam) Co., Ltd. has prepared other financial statements for the purpose of its tax finalization for the year ended 31 December 2020 in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System and statutory requirement relevant to preparation and presentation of the financial statements.

Unique Logistics International (Vietnam) Co., Ltd. has prepared other financial statements for the purpose of internal management for the financial year ended 31 December 2020 in accordance with Vietnamese Accounting Standards and Vietnamese Accounting System relating to preparation and presentation of the financial statements dated 09 March 2021

/s/ **LE THI NGOC AI**

/s/ **LE THI NGOC AI**

/s/ **TRAN DUY HOA**

Preparer

Chief Accountant

Director

Ho Chi Minh City, 15 August 2021

**UNIQUE LOGISTICS INTERNATIONAL
(VIETNAM) CO., LTD.**

Audited financial statements
for the year ended 31 December 2020

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REPORT OF DIRECTOR

4. Events since the balance sheet date

There have been no significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the financial statements.

5. Auditors

AFC Vietnam Auditing Company Limited has been appointed to perform the audit for the year ended 31 December 2020.

6. Director's statement of responsibility in respect of the financial statements

Director is responsible for the financial statements for the year ended 31 December 2020 which give a true and fair view of the state of affair of the Company and of its results and cash flows for the year then ended. In preparing these financial statements, Director is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basic unless it is inappropriate to presume that the Company will continue in business; and
- Design, implement and maintain the Company's internal control for prevention and detection of fraud and error,

Director is responsible for ensuring that the proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Company and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Director confirmed that the Company has complied with the above requirements in preparing the financial statements.

7. Publication of the financial statements

Director does hereby publish that the accompanying financial statements which give a true and fair view of the financial position of the Company as at 31 December 2020 and the results of its operations and cash flows of the Company for the year then ended in accordance with the Vietnamese Accounting Standards, Vietnamese Accounting System and the statutory requirement relevant to preparation and presentation of the financial statements.

/s/ TRAN DUY HOA

TRAN DUY HOA

Director

Ho Chi Minh City, 09 March 2021

INDEPENDENT AUDITORS' REPORT

**To: The members of Member Council and Director
Unique Logistics International (Vietnam) Co., Ltd.**

We have audited the accompanying financial statements of Unique Logistics International (Vietnam) Co., Ltd. prepared on 09 March 2021 and set out from pages from 5 to 27, which comprise the balance sheet as at 31 December 2020, and the income statement, cash flow statement for the year then ended and notes to the financial statements thereto.

Director's Responsibility for the Financial Statements

Director is responsible for the preparation and fair presentation of these financial statements in accordance with the Vietnamese Accounting Standards and Vietnamese Accounting System and comply with relevant statutory requirements to preparation and presentation of the financial statements and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Director, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for audit opinion.

Auditor's opinion

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of Unique Logistics International (Vietnam) Co., Ltd. as at 31 December 2020 and of the results of its operations and its cash flows for the year then ended in accordance with the Vietnamese Accounting Standards and Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of the financial statements.

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INDEPENDENT AUDITORS' REPORT

(Cont.)

Limitation

Without qualifying our above opinion, we would like to note that the financial statements are prepared for the purpose of internal management of Unique Logistics International (Vietnam) Co., Ltd. Therefore, this report may not be appropriate for any other purpose. Our audit report is only for Unique Logistics International (Vietnam) Co., Ltd. and its partners. It is not available to any other parties than Unique Logistics International (Vietnam) Co., Ltd.

Other matters

Unique Logistics International (Vietnam) Co., Ltd, has prepared other financial statements for the purpose of its tax finalization for the fiscal year-ended 31 December 2020 in accordance with Vietnamese Accounting Standards and Vietnamese Accounting System relating to preparation and presentation of the financial statements. These financial statements have been audited by another Auditor

/s/ DANG THI MY VAN

DANG THI MY VAN

General Director

Audit Practicing Registration Certificate

No, 0173-2018-009-1

AFC VIETNAM AUDITING COMPANY LIMITED

Ho Chi Minh City, 09 March 2021

/s/ NGUYEN NGOC ANH TRUC

NGUYEN NGOC ANH TRUC

Auditor

Audit Practicing Registration Certificate

No, 5517-2021-009-1

BALANCE SHEET

As at 31 December 2020

	Code	Note	31/12/2020 VND	01/01/2020 VND
ASSETS				
CURRENT ASSETS	100		187,550,634,267	52,871,845,398
Cash and cash equivalents	110	5.1	11,882,122,081	7,531,456,662
Cash	111		11,882,122,081	7,531,456,662
Cash equivalents	112		-	-
Short-term investments	120		-	-
Short-term receivables	130		175,376,222,424	45,204,605,683
Short-term trade receivables	131	5.2	175,375,524,324	25,572,725,939
Short-term advances to supplies	132		698,100	-
Short-term borrowings receivables	135		-	-
Other short-term receivables	136	5.3.1	-	19,631,879,744
Inventories	140		-	-
Other current assets	150		292,289,762	135,783,053
Short-term prepaid expenses	151	5.4.1	263,766,461	135,783,053
Value added tax deductibles	152		28,523,301	-
Taxes and other receivable from State	153		-	-
Other current assets	155		-	-
ASSETS				
NON-CURRENT ASSETS	200		1,135,171,349	445,473,681
Long-term receivables	210		841,062,250	291,254,250
Long-term trade receivables	211		-	-
Long-term advances to supplies	212		-	-
Other long-term receivables	216	5.3.2	841,062,250	291,254,250
Provision for doubtful LT receivables	219		-	-
Fixed assets	220		-	-
Tangible fixed assets	221		-	-
Finance leasehold assets	224		-	-
Intangible fixed assets	227		-	-
Cost	228	5.5	136,500,000	136,500,000
Accumulated amortisation	229		(136,500,000)	(136,500,000)
Investment Property	230		-	-
Long-term assets in progress	240		-	-
Long-term financial investments	250		-	-
Other long-term assets	260		294,109,099	154,219,431
Long-term prepaid expenses	261	5.4.2	294,109,099	154,219,431
Long-term tools, supplies and spare parts	263		-	-
Other long-term assets	268		-	-
TOTAL ASSETS	270		188,685,805,616	53,317,319,079

UNIQUE LOGISTICS INTERNATIONAL (VIETNAM) CO., LTD.
 181 Dien Bien Phu Street, Da Kao Ward, District 1, Ho Chi Minh City
BALANCE SHEET
 As at 31 December 2020

	Code	Note	31/12/2020 VND	01/01/2020 VND
RESOURCES				
LIABILITIES	300		139,488,584,515	23,038,245,825
Current liabilities	310		137,110,568,338	23,036,245,825
Short-term trade payables	311	5.6	65,011,263,868	12,654,723,019
Short-term advance from customers	312		70,318,986	-
Statutory obligations	313	5.7	14,472,032,927	6,474,552,089
Payable to employees	314	5.8	5,159,779,101	1,158,612,435
Short-term accrued expenses	315	5.9.1	2,286,040,604	425,858,282
Short-term unrealised revenues	318		-	-
Other short-term payables	319	5.10	23,732,869,307	-
Short-term loan and finance lease	320	5.11.1	26,378,263,545	2,322,500,000
Short-term provision	321		-	-
Government bonds trading	324		-	-
Long-term liabilities	330		2,378,016,177	2,000,000
Long-term trade payables	331		-	-
Long-term advance from customers	332		-	-
Long-term accrued expenses	333	5.9.2	56,016,177	-
Long-term internal payables in relation to	334		-	-
Long-term internal payables	335		-	-
Long-term unearned revenues	336		-	-
Other long-term liabilities	337		2,000,000	2,000,000
Long-term loans and finance lease	338	5.11.2	2,320,000,000	-
Convertible bonds	339		-	-
Preferred shares	340		-	-
Deferred tax liabilities	341		-	-
Long-term provisions	342		-	-
Scientific and technological development	343		-	-

BALANCE SHEET

As at 31 December 2020

	Code	Note	31/12 /2020 VND	01/01/2020 VND
RESOURCES				
OWNER'S EQUITY	400		49,197,221,101	30,279,073,254
Capital	410	5.12	49,197,221,101	30,279,073,254
Owners' invested equity	411		3,320,000,000	3,320,000,000
Shares with voting rights	411a		3,320,000,000	3,320,000,000
Preference shares	411b		-	-
Surplus of stock capital	412		-	-
Convertible bonds option	413		-	-
Other owners' capital	414		-	-
Treasury shares	415		-	-
Asset revaluation reserve	416		-	-
Foreign exchange differences reserve	417		-	-
Investment and development fund	418		-	-
Enterprise re-organisation support fund	419		-	-
Other funds belonging to owners' equity	420		-	-
Retained earnings	421		45,877,221,101	26,959,073,254
Accumulated retained earnings of previous year	421a		9,535,589,533	17,423,483,720
Retained earnings of this year	421b		36,341,631,568	9,535,589,534
Fund for capital expenditure	422		-	-
Other capital, funds	430		-	-
Subsidized funds	431		-	-
Fund for fixed assets in use	432		-	-
TOTAL RESOURCES	440		188,685,805,616	53,317,319,079

/s/ **LE THI NGOC AI**

LE THI NGOC AI

Preparer

/s/ **LE THI NGOC AI**

LE THI NGOC AI

Chief Accountant

/s/ **TRAN DUY HOA**

TRAN DUY HOA

Director

Ho Chi Minh City, 09 March 2021

UNIQUE LOGISTICS INTERNATIONAL (VIETNAM) CO., LTD.
 181 Dien Bien Phu Street, Da Kao Ward, District 1, Ho Chi Minh City
INCOME STATEMENT
For the year ended 31 December 2020

	Code	Note	2020 VND	2019 VND
Gross sales of merchandise and service	01		715,336,453,476	208,356,267,493
Less deduction	02		-	-
Net sales	10	6.1	715,336,453,476	208,356,267,493
Cost of sales	11	6.2	641,856,548,634	180,152,286,155
Gross profit/(loss)	20		73,479,904,842	28,203,981,338
Financial income	21	6.3	431,539,419	232,293,764
Financial expenses	22	6.4	5,177,932,322	1,057,974,409
<i>In which : Interest expenses</i>	23		700,477,594	-
Selling expenses	24	6.5	6,875,148,195	3,045,302,650
General and administrative expenses	25	6.6	16,387,413,621	13,068,415,617
Operating profit/(loss)	30		45,470,950,123	11,264,582,426
Other income	31	6.7	149,726,799	700,598,827
Other expenses	32		54,315,015	45,694,335
Other profit/(loss)	40		95,411,784	654,904,492
Profit/(loss) before tax	50		45,566,361,907	11,919,486,918
Current corporate income tax expense	51	6.8	9,224,730,339	2,383,897,384
Deferred corporate income tax expense	52		-	-
Net profit/(loss) after tax	60		36,341,631,568	9,535,589,534

/s/ LE THI NGOC AI

LE THI NGOC AI

Preparer

/s/ LE THI NGOC AI

LE THI NGOC AI

Chief Accountant

/s/ TRAN DUY HOA

TRAN DUY HOA

Director

Ho Chi Minh City, 09 March 2021

CASH FLOW STATEMENT

(Indirect method)

For the year ended 31 December 2020

	Code	2020 VND	2019 VND
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit before tax	01	45,566,361,907	11,919,486,918
<i>Adjustments for:</i>			
Depreciation and amortisation	02	-	-
Provisions	03	-	-
(Gains)/losses from foreign exchange difference on revaluation of monetary items	04	681,623,602	469,809,837
(Profits)/losses from investing activities	05	(7,294,907)	(4,467,676)
Interest expense	06	700,477,594	-
<i>Operating income before changes in working capital</i>	08	46,941,168,196	12,384,829,079
(Increase)/decrease in receivables	09	(132,444,974,353)	(4,536,499,607)
(Increase)/decrease in inventories	10	-	-
Increase/(decrease) in payables	11	75,307,933,751	(1,085,707,906)
(Increase)/decrease in prepaid expenses	12	(267,873,076)	(71,609,794)
Interest paid	14	(595,863,733)	(221,235,171)
Corporate income tax paid	15	(1,041,312,544)	(1,496,280,404)
Other cash inflow from operating activities	16	-	-
Other cash outflow from operating activities	17	-	-
Net cash flow from operating activities	20	(12,100,921,759)	4,973,496,197
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets and other long term assets	21	-	-
Interest and dividends received	27	7,294,907	4,467,676
Net cash flow from investing activities	30	7,294,907	4,467,676
CASH FLOW FROM FINANCIAL ACTIVITIES			
Proceeds from capital contribution	31	-	-
Payment of capital to owners	32	-	-
Proceeds from borrowings	33	42,908,623,023	23,135,701,378
Repayments of borrowings	34	(16,530,359,478)	(23,137,031,378)
Dividends paid	36	(11,091,013,631)	-
Net cash flow from financing activities	40	15,287,249,914	(1,330,000)
Net increase/decrease in cash	50	3,193,623,062	4,976,633,873
Cash and cash equivalents at beginning of year	60	7,531,456,662	2,400,663,567
Impact of exchange rate fluctuation	61	1,157,042,357	154,159,222
Cash and cash equivalents at the end of year	70	11,882,122,081	7,531,456,662

/s/ LE THI NGOC AI

LE THI NGOC AI
Preparer

/s/ LE THI NGOC AI

LE THI NGOC AI
Chief Accountant

/s/ TRAN DUY HOA

TRAN DUY HOA
Director

Ho Chi Minh City, 09 March 2021

These notes form an integral part of and should be read in conjunction with the accompanying financial statements,

1. BUSINESS HIGHLIGHT

1.1 Ownership structure

Unique Logistics International (Vietnam) Co., Ltd, is limited liability company with two or more members incorporated in Vietnam pursuant to the Business Registration Certificate No. 0310403753 on 11 October 2010 and the next amendments with the latest amendments registered on the 4th amendment issued on 23 July 2020 issued by the Planning and Investment Department of Ho Chi Minh City regarding the changes of owners' equity.

1.2 Scope of business activities

The scope of business activities is to provide forwarding services.

1.3 The principal activities

According to the first Business Registration Certificate dated 11 October 2010, the Company's principal activities are to provide forwarding services.

In 2020, the main activities of the Company are to provide forwarding services.

1.4 Normal business cycle

The normal business cycle of the Company is not exceeding 12 months.

1.5 Statement of comparative presentation of information in the financial statements

The figures are presented in the financial statements for the financial year ended 31 December 2020 compared with the corresponding figures of previous year.

1.6 The number of employees

The number of the Company's employees as at 31 December 2020 was 53 (as at 31 December 2019 the number of employees was 37).

2. FINANCIAL YEAR, ACCOUNTING CURRENCY ACCOUNTING

2.1 Financial year

The Company's financial year starts from 01 January and ends at 31 December annual.

2.2 Accounting currency

The Company maintains its accounting records in Viet Nam Dong ("VND").

3. ACCOUNTING STANDARDS AND SYSTEM

3.1 Applicable Accounting Standards and System

The Company's financial statements comply with Vietnamese Accounting Standards, Vietnamese Accounting System for enterprises in accordance with Circular 200/2014/TT-BTC on 22 December 2014 issued by the Ministry of Finance regarding the accounting system and the Circulars giving the guidance on preparation and presentation of financial statements.

3.2 Statement of compliance with the Vietnamese Accounting Standards and Vietnamese Accounting System

Director ensures that the Company complied with the Vietnamese Accounting Standards and Vietnamese Accounting System for enterprise in accordance with Circular 200/2014-BTC and the Circulars giving the guidance on the preparation and presentation of financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of preparation

The financial statements are prepared on the accrual basis (except for information relating to cash flows).

4.2 Foreign currency transactions

Transactions in currencies other than VND during the year have been translated into VND at exchange rates ruling at the date of the transaction.

Exchange differences arising from transactions in foreign currencies are recognized in the financial income or financial expense. Exchange differences arising from revaluation of monetary items denominated in foreign currencies at the balance sheet date after offsetting the differences is recognized in the financial income or financial expense.

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at actual rates of exchange ruling at the balance sheet date. The actual rates of exchange applied to retranslate monetary items denominated in foreign currency at reporting date are determined as follows:

- For foreign currency accounts in banks: purchasing foreign exchange rate of the bank where the Company opened the foreign currency account as at 31 December 2020.
- For cash and monetary assets: the foreign currency buying rate at the reporting date quoted by HSBC Bank as at 31 December 2020.
- For monetary liabilities: the foreign currency selling rate at reporting date quoted by HSBC Bank as at 31 December 2020.

4.3 Cash and cash equivalents

Cash comprises cash on hand and cash in banks. Cash equivalents are short-term highly liquid investments with an original maturity of (less than three months since the investment date that are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value at reporting date.

4.4 Receivables

Trade and other receivables are presented at cost less provision for doubtful debts.

The classification of receivables is trade receivables and other receivables, which is complied with the following principles:

- Trade receivables reflect the nature of the receivables arising from commercial transactions with purchase - sale between the Company and an independent purchaser.
- Other receivables reflect the nature of the receivables arising from non-commercial transactions, and to be related to the purchase - sale transactions.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

The provision for doubtful debts presents the estimated loss due to non-payment arising on receivables that were outstanding at the balance sheet date, Increases and decreases to the provision balance are recognised as general and administration expense in the income statement.

4.5 Long-term prepaid expenses

Prepaid expenses are used to record expenses actually incurred but they are related to operation of many accounting periods, Prepaid expenses mainly include office equipment and other expenses. They are amortised to the income statement over the period for which the amount are paid or the period in which economic benefit are generated in relation to these expenses less than 3 years.

4.6 Intangible fixed assets

Intangible fixed assets determined at the initial costs less amortization.

The initial cost of an intangible fixed asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Costs relating to intangible assets incurred after initial recognition are recognized to the income statement, except for costs which are related to the specific intangible assets and increase benefits economic from these assets.

When assets are sold or liquidated, their cost and accumulated amortisation are removed from the balance sheet and any gain or loss resulting from their disposal is included in the income statement.

Intangible assets are depreciated on a straight-line over the estimated useful life of these assets as follows:

Software	3 years
----------	---------

4.7 Payables and accruals

Accounts payable and accrued expenses are recognized for amounts to be paid in the future, which related to receive the goods and services. Accrued expenses are recorded based on reasonable estimates payment.

The classification of liabilities is payable to suppliers, accrued expenses, internal payables and other payables, which complied with the following principles:

- Trade payables reflect the nature of the payables arising from commercial transactions with purchase of goods, services, property between the Company and an independent seller.
- Accrued expenses reflect the payables for goods and services received from the seller or provided with the purchaser but have not been paid until having invoices or having insufficient billing records, accounting records, and payables to employees including salary, production costs, and sales must accruals. Any difference between accrued account and actual expenses shall be recognised.
- Other payables reflect the nature of the payables of non-commercial, not related to the purchase, sale, rendering of service transactions.

4.8 Revenue and income

Revenue from rendering of services

The revenue of transaction related to the services is recorded when the result of the transaction can be measured reliably. In case that the services are to be provided in many accounting periods, the determination of sales in each period is done on the basis of the service completion rate as of the balance sheet date. Revenue is recognized upon completion of services provided when satisfy all four conditions:

- Revenue can be measured reliably;
- It is possible to obtain economic benefits from the service provision transaction;
- The work volume finished on the date of making the accounting balance sheet can be determined;
- The costs incurred from the service provision transaction and the costs of its completion can be determined.

Interest income

Interest is recognised on an accrual basis, are determined on the balance of cash in bank and the actual interest rate unless uncollectible is in doubt.

4.9 Corporate income tax (“CIT”)

Corporate income tax for the year comprises current and deferred tax, Income tax is recognised in the income statement except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current corporate income tax

Current tax is the expected tax payable on the taxable income for the year, using tax rate enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous year.

Deferred tax

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amounts of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

According to Circular No, 78/2014/ TT-BTC on 18 June 2014 issued by the Ministry of Finance, the Company is obligated to pay corporate income tax at the rate of 20% tax rate on taxable income from 01 January 2016.

Tax returns of the Company are subjected to examination by the Tax Authorities. Because the application of tax laws and regulations on taxes on many types of transactions is susceptible to varying interpretations, amounts reported in the financial statements could be changed at a later date upon final determination by the tax authorities.

4.10 Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, Parties are also considered to be related if they are subject to common control or common significant influence by the same third party.

The following parties are known as the Company's related parties:

Company	Relationship
Unique Logistics Holdings Limited	Parent Company
Green Trident Logistics (Hangzhou) Ltd.	Inter-company
PT, Unique Logistics International Indonesia	Inter-company
Shenzhen Unique Logistics International Limited	Inter-company
TGF Unique Limited	Inter-company
ULI (North & East China) Company Limited	Inter-company
ULI (South China) Limited	Inter-company
ULI International Company Limited	Inter-company
Unique Freight Solutions (Thailand) Co., Ltd.	Inter-company
Unique International Logistics (M) Sdn. Bhd.	Inter-company
Unique Logistics (Korea) Co., Ltd.	Inter-company
Unique Logistics International (ATL), LLC	Inter-company
Unique Logistics International (NYC), LLC	Inter-company
Unique Logistics International (SIN) Pte. Ltd.	Inter-company
Unique Logistics International Philippines Inc.	Inter-company
Unique Logistics Intl (BOS) Inc	Inter-company
Unique Logistics Int'l (H.K) Ltd.	Inter-company
Unique Logistics Intl (India) Pvt. Ltd.	Inter-company
Unique Logistics Intl (LAX) Inc.	Inter-company
Unique Logistics Intl (Shanghai) Co., Ltd.	Inter-company
Unique Logistics Intl (South China) Ltd.	Inter-company
Uniquorn International Logistics Co., Ltd.	Inter-company
Board of Management and Director	Key members

5. ADDITIONAL INFORMATION TO ITEMS IN THE BALANCE SHEET

5.1 Cash and cash equivalents

	31/12/2020	01/01/2020
	VND	VND
Cash on hand		
+ VND	381,332,742	1,456,416,258
Cash in bank		
+ VND	8,905,146,679	3,935,485,342
+ USD	2,595,642,660	2,139,555,062
	11,882,122,081	7,531,456,662

Details of cash balance in foreign currencies as at 31 December 2020 are as follow:

	Original amount	Equivalent to VND
Cash in bank – USD	112,755,98	2,595,642,660
	112,755,98	2,595,642,660

5.2 Short-term trade receivables

	31/12/2020	01/01/2020
	VND	VND
Trade receivables - Related parties		
Green Trident Logistics (Hangzhou) Ltd.	206,907	-
ULI (North & East China) Company Limited	60,000,177	13,239,373
ULI International Company Limited	143,329	51,450,274
Unique International Logistics (M) Sdn. Bhd.	2,612,680	45,753,960
Unique Logistics (Korea) Co., Ltd.	170,051,200	109,327,035
Unique Logistics Holdings Limited	-	35,033,984
Unique Logistics International (ATL), LLC	-	145,237,862
Unique Logistics International (BOS), Inc.	-	845,478,129
Unique Logistics International (H.K) Limited	9,390,263	4,073,605
Unique Logistics International (India) Private Limited	30,477,494	38,008,008
Unique Logistics International (LAX) Inc.	-	31,238,588
Unique Logistics International (NYC), LLC	162,223,786,148	19,891,457,870
Unique Logistics International (SIN) Pte. Ltd.	5,951,040	-
Unique Logistics Intl (Shanghai) Co. Ltd.	-	1,161,250
Trade receivables - Other organizations and individuals		
Fond Express Int'l (SFO) Inc.	6,778,049	509,820,256
Hansae Co. Ltd.	1,204,164,365	-
NNR Global Logistics France	4,797,189,900	-
Yakjin Trading Corporation	1,442,219,780	-
Others	5,422,552,992	3,851,445,745
	175,375,524,324	25,572,725,939

As at 31 December 2020, the balances of trade receivables in foreign currency are:

	Foreign currency	Equivalent VND
Account receivables - USD	7,409,277,06	172,274,006,365
Account receivables - EUR	20,00	566,180
		172,274,572,545

5.3 Other receivables

5.3.1 Other short-term receivables

	31/12/2020	01/01/2020
	Amount Provision VND	Amount Provision VND
Other short-term receivables Related parties		
Unique Logistics International (H.K) Limited - Receipt and payment on behalf	-	19,620,569,744
Other short-term receivables - Third parties		
Other receivables	-	11,310,000
	19,631,879,744	11,310,000

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

5.3.2 Other long-term receivables

	Amount VND	31/12/2020 Provision VND	Amount VND	01/01/2020 Provision VND
Long-term deposit - Third parties				
Deposit for office rental	276,112,250	-	261,304,250	-
Warehouse rental deposit	301,300,000	-	1,300,000	-
Export service deposit	167,000,000	-	-	-
Others	96,650,000	-	28,650,000	-
	841,062,250	-	291,254,250	-

5.4 Prepaid expenses

5.4.1 Short-term prepaid expenses

	31/12/2020 VND	01/01/2020 VND
Tools and equipment	22,175,449	9,380,424
Other expenses	241,591,012	126,402,629
	263,766,461	135,783,053

5.4.2 Long-term prepaid expenses

	31/12/2020 VND	01/01/2020 VND
Tools and supplies	277,523,271	128,988,599
Other expenses	16,585,828	25,230,832
	294,109,099	154,219,431

5.5 Intangible fixed assets

The cost of intangible fixed assets (accounting software) which was fully depreciated but is still in use is VND 136,500,000.

5.6 Short-term trade payables

	31/12/2020 VND	01/01/2020 VND
Account payables - related parties		
PT, Unique Logistics International Indonesia	1,820,782	114,950
Shenzhen Unique Logistics International Company Limited	22,654,130	65,063,243
TGF Unique Limited	61,350,333	21,293,754
ULi (North & East China) Co., Ltd.	205,307,832	8,362,134
ULI (South China) Limited	8,362,800	-
ULi International Company Limited	116,150	-
Unique international Logistics (M) Sdn. Bhd.	14,532,238	2,925,986
Unique Logistics (Korea) Co., Ltd.	2,758,795	-
Unique Logistics Holdings Limited	808,719,785	33,245,067
Unique Logistics International (H.K) Limited	528,183,748	42,981,266
Unique Logistics international (NYC), LLC	54,160,926	-
Unique Logistics international (SIN) Pte. Ltd.	176,837,486	25,302,121
Unique Logistics International (South China) Limited	116,350	696,600
Unique Logistics Intl (India) Pvt. Ltd.	1,021,460	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

	31/12/2020 VND	01/01/2020 VND
Uniquorn International Logistics Co., Ltd. Shenzhen Branch	26,631,550	-
Account payables - third parties		
Logistics Viettel Company Limited	-	1,483,094,500
Viva Cargo International Logistics Company Limited	6,008,610,468	265,599,831
Hanlog Logistics Trading Company Limited	9,371,806,315	-
Harvest Global Forwarding (Viet Nam) Company Limited	5,537,254,870	-
Partners & Brothers Logistics Company Limited	6,198,677,967	-
Korean Airlines representative in Viet Nam at Ha Noi	8,763,316,819	-
Aviation Solutions Services Company Limited	1,835,457,988	-
Hapag-Lloyd (Viet Nam) Company Limited	1,998,205,510	-
Indochina Air Cargo Agency Company Limited	2,959,480,547	-
Prime Cargo Company Limited	1,275,870,733	-
Ha Noi Forwarding and Transportation Company Limited	-	1,540,259,111
Aircity Co.,Ltd.	-	2,261,185,606
Sea & Air Freight international (SAFI)	11,928,678,804	2,746,815,556
Other suppliers	7,221,329,482	4,157,783,294
	65,011,263,868	12,654,723,019

As at 31 December 2020, the balances of trade payables in foreign currency are as following:

	Foreign currency	Equivalent VND
Account payables - USD	92,330,52	2,191,986,830
Account payables - GBP	2,022,27	61,350,333
Account payables - EUR	1,767,38	47,596,714
		2,300,933,877

5.7 Taxes and obligation payable to the State

	01/01/2020	Incurring in year		31/12/2020
	Payable VND	Increase VND	Paid/Deducted VND	Payable VND
VAT payables	112,713,318	1,090,586,555	(1,203,299,873)	-
Corporate income tax	6,046,054,225	9,224,730,339	(1,041,312,544)	14,229,472,020
Personal income tax	315,784,546	516,327,359	(589,550,998)	242,560,907
License tax	-	3,000,000	(3,000,000)	-
	6,474,552,089	10,834,644,253	(2,837,163,415)	14,472,032,927

5.8 Payables to employees

	31/12/2020 VND	01/01/2020 VND
Salary for seasonal staff	96,850,000	-
Annual leaves	-	116,625,000
Bonus for employees	5,062,929,101	1,041,987,435
	5,159,779,101	1,158,612,435

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

5.9 Accrued expenses

5.9.1 Short-term accrued expenses

	31/12/2020	01/01/2020
	VND	VND
Year-end party	200,000,000	172,999,585
Interest expenses	206,009,948	-
Corporation fee	1,682,926,389	166,869,457
Others	197,104,267	85,989,240
	2,286,040,604	425,858,282

5.9.1 Long-term accrued expenses

	31/12/2020	01/01/2020
	VND	VND
Interest expenses	56,016,177	-
	56,016,177	-

5.10 Other short-term payables

	31/12/2020	01/01/2020
	VND	VND
Other payables - Related parties		
Unique Logistics International (H,K) Limited - Paying on behalf	15,021,127,448	-
Unique Logistics Holdings Limited - Dividend	6,332,470,090	-
Mr Tran Duy Hoa - Dividend	1,775,262,855	-
Other payables - Third parties		
Other payables	604,008,914	-
	23,732,869,307	-

5.11 Loans and finance lease

5.11.1 Short-term loans and finance lease

	31/12/2020	01/01/2020
	Amount VND	Amount VND
	31/12/2020	01/01/2020
	Payment capacity VND	Payment capacity VND
Short-term loan from related parties		
Unique Logistics Holdings Limited	-	1,579,300,000
Mr. Tran Duy Hoa	-	743,200,000
Short-term loan from third parties		
HSBC (Viet Nam) bank (a)	26,378,263,545	-
	26,378,263,545	2,322,500,000

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

- (a) This is a short-term loan of HSBC (Viet Nam) Bank according to General Facility No. VNM 153657 dated 18 September 2018 and Amendment agreement - No. 2 No. VNM 160251 dated 14 October 2020 with an amount of VND 45,500,000,000, interest rate specify in each accommodation letter. Loan duration is 90 days for each loan. The Company uses these loans to carry out the investment projects in the forwarding industry. This loan is guaranteed by Company Guarantee from Unique Logistics Holdings Limited with the value of USD 1,000,000,00 and by a Hold Cover Guarantee from HSBC bank - Singapore branch with the value of USD 1,000,000,00.

Details of short-term loans are as follows:

	<u>01/01/2020</u> VND	<u>Receipt</u> VND	<u>Exchange</u> <u>difference</u> VND	<u>Transfer from</u> <u>short-term loan</u> <u>to long-term</u> <u>loan</u> VND	<u>Payment</u> VND	<u>31/12/2020</u> VND
Related parties						
Unique Logistics Holdings Limited	1,579,300,000	-	(1,700,000)	(1,577,600,000)		-
Mr. Tran Duy Hoa	743,200,000		(800,000)	(742,400,000)		-
Third parties						
HSBC Bank (Viet Nam)	-	42,908,623,023	-	-	(16,530,359,478)	26,378,263,545
	<u>2,322,500,000</u>	<u>42,908,623,023</u>	<u>(2,500,000)</u>	<u>(2,320,000,000)</u>	<u>(16,530,359,478)</u>	<u>26,378,263,545</u>

5.11.2 Long-term loans and finance lease

	<u>Amount</u> VND	<u>31/12/2020</u> <u>Payment</u> <u>capacity</u> VND	<u>Amount</u> VND	<u>01/01/2020</u> <u>Payment</u> <u>capacity</u> VND
Long-term loan from related parties				
Unique Logistics Holdings Limited (1)	1,577,600,000	1,577,600,000		
Mr. Tran Duy Hoa (2)	742,400,000	742,400,000	-	-
	<u>2,320,000,000</u>	<u>2,320,000,000</u>	<u>-</u>	<u>-</u>

(1) Loans from the Parent Company according to Loan agreement No: 40605-002HK/293020 dated 22 January 2011, the appendix signed on 21 January 2020 with a total value of USD 68,000,00, its interest rate 3%/ year. Loan term: up to 21 January 2023, the Company uses the loan to carry out the investment project in the forwarding industry.

(2) This is a short-term loan according to the Agreement No. 2018-01-VJ dated 24 April 2018 and the appendix dated 24 April 2020 with an amount of VND 743,840,000 (equivalent to USD 32,000,00) from Mr. Tran Duy Hoa. The interest rate is 3%Z year. Term of the loan: up to 23 April 2023. The Company uses these loans to carry out the investment projects in the forwarding industry.

Details of short-term loans are as follows:

	<u>01/01/2020</u> VND	<u>Transfer from short-</u> <u>term</u> VND	<u>31/12/2020</u> VND
Related parties			
Unique Logistics Holdings Limited	-	1,577,600,000	1,577,600,000
Mr, Tran Duy Hoa	-	742,400,000	742,400,000
	<u>-</u>	<u>2,320,000,000</u>	<u>2,320,000,000</u>

5.12 Owner's equity

5.12.1 Increase/Decrease in owner's equity

	<u>Owner's equity</u> VND	<u>Retained earnings</u> VND	<u>Total</u> VND
Balance at 01/01/2019	3,320,000,000	19,348,429,361	22,668,429,361
Other decreases	-	(1,924,945,641)	(1,924,945,641)
Profit for the year		9,535,589,534	9,535,589,534
Balance at 31/12/2019	<u>3,320,000,000</u>	<u>26,959,073,254</u>	<u>30,279,073,254</u>
Balance at 01/01/2020	3,320,000,000	26,959,073,254	30,279,073,254
Distributing in year	-	(17,423,483,721)	(17,423,483,721)
Profit for the year	-	36,341,631,568	36,341,631,568
Balance at 31/12/2020	<u>3,320,000,000</u>	<u>45,877,221,101</u>	<u>49,197,221,101</u>

5.12.2 Details of owners' capital

Up to 31 December 2020, the members has fully contributed the charter capital of VND 3,320,000,000 under the 3rd amended Business Registration Certificate dated 14 November 2018.

	Contributed capital as at 31/12/2020 VND	Ratio	Contributed capital as at 01/01/2020 VND	Ratio
Unique Logistics Holdings Limited	2,257,600,000	68%	2,257,600,000	68%
Mr. Tran Duy Hoa	1,062,400,000	32%	1,062,400,000	32%
	3,320,000,000	100%	3,320,000,000	100%

5.13 Off balance sheet items

	31/12/2020	01/01/2020
USD	112,755,98	92,521,30

6. ADDITIONAL INFORMATION FOR ITEMS SHOWN IN THE INCOME STATEMENT

6.1 Revenue from rendering of services

6.1.1 Revenue

	Year 2020 VND	Year 2019 VND
Revenue from rendering of services	715,336,453,476	208,356,267,493
	715,336,453,476	208,356,267,493

6.1.2 Rendering of services due to related parties

	Year 2020 VND	Year 2019 VND
Green Trident Logistics (Hangzhou) Ltd.	1,329,236	3,557,835,015
PT, Unique Logistics International Indonesia	-	2,600,523,273
Shenzhen Unique Logistics International Limited	31,371,250	40,422,950
TGF Unique Limited	-	443,118,437
ULI (North & East China) Co., Ltd.	129,022,759	183,210,327
ULI International Company Limited	23,055,589	275,803,561
Unique Freight Solutions (Thailand) Co., Ltd.	-	22,320
Unique International Logistics (M) Sdn. Bhd.	157,255,693	373,359,686
Unique Logistics (Korea) Co., Ltd.	1,029,869,861	1,118,371,594
Unique Logistics Holdings Limited	-	420,645
Unique Logistics International (ATL), LLC	331,570,894	1,269,482,708
Unique Logistics International (BOS), Inc.	556,415,545	3,011,631,478
Unique Logistics International (H.K) Limited	95,077,536	58,560,231
Unique Logistics International (India) Private Limited	182,875,607	701,389,619
Unique Logistics International (LAX) Inc.	220,627,106	715,823,464
Unique Logistics International (NYC), LLC	496,185,210,361	79,218,006,168
Unique Logistics international (Shanghai) Co., Ltd.	1,504,218	1,161,250
Unique Logistics International (SIN) Pte. Ltd.	26,338,743	-
Unique Logistics International (South China) Limited	1,900,049	1,239,302
Unique Logistics International Philippines Inc.	-	7,599,870
	498,973,424,447	93,577,981,898

6.2 Cost of sales

	<u>Year 2020</u>	<u>Year 2019</u>
	VND	VND
Cost of services	641,856,548,634	180,152,286,155
	641,856,548,634	180,152,286,155

6.3 Financial income

	<u>Year 2020</u>	<u>Year 2019</u>
	VND	VND
Term bank interest	7,294,907	4,467,676
Realized foreign exchange gains	424,244,512	227,826,088
	431,539,419	232,293,764

6.4 Financial expenses

	<u>Year 2020</u>	<u>Year 2019</u>
	VND	VND
Loan interests	700,477,594	-
Realized foreign exchange losses	3,795,831,126	588,164,572
Foreign exchange losses arising from revaluation of monetary items	681,623,602	469,809,837
	5,177,932,322	1,057,974,409

6.5 Selling expenses

	<u>Year 2020</u>	<u>Year 2019</u>
	VND	VND
Staff cost	6,532,549,240	2,251,255,508
Others	342,598,955	794,047,142
	6,875,148,195	3,045,302,650

6.6 General and administrative expenses

	<u>Year 2020</u>	<u>Year 2019</u>
	VND	VND
Salaries	10,303,471,040	9,184,352,693
Office supplies and stationery	199,926,224	255,821,966
Tax and fee expenses	3,000,000	3,000,000
Office rental	1,110,603,317	1,102,820,118
Corporation fees	2,543,790,451	718,230,666
Others	2,226,622,589	1,804,190,174
	16,387,413,621	13,068,415,617

6.7 Other income

	<u>Year 2020</u>	<u>Year 2019</u>
	VND	VND
Decreasing of corporation fee in 2017 - 2018	-	589,833,093
Collect from losses in transport	102,979,580	109,688,049
Others	46,747,219	1,077,685
	149,726,799	700,598,827

6.8 Current corporate income tax expenses

	<u>Year 2020</u>	<u>Year 2019</u>
	VND	VND
Accounting net profit before tax	45,566,361,907	11,919,486,918
Adjustment to increase/(decrease) profit Exchange difference losses	557,289,786	-
Taxable income	46,123,651,693	11,919,486,918
Tax rate	20%	20%
Current corporate income tax expenses	9,224,730,339	2,383,897,384

6.9 Production cost according to factors

	<u>Year 2020</u>	<u>Year 2019</u>
	VND	VND
Office tools	199,926,224	255,821,966
Staff cost	16,836,020,280	11,435,608,201
External services rendered	647,927,683,754	183,777,527,113
Other expenses	155,480,192	797,047,142
	665,119,110,450	196,266,004,422

7 OTHER INFORMATION

7.1 Transactions and balances with key management members, the individuals involved with key management members

The key management members include members of the Management Board and Director. Individuals associated with key management members are close members in the family of key management members.

Transactions with key management members, the individuals involved with key management members

The Company had no incurred sales and services rendered transactions as well as other transactions with key management member and individuals related to key management members.

Liabilities to key management members and individuals related to key management members

Liabilities to key management members and individuals related to key management members are presented in the Notes in item 5.11 and 5.12.

The remuneration of the Board of Management and Director

	<u>Year 2020</u>	<u>Year 2019</u>
	VND	VND
Income	1,443,470,000	1,346,958,000
	1,443,470,000	1,346,958,000

7.2 Significant transactions with related parties during the year

The transactions with related parties are as follows:

Related parties	Transaction	Year 2020	Year 2019
		VND	VND
Green Trident Logistics (Hangzhou) Ltd,	Providing services	1,329,236	3,557,835,015
	Paying on behalf	-	10,256,390
PT. Unique Logistics International Indonesia	Providing services	-	2,600,523,273
	Purchasing services	1,705,832	4,092,000
Shenzhen Unique Logistics International Company Limited	Purchasing services	273,431,053	318,384,058
	Providing services	31,371,250	40,422,950
TGF Unique Limited	Providing services	-	443,118,437
	Purchasing services	61,350,333	50,974,872
ULI (North & East China) Co., Ltd.	Providing services	129,022,759	183,210,327
	Purchasing services	405,109,184	54,191,861
ULI international Company Limited	Providing services	23,055,589	275,803,561
	Purchasing services	1,296,812	2,426,023
	Paying on behalf	2,458,922,903	-
Unique Freight Solutions (Thailand) Co., Ltd.	Purchasing services	35,687,879	14,124,953
	Providing services	-	22,320
Unique International Logistics (M) Sdn. Bhd.	Providing services	157,255,693	373,359,686
	Purchasing services	76,940,577	106,093,526
	Paying on behalf	4,183,060	-
Unique Logistics (Korea) Co., Ltd.	Providing services	1,029,869,861	1,118,371,594
	Purchasing services	79,359,138	154,404,634
Unique Logistics Holdings Limited	Purchasing services	1,934,253,946	453,944,482
	Providing services	-	420,645
	Other paying	1,091,512,136	1,430,228,804
	Dividend	5,398,899,528	1,119,039,075
Unique Logistics International (ATL), LLC	Providing services	331,570,894	1,269,482,708
Unique Logistics International (BOS), Inc.	Providing services	556,415,545	3,011,631,478
	Purchasing services	24,440,861	207,902,267
Unique Logistics International (H.K) Limited	Providing services	95,077,536	58,560,231
	Purchasing services	557,587,795	34,878,789
	Receiving on behalf	321,959,473,897	112,342,103,317
	Paying on behalf	356,424,877,920	108,264,658,076
Unique Logistics International (India) Private Limited	Providing services	182,875,607	701,389,619
	Purchasing services	356,464,958	465,100
Unique Logistics International (LAX) Inc.	Providing services	220,627,106	715,823,464
	Purchasing services	126,637,988	148,013,936
Unique Logistics International (NYC), LLC	Providing services	496,185,210,361	79,218,006,168
	Purchasing services	48,023,550,742	5,865,338,998
Unique Logistics International (Shanghai), Co., Ltd.	Purchasing services	-	19,364,616
	Providing services	1,504,218	1,161,250

Related parties	Transaction	Year 2020 VND	Year 2019 VND
Unique Logistics International (SIN) Pte. Ltd.	Purchasing services	551,869,794	118,759,313
	Providing services	26,338,743	-
Unique Logistics International (South China), Limited	Purchasing services	1,047,625	29,916,758
	Providing services	1,900,049	1,741,875
Unique Logistics International Philippines Inc.	Providing services	-	7,599,870
ULI (South China) Limited	Providing services	-	1,239,302
	Purchasing services	80,323,748	392,861
Uniquorn International Logistics Co., Ltd.	Purchasing services	88,146,200	-

Liability balances with related parties

The balances of receivable/ (payable) with the related parties are as follows;

Related parties		31/12/2020	01/01/2020
Green Trident Logistics (Hangzhou) Ltd,	Account receivables (Note 5.2)	206,907	-
PT, Unique Logistics International Indonesia	Account payables (Note 5.6)	(1,820,782)	(114,950)
Shenzhen Unique Logistics International Company Limited	Account payables (Note 5.6)	(22,654,130)	(65,063,243)
TGF Unique Limited	Account payables (Note 5.6)	(61,350,333)	(21,293,754)
ULI (North & East China) Company Limited	Account payables (Note 5.6)	(205,307,832)	(8,362,134)
	Account receivables (Note 5.2)	60,000,177	13,239,373
ULI (South China) Limited	Account payables (Note 5.6)	(8,362,800)	-
ULI international Company Limited	Account receivables (Note 5.2)	143,329	51,450,274
	Account payables (Note 5.6)	(116,150)	-
Unique International Logistics (M) Sdn. Bhd.	Account payables (Note 5.6)	(14,532,238)	(2,925,986)
	Account receivables (Note 5.2)	2,612,680	45,753,960
Unique Logistics (Korea) Co., Ltd.	Account receivables (Note 5.2)	170,051,200	109,327,035
	Account payables (Note 5.6)	(2,758,795)	-
Unique Logistics Holdings Limited	Account receivables (Note 5.2)	-	35,033,984
	Account payables (Note 5.6)	(808,719,785)	(33,245,067)
	Other short-term payables (Note 5.10)	(6,332,470,090)	-
	Short-term loans (Note 5.11.1)	-	(1,579,300,000)
	Long-term loans (Note 5.11.2)	(1,577,600,000)	-
Unique Logistics International (ATL), LLC	Account receivables (Note 5.2)	-	145,237,862
Unique Logistics International (BOS), Inc.	Account receivables (Note 5.2)	-	845,478,129

Related parties		31/12/2020	01/01/2020
Unique Logistics International (H.K) Limited	Other short-term payables (Note 5.10)	(15,021,127,448)	-
	Account receivables (Note 5.2)	9,390,263	4,073,605
	Other receivables (Note 5.3.1)	-	19,620,569,744
	Account payables (Note 5.6)	(528,183,748)	(42,981,266)
Unique Logistics International (India) Private Limited	Account receivables (Note 5.2)	30,477,494	38,008,008
	Account payables (Note 5.6)	(1,021,460)	-
Unique Logistics International (LAX) Inc	Account receivables (Note 5.2)	-	31,238,588
Unique Logistics International (NYC), LLC	Account receivables (Note 5.2)	162,223,786,148	19,891,457,870
	Account payables (Note 5.6)	(54,160,926)	-
Unique Logistics International (SIN) Pte. Ltd.	Account receivables (Note 5.2)	5,951,040	-
	Account payables (Note 5.6)	(176,837,486)	(25,302,121)
Unique Logistics International (South China) Limited	Account payables (Note 5.6)	(116,350)	(696,600)
Unique Logistics Inti (Shanghai) Co., Ltd.	Account receivables (Note 5.2)	-	1,161,250
Uniquorn International Logistics Co., Ltd.	Account payables (Note 5.6)	(26,631,550)	-

7.3 Events after the balance sheet date

There has been no significant event occurring after the balance sheet date which would require adjustments or disclosures to be made the notes to the financial statements.

7.4 Other information

Unique Logistics International (Vietnam) Co., Ltd. has prepared other financial statements for the purpose of its tax finalization for the year ended 31 December 2020 in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System and statutory requirement relevant to preparation and presentation of the financial statements

/s/ LE THI NGOC AI

LE THI NGOC AI
Preparer

/s/ LE THI NGOC AI

LE THI NGOC AI
Chief Accountant

/s/ TRAN DUY HOA

TRAN DUY HOA
Director

Ho Chi Minh City, 09 March 2021

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
(Incorporated in Hong Kong with limited liability)

Directors' Report and Audited Financial Statements
For the year ended 31 December 2021

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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**UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
DIRECTORS' REPORT**

DIRECTORS' REPORT

The directors present their annual report together with the audited financial statements for the year ended 31 December 2021.

1. PRINCIPAL ACTIVITIES

The principal activities of Unique Logistics International (H.K.) Limited (the "Company") are investment holding and the provision of air and ocean freight forwarding services.

2. RESULTS AND APPROPRIATIONS

The results of the Company for the year ended 31 December 2021 are set out in the statement of profit or loss and other comprehensive income on page 7.

The directors do not recommend the payment of a dividend.

3. DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Mr. Lee Chi Tak, Richard
Mr. Lee Man Bun, Patrick
Mr. Wong Hon Man

In accordance with Articles 7 of the Company's Articles of Association, all directors retire at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

4. DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

Saved as disclosed in notes 9(b) and 25(b) to the financial statements, no other transactions, arrangements and contracts of significance to which the Company, its holding company, any of its subsidiaries or fellow subsidiaries was a party and in which a director of the Company had a material interest whether directly or indirectly, subsisted at the end of the year or at any time during the year.

**UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
DIRECTORS' REPORT**

5. DIRECTORS' INTERESTS IN THE SHARES, UNDERLYING SHARES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATION

At no time during the year was the Company, its holding company, any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors of the Company (including their spouse and children under 18 years of age) to hold any interests or short positions in the shares or underlying shares in the Company or its specified undertakings or other associated corporations.

6. MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company or its subsidiaries were entered into or existed during the year.

7. PERMITTED INDEMNITY PROVISIONS

At no time during the financial year and up to the date of this Directors' Report, was there a permitted indemnity provision in force for the benefit of any of the directors of the Company (whether made by the Company or otherwise) or an associated company (if made by the Company).

8. AUDITOR

The financial statements have been audited by RSM Hong Kong who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

/s/ Mr. Lee Chi Tak, Richard

Mr. Lee Chi Tak, Richard

Hong Kong, 25 July 2022

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF
UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
(Incorporated in Hong Kong with limited liability)**

Opinion

We have audited the financial statements of Unique Logistics International (H.K.) Limited (the "Company") set out on pages 7 to 54, which comprise the statement of financial position as at 31 December 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF
UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
(Incorporated in Hong Kong with limited liability)**

Material Uncertainty Related to Going Concern

We draw attention to note 2(b) in the financial statements which indicates that as at 31 December 2021, the Company's total liabilities exceeded its total assets by HKD958,838. As stated in note 2(b), this condition indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the Other Information. The Other Information comprises all of the information included in the annual report other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs issued by the IASB, HKFRSs issued by the HKICPA and the Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF
UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
(Incorporated in Hong Kong with limited liability)**

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with section 405 of the Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
 - Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
-

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF
UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
(Incorporated in Hong Kong with limited liability)**

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ RSM Hong Kong

Certified Public Accountants

25 July 2022

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 DECEMBER 2021
 (Expressed in Hong Kong dollars)

Note	Notes	2021 HKD	2020 HKD
Revenue	4	250,918,725	142,690,712
Freight costs		(191,433,301)	(108,114,331)
Gross profit		59,485,424	34,576,381
Other income	5	18,483,983	19,086,778
Other gains and losses	6	(406,676)	369,566
Administrative expenses		(28,831,814)	(24,723,666)
Other operating expenses		(8,117,249)	(2,978,360)
Profit from operations		40,613,668	26,330,699
Finance costs	7(a)	(3,133,041)	(4,627,096)
Profit before taxation	7	37,480,627	21,703,603
Income tax (expenses)/credit	8(a)	(665,000)	1,241,000
Profit for the year		36,815,627	22,944,603
Other comprehensive income for the year, net of tax		—	—
Total comprehensive income for the year		36,815,627	22,944,603

The notes on pages 11 to 54 form part of these financial statements

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
 STATEMENT OF FINANCIAL POSITION
 AT 31 DECEMBER 2021
 (Expressed in Hong Kong dollars)

Non-current assets	Note	2021 HKD	2020 HKD
Property and equipment	10	2,146,767	2,568,473
Right-of-use assets	11	6,858,276	4,203,290
Investment in subsidiaries	12	18,556,978	19,066,978
Investment in an associate	13	500,000	-
Deferred tax assets	22	576,000	1,241,000
		28,638,021	27,079,741
Current assets			
Trade receivables	16	76,358,998	45,338,731
Other receivables, deposits and prepayments	15	2,262,334	2,162,183
Amounts due from related parties	17	170,103	38,176,794
Investments	14	-	15,040,726
Pledged bank deposits	18	19,337,321	4,206,034
Cash at bank and on hand	18	35,804,549	3,385,543
		133,933,305	108,310,011
Current liabilities			
Trade payables	19	81,680,669	62,901,777
Other payables and accrued expenses		6,082,913	3,274,557
Amounts due to related parties	17	21,139,479	2,443,313
Bank loans and overdrafts	20	47,302,817	98,012,134
Lease liabilities	21	4,088,824	1,393,311
		160,294,702	168,025,092
Net current liabilities		(26,361,397)	(59,715,081)
Total assets less current liabilities		2,276,624	(32,635,340)
Non-current liabilities			
Bank loans and overdrafts	20	851,828	2,856,260
Lease liabilities	21	3,048,634	2,947,865
		3,900,462	5,804,125
NET LIABILITIES		(1,623,838)	(38,439,465)
Capital and reserve			
Share capital	23	1,000,000	1,000,000
Reserves		(2,623,838)	(39,439,465)
CAPITAL DEFICIENCY		(1,623,838)	(38,439,465)

Approved by the Board of Directors on 25 July 2022 and are signed on its behalf by:

/s/ Mr. Lee Chi Tak, Richard
 Mr. Lee Chi Tak, Richard

/s/ Mr. Wong Hon Man
 Mr. Wong Hon Man

The notes on pages 11 to 54 form part of these financial statements.

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021
(Expressed in Hong Kong dollars)

	Share capital	Accumulated losses	Total
	HKD	HKD	HKD
Balance at 1 January 2020	1,000,000	(62,384,068)	(61,384,068)
Total comprehensive income for the year	-	22,944,603	22,944,603
Balance at 31 December 2020 and 1 January 2021	1,000,000	(39,439,465)	(38,439,465)
Total comprehensive income for the year	-	36,815,627	36,815,627
Balance at 31 December 2021	1,000,000	(2,623,838)	(1,623,838)

The notes on pages 11 to 54 form part of these financial statements.

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 31 DECEMBER 2021
 (Expressed in Hong Kong dollars)

Operating activities	Note	2021 HKD	2020 HKD
Profit before taxation		37,480,627	21,703,603
Adjustments for:			
- Depreciation of property and equipment	10	695,058	550,761
- Depreciation of right-of-use assets	11	2,481,974	2,016,355
- Bad debt		54,825	33,012
- Gain on disposals of property and equipment	6	-	(5,587)
- Finance costs	7(a)	3,133,041	4,627,096
- Interest income	5	(290,974)	(228,752)
Operating profit before changes in working capital		43,554,551	28,696,488
Increase in trade receivables		(31,075,092)	(17,841,377)
(Increase)/decrease in other receivables, deposits and prepayments		(100,151)	975,701
Decrease/(increase) in amounts due from related parties		38,006,691	(14,046,222)
Increase in trade payables		18,778,892	5,099,059
Increase/(decrease) in other payables and accrued expenses		2,808,356	(992,471)
Increase/(decrease) in amount due to related parties		18,696,166	(1,836,796)
Cash generated from operations		90,669,413	54,382
Interests paid		(2,985,294)	(4,480,253)
Interest on lease liabilities		(147,747)	(146,843)
Net cash generated from/(used in) operating activities		87,536,372	(4,572,714)
Investing activities			
Redemption in investments		15,040,726	8,771,225
Increase in pledged bank deposits		(15,131,287)	(34,941)
Sales proceeds from disposals of property and equipment		-	338,373
Sales proceeds from disposal of a subsidiary		10,000	-
Purchase of property and equipment		(273,352)	(1,383,788)
Interest received		290,974	228,752
Net cash (used in)/generated from investing activities		(62,939)	7,919,621
Financing activities			
Proceeds from new bank loans		274,216,837	185,283,940
Repayment of bank loans		(278,068,761)	(174,738,917)
Principal elements of lease payments		(2,340,678)	(2,328,915)
Net cash (used in)/generated from financing activities		(6,192,602)	8,216,108
Net increase in cash and cash equivalents		81,280,831	11,563,015
Cash and cash equivalents at 1 January		(46,171,091)	(57,734,106)
Cash and cash equivalents at 31 December	18	35,109,740	(46,171,091)

The notes on pages 11 to 54 form part of these financial statements.

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(Expressed in Hong Kong dollars)

1. COMPANY INFORMATION

Unique Logistics International (H.K.) Limited (the “Company”) was incorporated in Hong Kong with limited liability. The address of its registered office and principal place of business is Unit 05-06, 3/F., Tower 2, Enterprise Square, 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong.

The principal activities of the Company were investment holding and the provision of air and ocean freight forwarding services during the year.

As at 31 December 2021, the directors consider the immediate and ultimate holding company of the Company to be Unique Logistics Holdings Limited (“ULHL”) and Rich Group Holdings Limited, which were incorporated in Hong Kong and the British Virgin Islands respectively.

The financial statements are prepared in Hong Kong dollars (“HKD”), which is also the functional currency of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”) and Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). These financial statements also comply with the applicable requirements of the Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Company are disclosed below.

The IASB/HKICPA has issued certain new and revised IFRSs/HKFRSs that are first effective or available for early adoption for the current accounting period of the Company. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Company for the current and prior accounting periods reflected in these financial statements.

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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(Expressed in Hong Kong dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of preparation of the financial statements

The Company is a wholly owned subsidiary of another body corporate and therefore, in accordance with section 379(3)(a) of the Companies Ordinance, is not required to prepare consolidated financial statements.

For the purposes of compliance with sections 379 and 380 of the Companies Ordinance, these financial statements have been prepared to present a true and fair view of the state of affairs and profit or loss of the Company only. Consequently, they have been prepared in accordance with all applicable IFRSs, HKFRSs and the requirements of the Companies Ordinance which apply to the preparation of separate unconsolidated financial statements.

These financial statements do not comply with the requirements of IFRS/HKFRS10 "Consolidated Financial Statements" so far as the preparation of consolidated financial statements is concerned. As a consequence, the financial statements do not give all the information required by IFRS/HKFRS10 about the economic activities of the group of which the Company is the parent. Full compliance with IFRS/HKFRS10 would require the Company to produce consolidated financial statements which disclose this information, as neither the Company's ultimate holding company, nor any intermediate holding company, produces consolidated financial statements in accordance with IFRSs/HKFRSs which are available for public use.

The measurement basis used in the preparation of the financial statements is the historical cost basis. Historical cost is generally based on the fair value of consideration given in exchange for assets.

The preparation of financial statements in conformity with IFRSs and HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements and estimates made by management in the application of IFRSs and HKFRSs that have significant effect on the financial statements are discussed in note 27.

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of preparation of the financial statements (cont'd)

The financial statements have been prepared on a going concern basis. This may not be appropriate as Company's total liabilities exceeded its total assets by HKD1,623,838 as at 31 December 2021. The continuation of the business as a going concern is dependent upon the Company attaining future profitable operations and the continuing financial support of its immediate holding company.

Should the Company be unable to continue to operate as a going concern, adjustments would have to be made to reduce the value of assets to their recoverable amount, to provide for any further liabilities which may arise, and to re-classify non-current assets and liabilities as current assets and liabilities, respectively.

ULHL, the immediate holding company, has confirmed in writing its intention to provide continuing financial support so as to enable the Company to meet its liabilities as and when they fall due and to carry on its business without a significant curtailment of operations for the foreseeable future. The directors believe that the Company will continue as a going concern and consequently have prepared the financial statements on a going concern basis.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances in financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Property and equipment

Property and equipment are stated in the statement of financial position at cost less accumulated depreciation and impairment losses, if any.

Depreciation of property and equipment is calculated at rate sufficient to write off their cost, less their residual values, over their estimated useful lives on a straight-line basis. The principal annual rates are as follows:

- Leasehold improvements	20%
- Furniture and fixtures	20%
- Office equipment	20%
- Motor vehicles	25%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis

The gain or loss on disposal of property and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(e) Leases

At inception of a contract, the Company assesses whether the contract is, or contains, 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. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) The Company as a lessee

Where the contract contains lease component(s) and non-lease component(s), the Company has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Leases (cont'd)

(i) The Company as a lessee (cont'd)

At the lease commencement date, the Company recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Company are primarily laptops and office furniture. When the Company enters into a lease in respect of a low-value asset, the Company decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

Right-of-use assets in which the Company 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.

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Leases (cont'd)

(i) The Company as a lessee (cont'd)

When the Company obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the cost of the relevant right-of-use assets and the related accumulated depreciation and impairment loss are transferred to property, plant and equipment / the carrying amount of the relevant right-of-use asset is transferred to property, plant and equipment.

Refundable rental deposits paid are accounted under IFRS/HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Company will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

(ii) The Company as a lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Subsidiary

A subsidiary is an entity controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable are taken into account.

An investment in subsidiary is stated at cost less impairment losses. Results of a subsidiary are accounted for on the basis of dividends received and receivable.

The carrying amount of investment in a subsidiary is reviewed for indications of impairment at the end of each reporting period. An impairment loss is recognised to the extent that the carrying amount of an asset, or the cash-generating unit to which it belongs, is more than its recoverable amount. The recoverable amount of an asset, or of the cash-generating unit to which it belongs, is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the assets. An impairment loss is reversed if there has been a favourable change in estimates used to determine the recoverable amount.

(g) Associate

Associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Company has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

An investment in an associate is stated at cost less impairment losses.

The carrying amount of investment in an associate is reviewed for indications of impairment at the end of each reporting period. An impairment loss is recognised to the extent that the carrying amount of an asset, or the cash-generating unit to which it belongs, is more than its recoverable amount. The recoverable amount of an asset, or of the cash-generating unit to which it belongs, is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the assets. An impairment loss is reversed if there has been a favourable change in estimates used to determine the recoverable amount.

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(i) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Financial assets (cont'd)

Debt investments held by the Company are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.
- Fair value through other comprehensive income ("FVTOCI") - recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses ("ECL"), interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.
- FVTPL if the investment does not meet the criteria for being measured at amortised cost or FVTOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(j) Trade and other receivables

A receivable is recognised when the Company has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Company has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement. Cash and cash equivalents are assessed for ECL.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into the definitions of a financial liability and equity instruments under IFRSs and HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(m) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(n) Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(o) Equity instruments

Any equity instrument is any contract that evidence a residual interest in the assets of an equity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(p) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Employee benefits (cont'd)

(ii) Pension obligations

The Company contributes to a defined contribution retirement scheme which are available to all employees. Contributions to the scheme by the Company and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Company to the funds.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Company can no longer withdraw the offer of those benefits, and when the Company recognises restructuring costs and involves the payment of termination benefits.

(q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

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NOTES TO THE FINANCIAL STATEMENTS
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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Government grants

A government grant is recognised when there is reasonable assurance that the Company will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company future related costs are recognised in profit or loss in the period in which they become receivable.

(s) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Taxation (cont'd)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(t) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the statement of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset / cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset / cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Impairment of financial assets

The Company recognises a loss allowance for ECL on investments in debt instruments which are measured at amortised cost. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables. The ECL on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) **Impairment of financial assets (cont'd)**

Significant increase in credit risk (cont'd)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (i) the financial instrument has a low risk of default,
 - (ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
 - (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.
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UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) **Impairment of financial assets (cont'd)**

Significant increase in credit risk (cont'd)

The Company considers a financial asset to have low credit risk when the asset has external credit rating of “investment grade” in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of “performing”. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collaterals held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 180 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Impairment of financial assets (cont'd)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the counterparty;
- a breach of contract, such as a default or past due event;
- the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Impairment of financial assets (cont'd)

Measurement and recognition of ECL (cont'd)

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(v) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtors fails to make payment when due in accordance with the terms of a debt instrument.

Where the Company issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received and receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Company's policies applicable to that category of assets. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 2(v)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Company under the guarantee, and (ii) the amount of that claim on the Company is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) **Financial guarantees issued, provisions and contingent liabilities (cont'd)**

(ii) Other provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(w) **Revenue recognition**

Revenue is recognised when control over service is transferred to the customer, at the amount of promised consideration to which the Company is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value add tax or other sales taxes and is after deduction of any trade discounts.

Revenue from the provision of freight forwarding services is recognised when control of the cargoes has transferred, being when the cargoes have been delivered to the customer's specific location (delivery). Following delivery, the customer has the primary responsibility on delivering the cargoes and bears the risks and loss in relation to the cargoes. A receivable is recognised by the Company when the cargoes are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Management fee income is recognised based on the state of completion of the contract. Payment for management services is not due from the customer until the management services are completed and therefore a contract asset is recognised over the period in which the management services are performed representing the entity's right to consideration for the services performed to date.

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or FVTOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

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3. ADOPTION OF NEW AND REVISED INTERNATIONAL/HONG KONG FINANCIAL REPORTING STANDARDS

(a) Application of new and revised IFRSs/HKFRSs

The Group has applied the following amendments to IFRSs/HKFRSs issued by the IASB/HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the financial statements:

Amendments to IFRS/HKFRS 9, IAS/HKAS 39, IFRS/HKFRS 7, Interest Rate Benchmark Reform - Phase 2
 IFRS/HKFRS 4 and IFRS/HKFRS 16

The application of the amendments to IFRSs/HKFRSs in the current year had no material impact on the Company's financial positions and performance for the current and prior years and/or on the disclosures set out in these financial statements.

(b) New and revised IFRSs/HKFRSs in issue but not yet effective

The Company has not early applied new and revised IFRSs/HKFRSs that have been issued but are not yet effective for the financial year beginning on 1 January 2021. These new and revised IFRSs/HKFRSs include the following which may be relevant to the Company.

	Effective for accounting periods beginning on or after
Amendments to IFRS/HKFRS 3 Business Combination - Reference to the Conceptual Framework	1 January 2022
Amendments to IAS/HKAS 16 Property Plant and Equipment - Proceeds before Intended Use	1 January 2022
Annual Improvements to IFRSs/HKFRSs 2018 - 2020 Cycle	1 January 2022
Amendments to IAS/HKAS 1 Classification of Liabilities as Current or Non-current	1 January 2022

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3. ADOPTION OF NEW AND REVISED INTERNATIONAL/HONG KONG FINANCIAL REPORTING STANDARDS (CONT'D)

(b) **New and revised IFRSs/HKFRSs in issue but not yet effective**

	Effective for accounting periods beginning on or after
Amendments to IAS/HKAS 1 Presentation of Financial Statements and IFRS/HKFRS Practice Statement 2 Making Materiality Judgements - Disclosure of Accounting Policies	1 January 2023
Amendments to IAS/HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates	1 January 2023
Amendments to IAS/HKAS 12 Income Taxes - Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
The Company is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.	

4. REVENUE

The principal activities of the Company are investment holding and the provision of air and ocean freight forwarding services.

Revenue represents gross invoiced freight income and recognised at a point in time for the year.

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5. OTHER INCOME

	<u>2021</u>	<u>2020</u>
	HKD	HKD
Bank interest income	119,065	228,752
Loan interest income	171,909	-
Dividend income	3,910,341	612,000
Government grants	615,400	2,888,634
Management income	12,596,323	14,524,350
Rental income	96,000	96,000
Other income	974,945	737,042
	<u>18,483,983</u>	<u>19,086,778</u>

6. OTHER GAINS AND LOSSES

	<u>2021</u>	<u>2020</u>
	HKD	HKD
Gain on disposals of property and equipment	-	5,587
Net exchange (losses)/gains	(406,676)	363,979
	<u>(406,676)</u>	<u>369,566</u>

7. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	<u>2021</u>	<u>2020</u>
	HKD	HKD
(a) Finance costs:		
Interest expense on lease liabilities	147,747	146,843
Interest on bank loans and overdrafts	2,985,294	4,480,253
	<u>3,133,041</u>	<u>4,627,096</u>
(b) Staff costs (including directors' remuneration):		
Salaries, allowances and other benefits	19,413,216	18,491,693
Contributions to defined contribution retirement plan	678,276	684,235
	<u>20,091,492</u>	<u>19,175,928</u>

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7. PROFIT/(LOSS) BEFORE TAXATION

	<u>2021</u>	<u>2020</u>
	HKD	HKD
(c) Other items:		
Audit fee	113,200	123,100
Depreciation of property and equipment	695,058	550,761
Depreciation of right-of-use assets	2,481,974	2,016,355
Gain on disposals of property and equipment	-	(5,587)
Operating lease rentals		
- property rentals	1,055,662	435,401
- director quarter	471,591	-
	<u>1,527,253</u>	<u>435,401</u>

8. INCOME TAX EXPENSES/(CREDIT)

(a) Income tax has been recognised in profit or loss as follows:

	<u>2021</u>	<u>2020</u>
	HKD	HKD
Deferred tax (note 22)	<u>665,000</u>	<u>(1,241,000)</u>

No provision for Hong Kong Profits Tax has been made in the financial statements since the Company has sufficient tax losses brought forward to set off against current year's assessable profit.

(b) Reconciliation between the income tax credit and profit at applicable tax rates:

	<u>2021</u>	<u>2020</u>
	HKD	HKD
Profit before taxation	<u>37,480,627</u>	<u>21,703,603</u>
Notional tax on loss before taxation, calculated at the current rate of 16.5% (2020:16.5%)	6,184,303	3,581,094
Tax effect of income that not taxable	(746,747)	(656,600)
Tax effect of expenses that not deductible	177,716	325,985
Tax effect of temporary differences not recognised Tax effect of utilisation of tax losses		
not	55,885	(72,694)
previously recognised	(5,671,157)	(3,177,785)
Tax losses previously recognised and reversed	665,000	-
Tax losses recognised	-	(1,241,000)
Income tax expenses/(credit)	<u>665,000</u>	<u>(1,241,000)</u>

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9. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

	2021	2020
	HKD	HKD
Fees	-	-
Salaries and allowances	2,350,368	2,890,952
Contributions to defined contribution retirement plan	36,000	36,000
	<u>2,386,368</u>	<u>2,926,952</u>

(b) Directors' material interests in transactions, arrangements or contracts

Identity of related parties	Nature of related party relationship	Type of transactions	2021 Volume of transactions HKD	2020 Volume of transactions HKD
Unique Logistics Holdings Limited	Immediate holding company	Management income received	12,259,986	14,038,206
		Sundry income received	467,965	355,335
		Corporate fee paid	(679,842)	(346,191)
		Freight charges paid	(83,012)	(47,222)
		Management fee paid	(3,754,590)	-
ULI (South China) Limited	Fellow subsidiary	Loan interest income received	153,627	-
		Freight charges paid	418,010	(34,197)
Unique Logistics International (South China) Limited	Fellow subsidiary	Freight income received	(253)	32,843
		Loan interest income received	18,282	(478,295)
		Freight charges paid	(1,065,756)	-
Unique Logistics International (India) Private Limited	Fellow subsidiary	Office support services expenses paid	(131,842)	
		Freight income received	713,985	883,956
		Freight charges paid	(158,979)	(18,551)
Unique Logistics (Korea) Co., Ltd.	Fellow subsidiary	Freight income received	40,127	26,938
		Freight charges paid	(445,716)	(197,595)
Unique Logistics International (Vietnam) Co., Ltd.	Fellow subsidiary	Freight income received	(1,094)	20,797
		Freight charges paid	(28,800)	(7,382)

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9. **BENEFITS AND INTERESTS OF DIRECTORS (CONT'D)**

(b) Directors' material interests in transactions, arrangements or contracts (cont'd)

Identity of related parties	Nature of related party relationship	Type of transactions	2021	2020
			Volume of transactions HKD	Volume of transactions HKD
Unique Freight Solutions (Thailand) Co., Ltd.	Fellow subsidiary	Freight income received	4,976	13,314
		Freight charges paid	313	829
Green Trident Logistics (Hangzhou) Ltd.	Fellow subsidiary	Freight income received	13,900	109
		Freight charges paid	537,861	(174,236)
Unique Logistics International (SIN) Pte. Ltd.	Fellow subsidiary	Freight income received	16,884	67,017
		Freight charges paid	(18,349)	(9,904)
Shenzhen Unique Logistics International Limited	Subsidiary	Freight income received	216,993	288,386
		Freight charges paid	117,924	-
		Dividend income	3,910,341	-
China Wealth Logistics Limited	Associate company / Subsidiary	Freight income received	18,855,324	23,274,042
		Freight charges paid	(5,082,353)	(4,055,696)
		Management income received	336,337	486,144
		Rental income received	96,000	96,000
		Dividend income	-	612,000
Unique Logistics International (ATL) LLC	Mr. Lee Chi Tak, Richard is the beneficial member of the contracted party	Freight income received	35,335	515,014
		Freight charges paid	(39,853)	(410,785)
Unique Logistics International (NYC), LLC	Mr. Lee Chi Tak, Richard is the beneficial member of the contracted party	Freight income received	75,245,522	6,270,269
		Freight charges paid	(13,615,475)	(2,739,926)

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9. **BENEFITS AND INTERESTS OF DIRECTORS (CONT'D)**

(b) Directors' material interests in transactions, arrangements or contracts (cont'd)

Identity of related parties	Nature of related party relationship	Type of transactions	2021 Volume of HKD	2020 Volume of party relationship HKD
Unique Logistics International (LAX) Inc	Mr. Lee Chi Tak, Richard is the beneficial member of the contracted party	Freight income received	446,646	220,058
		Freight charges paid	(386,842)	(184,013)
Unique Logistics International (BOS), Inc.	Mr. Lee Chi Tak, Richard is the beneficial member of the contracted party	Freight income Received	5,395	2,666,484
		Freight charges paid	39,562	(644,183)
PT. Unique Logistics International Indonesia	Associate company	Freight income received	103,750	-
		Freight charges paid	-	(20,024)
ULI (North & East China) Company Limited	Associate company	Freight income received	6,541	-
		Freight charges paid	(1,984,405)	(1,207,081)
ULI International Company Limited	Associate company	Freight income received	18,137	113,467
		Freight charges paid	(253,985)	(106,920)
Unique Logistics International (Shanghai) Co., Ltd.	Associate company	Freight income received	8,299	64,799
		Freight income received	70,602	49,038
Unique International Logistics (M) Sdn. Bhd.	Associate company	Freight charges paid	(276,149)	(51,081)
		Freight income received	42,335	176,666
Uniquorn International Logistics Co., Ltd	Associate company	Freight income received	-	35,406
Unique Logistics International Philippines Inc.	Associate company	Freight income received	-	35,406
		Freight charges paid	(19,437)	(124,696)

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9. **BENEFITS AND INTERESTS OF DIRECTORS (CONT'D)**

(b) Directors' material interests in transactions, arrangements or contracts (cont'd)

Identity of related parties	Nature of related party relationship	Type of transactions	2021	2020
			Volume of transactions	Volume of transactions
			HKD	HKD
TGF Unique Limited	Associate company	Freight income received	28,391,190	7,768,468
		Freight charges paid	(2,025,970)	(1,990,238)
Asia Freight Solutions (H.K.) Limited	Associate company	Freight income received	269,645	236,438
		Freight charges paid	-	(5,731)
Across Logistics (H.K.) Limited	Associate company	Freight income received	1,003,865	353,052
Across Logistics (Shenzhen) Limited	Associate company	Freight income received	197,163	256,877
Advance Tank International Limited	Related company	Rental expenses	(1,248,403)	(435,401)
Unique Investment Limited	Related company	Rental expenses	(628,788)	(762,087)

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10. PROPERTY AND EQUIPMENT

	Leasehold improvements HKD	Furniture and fixtures HKD	Office equipment HKD	Motor vehicles HKD	Total HKD
Cost:					
At 1 January 2020	864,901	748,792	8,518,434	488,801	10,620,928
Additions	-	42,160	1,341,628	-	1,383,788
At 31 December 2020 and 1 January 2021	864,901	790,952	9,860,062	488,801	12,004,716
Additions	217,670	-	55,682	-	273,352
At 31 December 2021	1,082,571	790,952	9,915,744	488,801	12,278,068
Accumulated depreciation:					
At 1 January 2020	20,543	158,900	8,217,238	488,801	8,885,482
Charge for the year	172,980	129,424	248,357	-	550,761
At 31 December 2020 and 1 January 2021	193,523	288,324	8,465,595	488,801	9,436,243
Charge for the year	191,120	134,227	369,711	-	695,058
At 31 December 2021	384,643	422,551	8,835,306	488,801	10,131,301
Carrying value:					
At 31 December 2021	697,928	368,401	1,080,438	-	2,146,767
At 31 December 2020	671,378	502,628	1,394,467	-	2,568,473

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11. **RIGHT-OF-USE ASSETS**

	Motor vehicle	Leased properties	Total
	HKD	HKD	HKD
At 1 January 2020	796,823	5,421,895	6,218,718
Lease modification	-	333,713	333,713
Disposals	(332,786)	-	(332,786)
Depreciation	(197,784)	(1,818,571)	(2,016,355)
At 31 December 2020 and 1 January 2021	266,253	3,937,037	4,203,290
Additions	-	5,136,960	5,136,960
Depreciation	(159,752)	(2,322,222)	(2,481,974)
At 31 December 2021	<u>106,501</u>	<u>6,751,775</u>	<u>6,858,276</u>

Lease liabilities of HKD7,137,458 (2020: HKD4,341,176) are recognised with related right-of-use assets of HKD6,858,276 as at 31 December 2021 (2020: HKD4,203,290). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

	2021 HKD	2020 HKD
Depreciation expenses on right-of-use assets	<u>2,481,974</u>	2,016,355
Interest expense on lease liabilities (included in finance cost)	<u>147,747</u>	146,843
Expenses relating to short-term lease (included in administrative expenses)	<u>1,527,253</u>	435,401

Details of total cash outflow for leases is set out in note 26(b).

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12. INVESTMENT IN SUBSIDIARIES

	<u>2021</u>	<u>2020</u>
	HKD	HKD
Unlisted investment, at cost	18,556,978	19,066,978

Details of the subsidiaries as at 31 December 2021 is as follow:

Name	Place of incorporation / registration and operation	Paid up capital	Percentage of ownership interest/profit sharing held directly	Principal activities
Shenzhen Unique Logistics International Limited	People's Republic of China	Renminbi ("RMB") 16,500,000	100%	Provision of freight forwarding services

During the year, the Company disposed of 1% of its interest in China Wealth Logistics Limited, reducing it continuing interest to 50%. The proceeds on disposal of HKD10,000 were received in cash. After the disposal, the interest in China Wealth Logistics Limited was classified as investment in an associate (note 13).

13. INVESTMENT IN AN ASSOCIATE

	<u>2021</u>	<u>2020</u>
	HKD	HKD
Unlisted investment, at cost	500,000	-

Details of the associate as at 31 December 2021 is as follow:

Name	Place of incorporation / registration and operation	Paid up capital	Percentage of ownership interest/profit sharing held directly	Principal activities
China Wealth Logistics Limited	Hong Kong	HKD1,000,000	50%	Provision of air freight forwarding services

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14. **INVESTMENTS**

No held-to-maturity security was held as at 31 December 2021. At 31 December 2020, held-to-maturity securities comprise 70% capital protected notes and 30% structured investment deposit, denominated in United States dollars, Hong Kong dollars and Renminbi, and were matured in 2021, issued by banks. The investments were pledged to a bank to secure banking facilities granted to the Company as set out in note 20 to the financial statements.

15. **OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

All other receivables, deposits and prepayments are expected to be recovered or recognised as expense within one year.

16. **TRADE RECEIVABLES**

All trade receivables are expected to be recovered within one year.

At 31 December 2021 and 2020, no allowance was made for estimated irrecoverable trade receivables.

Trade receivables represented by:

	<u>2021</u>	<u>2020</u>
	<u>HKD</u>	<u>HKD</u>
- Third parties	29,356,760	17,182,067
- Subsidiary	168,906	16,829,189
- Associate	6,287,659	-
- Immediate holding company	-	273,605
- Fellow subsidiaries	18,689,581	5,895,424
- Related companies	21,856,092	5,158,446
	<u>76,358,998</u>	<u>45,338,731</u>

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16. **TRADE RECEIVABLES (CONT'D)**

The carrying amounts of the Company's trade receivables are denominated in the following currencies:

	<u>2021</u>	<u>2020</u>
	HKD	HKD
Hong Kong Dollars	42,473,634	35,569,665
United States Dollars	33,962,359	9,603,588
Others	(76,995)	165,478
	<u>76,358,998</u>	<u>45,338,731</u>

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Company. Based on past experience, management believes that no loss allowance for ECL is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are considered fully recoverable. The Company does not hold any collateral over these balances

17. **AMOUNTS DUE FROM/TO RELATED PARTIES**

	<u>2021</u>	<u>2020</u>
	HKD	HKD
Amounts due from related parties		
- Immediate holding company	-	38,173,663
- Associate	168,422	-
- Director	1,681	3,131
	<u>170,103</u>	<u>38,176,794</u>
Amounts due to related parties		
- Immediate holding company	18,716,267	-
- Subsidiary	-	82,716
- Fellow subsidiary	-	972,686
- Related company	2,423,212	1,387,911
	<u>21,139,479</u>	<u>2,443,313</u>

The balances with related parties are unsecured, interest-free and have no fixed terms of repayment.

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
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18. PLEDGED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

The Company's pledged bank deposits represented deposits pledged to banks to secure banking facilities granted to the Company and a fellow subsidiary as set out in note 20 to the financial statements. The deposits are in Hong Kong dollars and United States dollars and at fixed interest rates ranging from 0.1% to 0.3% p.a. (2020: ranging from 0.1% to 0.9% p.a.) and therefore are subject to foreign currency risk, fair values and interest rate risk.

	<u>2021</u>	<u>2020</u>
	HKD	HKD
Cash at bank and on hand	35,804,549	3,385,543
Secured bank overdrafts (note 20)	(694,809)	(49,556,634)
Cash and cash equivalents in the statement of cash flows	<u>35,109,740</u>	<u>(46,171,091)</u>

Cash at bank earns interest at floating interest rates based on daily bank deposit rates.

Included in cash at bank and on hand are the following amounts denominated in currencies other than the Company's functional currency:

	<u>2021</u>	<u>2020</u>
	HKD	HKD
United States Dollars	32,183,882	2,182,935
Renminbi	327,840	319,289
Euro Dollars	19,391	28,752
British Pound	220,369	692,621
Australian Dollars	1,092	1,153
New Zealand Dollars	<u>384</u>	<u>404</u>

19. TRADE PAYABLES

All trade payables are expected to be settled within one year.

The trade payables represented by:

	<u>2021</u>	<u>2020</u>
	HKD	HKD
Trade payables		
- Third parties	41,120,317	13,836,519
- Associate	980,933	-
- Subsidiary	-	1,443,798
- Fellow subsidiary companies	37,871,054	40,397,762
- Related companies	1,420,463	5,964,690
- Immediate holding company	287,902	1,259,008
	<u>81,680,669</u>	<u>62,901,777</u>

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19. TRADE PAYABLES (CONT'D)

The carrying amounts of the Company's trade payables are denominated in the following currencies:

	<u>2021</u>	<u>2020</u>
	HKD	HKD
Hong Kong Dollars	38,979,349	15,889,973
Euro Dollars	166,855	-
Renminbi	30,093	155,718
United States Dollars	42,271,106	45,551,886
Pound	211,055	1,180,766
Others	22,211	123,434
	<u>81,680,669</u>	<u>62,901,777</u>

20. BANK LOANS AND OVERDRAFTS

At 31 December 2021, except bank loans of HKD851,828 (2020: HKD2,856,260), all other bank loans and overdrafts were repayable within 1 year or on demand.

At 31 December 2021, the bank loans and overdrafts were secured as follows:

	<u>2021</u>	<u>2020</u>
	HKD	HKD
Secured bank overdrafts (note 18)	694,809	49,556,634
Secured bank loans	47,459,836	51,311,760
	<u>48,154,645</u>	<u>100,868,394</u>

The secured bank loans of HKD3,496,260 (2020: HKD3,732,312) and HKD2,856,260 (2020: HKD4,000,000) bear interest at 2.85% per annum over 3 months HIBOR/LIBOR and HKD prime rate less 2.5% respectively. The remaining bank loans bear interest ranging from 2% per annum over HIBOR of the relevant currencies to 0.5% per annum over best lending rate of the relevant currencies (2020: ranging from 1.25% per annum below best lending rate of the relevant currencies to 1% per annum over best lending rate of the relevant currencies).

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20. BANK LOANS AND OVERDRAFTS (CONT'D)

Included in bank loans and overdrafts is the following amount denominated in a currency other than the Company's functional currency:

	<u>2021</u>	<u>2020</u>
	<u>HKD</u>	<u>HKD</u>
United States Dollars	<u>783,036</u>	<u>35,225,151</u>

At 31 December 2021, the Company had general banking facilities of approximately HKD150 million, which are shared with immediate holding company and an associate company. These facilities are secured by the following:

- (i) pledged bank deposits of the Company (note 18);
- (ii) guarantee from ultimate holding company;
- (iii) guarantees and undertakings from certain directors;
- (iv) first legal charge over certain leasehold properties of a director;
- (v) guarantee from the immediate holding company;
- (vi) guarantees from certain related companies;
- (vii) Charge over certain leasehold properties of a related company.

At 31 December 2020, the Company had general banking facilities of approximately HKD159 million, which are shared with fellow subsidiaries. These facilities are secured by the following:

- (i) pledged bank deposits of the Company (note 18);
 - (ii) pledged investments of the Company (note 14);
 - (iii) guarantee from ultimate holding company;
 - (iv) guarantees and undertakings from certain directors;
 - (v) first legal charge over certain leasehold properties of a director;
 - (vi) guarantee from the immediate holding company which are partially supported by certain leasehold properties of a related company;
 - (vii) guarantees from certain related companies which are partially supported by certain leasehold properties and investment securities of related companies; and
 - (viii) Charge over certain leasehold properties of a related company.
-

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21. LEASE LIABILITIES

	Minimum lease payments		Present value of minimum lease payments	
	2021	2020	2021	2020
	HKD	HKD	HKD	HKD
Within one year	4,220,568	1,482,825	4,088,824	1,393,311
In the second to fifth years, inclusive	3,076,080	3,022,848	3,048,634	2,947,865
	7,296,648	4,505,673	7,137,458	4,341,176
Less: Future finance charges	(159,190)	(164,497)	N/A	N/A
Present value of lease obligations	7,137,458	4,341,176	7,137,458	4,341,176
Less: Amount due for settlement within 12 months (shown under current liabilities)			(4,088,824)	(1,393,311)
Amount due for settlement after 12 months			3,048,634	2,947,865

22. DEFERRED TAX

The following is the deferred tax assets recognised by the Company.

	Tax losses HKD
At 1 January 2020	-
Credit to profit or loss for the year (note 8a)	1,241,000
At 31 December 2020 and 1 January 2021	1,241,000
Charge to profit or loss for the year (note 8a)	(665,000)
At 31 December 2021	576,000

At the end of the reporting period, the Company has unused tax losses of approximately HKD3 million (2020: HKD38 million) available for offset against future profits. A deferred tax asset has been recognised in respect of HKD576,000 (2020: HKD1,241,000) of such losses. As at 31 December 2020, no deferred tax asset has been recognised in respect of the remaining approximately HKD31 million due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

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NOTES TO THE FINANCIAL STATEMENTS
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23. **CAPITAL AND RESERVE**

(a) Share capital

	2021		2020	
	Number of Shares	Amount HKD	Number of shares	Amount HKD
Ordinary shares, issued and fully paid:				
At 1 January and 31 December	1,000,000	1,000,000	1,000,000	1,000,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(b) **Capital management**

Capital comprises share capital and reserves in the statement of financial position. The Company's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders.

The Company manages capital by regularly monitoring its current and expected liquidity requirements rather than using debt/equity ratio analysis.

The Company is not subject to either internally or externally imposed capital requirements.

24. **FINANCIAL RISK MANAGEMENT**

Exposure to credit, liquidity, foreign currency and interest rate risks arises in the normal course of the Company's business. The Company's exposure to these risks and the financial risk management policies and practices used by the Company to manage these risks are described below.

(a) **Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Company's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with high credit-rating assigned by international credit-rating agencies, for which the Company considers to have low credit risk.

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24. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Credit risk (cont'd)

Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30-60 days from the date of billing.

The Company measures loss allowances for trade receivables at an amount equal to lifetime ECL, which is calculated using a provision matrix. As the Company's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Company's different customer bases. In the opinion of the directors, allowance for ECL was insignificant as at 31 December 2021.

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

(b) Liquidity risk

The Company is exposed to significant liquidity risk. At 31 December 2021, the Company's total liabilities exceeded its total assets by HKD1,623,838. The maintenance of the Company as a going concern depends mainly on the ongoing financial support from the immediate holding company.

The Company's policy is to regularly monitor its current and expected liquidity requirements to ensure that it maintains sufficient reserve of cash to meet its liquidity requirements in the short and longer term.

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
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24. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Liquidity risk (cont'd)

The following table details the remaining contractual maturities at the end of the reporting period of the Company's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and earliest date the Company can be required to pay:

Statement of financial position carrying amount	2021				
	Contractual undiscounted cash outflow				
	Total	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	
HKD	HKD	HKD	HKD	HKD	
Trade payables	81,680,669	81,680,669	81,680,669	-	-
Other payables and accrued expenses	6,082,913	6,082,913	6,082,913	-	-
Amounts due to related parties	21,139,479	21,139,479	21,139,479	-	-
Bank loans and overdrafts	48,154,645	48,483,584	47,625,931	857,653	-
Lease liabilities	7,137,458	7,296,648	4,220,568	2,348,448	727,632
	<u>164,195,164</u>	<u>164,683,293</u>	<u>160,749,560</u>	<u>3,206,101</u>	<u>727,632</u>

Statement of financial position carrying amount	2020				
	Contractual undiscounted cash outflow				
	Total	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	
HKD	HKD	HKD	HKD	HKD	
Trade payables	62,901,777	62,901,777	62,901,777	-	-
Other payables and accrued expenses	3,274,557	3,274,557	3,274,557	-	-
Amounts due to related parties	2,443,313	2,443,313	2,443,313	-	-
Bank loans and overdrafts	100,868,394	102,997,407	100,081,960	2,057,794	857,653
Lease liabilities	4,341,176	4,505,673	1,482,825	1,203,768	1,819,080
	<u>173,829,217</u>	<u>176,122,727</u>	<u>170,184,432</u>	<u>3,261,562</u>	<u>2,676,733</u>

(c) Foreign currency risk

The Company is not exposed to any significant foreign currency risk as its monetary assets and transactions are predominately in United States dollars and Hong Kong dollars. As Hong Kong dollar is pegged to United States dollar, the Company does not expect any significant exposure to foreign currency risk.

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 NOTES TO THE FINANCIAL STATEMENTS
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24. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Interest rate risk

The Company's interest rate arises primarily from pledged bank deposits, bank balances and bank loans. Bank balances and bank loans contracted at variable rates expose the Company to fair value interest rate risk.

(e) Categories of financial instruments at 31 December

	<u>2021</u>	<u>2020</u>
	HKD	HKD
Financial assets:		
Financial assets measured at amortised cost	133,422,773	108,069,423
Financial liabilities:		
Financial liabilities at amortised cost	<u>157,057,706</u>	<u>169,488,041</u>

(f) Fair value

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2021 and 2020.

25. MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with key management personnel

	<u>2021</u>	<u>2020</u>
	HKD	HKD
Salaries and other benefits	3,740,341	4,223,936
Contributions to defined contribution retirement plan	72,000	72,000
	<u>3,812,341</u>	<u>4,295,936</u>

3 out of 5 members of key management personnel are the directors of the Company, and the remuneration for them has been included in total amount of directors' remuneration disclosed in note 9(a) above.

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
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25. MATERIAL RELATED PARTY TRANSACTIONS (CONT'D)

(b) Transactions with other related parties

Apart from the above and the financing arrangements as mentioned in notes 16, 17 and 19, the Company entered into the following material related party transactions during the year:

	<u>2021</u>	<u>2020</u>
	HKD	HKD
<u>Immediate holding company</u>		
Management income received	12,259,986	14,038,206
Sundry income received	467,965	355,335
Corporate fee paid	679,842	346,191
Freight charges paid	83,012	47,222
Management fee paid	3,754,590	-
<u>Fellow subsidiary companies</u>		
Freight income received	788,525	1,044,974
Freight charges paid	761,416	919,331
Loan interest income received	171,909	-
Office support service expenses paid	131,842	-
<u>Subsidiaries</u>		
Freight income received	2,840,610	23,562,428
Freight charges paid	1,616,264	4,055,696
Rental income received	40,000	96,000
Dividend income received	3,910,341	612,000
Management income received	75,000	486,144
<u>Associate</u>		
Freight income received	16,274,042	-
Freight charges paid	3,348,165	-
Management income received	261,337	-
Rental income received	56,000	-
<u>Related companies</u>		
Freight income received	105,802,090	18,726,036
Freight charges paid	18,562,554	7,484,678
Rent paid	1,877,191	1,197,488

Balances with related parties are disclosed in the statement of financial position and in notes 16, 17 and 19 to the financial statements.

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2021 (Expressed in Hong Kong dollars)

26. NOTES TO STATEMENT OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities.

	1 January 2021 HKD	Cash flows HKD	Additions HKD	Interest expenses HKD	31 December 2021 HKD
Secured bank overdraft (note 20)	49,556,634	(50,338,938)	-	1,477,113	694,809
Secured bank loan (note 20)	51,311,760	(5,360,105)	-	1,508,181	47,459,836
Lease liabilities (note 21)	4,341,176	(2,488,425)	5,136,960	147,747	7,137,458
	<u>105,209,570</u>	<u>(58,187,468)</u>	<u>5,136,960</u>	<u>3,133,041</u>	<u>55,292,103</u>

	1 January 2020 HKD	Cash flows HKD	Lease modification HKD	Interest expenses HKD	31 December 2020 HKD
Secured bank overdraft (note 20)	61,699,328	(14,890,652)	-	2,747,958	49,556,634
Secured bank loan (note 20)	40,766,737	8,812,728	-	1,732,295	51,311,760
Lease liabilities (note 21)	6,336,378	(2,475,758)	333,713	146,843	4,341,176
	<u>108,802,443</u>	<u>(8,553,682)</u>	<u>333,713</u>	<u>4,627,096</u>	<u>105,209,570</u>

(b) Total cash outflow for leases

Amounts included in the cash flow statements for leases comprise the following:

	2021 HKD	2020 HKD
Within operating cash flows	1,675,338	582,244
Within financing cash flows	2,340,678	2,328,915
	<u>4,016,016</u>	<u>2,911,159</u>

These amounts relate to the following:

	2021 HKD	2020 HKD
Lease rental paid	4,016,016	2,911,159

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27. ACCOUNTING ESTIMATES AND JUDGEMENTS

Note 24 contains information about the assumptions and their risk factors relating to financial instruments. Other key sources of estimates and judgements are as follows:

(a) Going concern basis

The financial statements have been prepared on a going concern basis, the validity of which depends upon the financial support from the immediate holding company at a level sufficient to finance the working capital requirements of the Company. Details are set out in note 2(b) to the financial statements.

(b) Impairment of property and equipment and right-of-use assets

Property and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Company has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Company estimates the recoverable amount of the cash-generating unit to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

The carrying amount of property and equipment and right-of-use assets as at 31 December 2021 were HKD2,146,767 (2020: HKD2,568,473) and HKD6,858,276 (2020: HKD4,203,290) respectively.

(c) Impairment of investment in subsidiaries

The Company reviews annually the recoverable amounts of its investment in subsidiaries in order to ascertain whether there are any indications of impairments. The assessment of the impairment involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of the investment in subsidiaries and impairment in the period in which such estimate has been changed.

As at 31 December 2021, no impairment loss on investment in subsidiaries has been provided (2020: HKDNil).

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27. **ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)**

(d) **Impairment of trade receivables**

The management of the Company estimates the amount of impairment loss for ECL on trade receivables based on the credit risk of trade receivables. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

As at 31 December 2021, the carrying amount of trade receivables is HKD76,358,998 with no allowance for doubtful debts (2020: HKD45,338,731 with no allowance for doubtful debts).

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
 DETAILED INCOME STATEMENT
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	2021	2020
	HKD	HKD
FREIGHT INCOME	250,918,725	142,690,712
Freight costs (Appendix ii)	(191,433,301)	(108,114,331)
GROSS PROFIT		
OTHER INCOME	59,485,424	34,576,381
Bank interest income	119,065	228,752
Loan interest income	171,909	-
Dividend income	3,910,341	612,000
Government subsidy	615,400	2,888,634
Management income	12,596,323	14,524,350
Rental income	96,000	96,000
Sundry income	974,945	737,042
OTHER GAINS AND LOSSES	18,483,983	19,086,778
Gain on disposals of property and equipment	-	5,587
Net exchange (losses)/gains	(406,676)	363,979
EXPENDITURE (APPENDIX ii)	(406,676)	369,566
Administrative expenses	28,831,814	24,723,666
Other operating expenses	8,117,249	2,978,360
	36,949,063	27,702,026
OPERATING PROFIT	40,613,668	26,330,699
Finance costs (Appendix ii)	(3,133,041)	(4,627,096)
PROFIT BEFORE TAXATION	37,480,627	21,730,603

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
OVERHEAD EXPENSES
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	<u>2021</u>	<u>2020</u>
	HKD	HKD
FREIGHT COSTS		
Agency fees	289,447	590,175
Freight and handling charges	191,143,854	107,524,156
	<u>191,433,301</u>	<u>108,114,331</u>
ADMINISTRATIVE EXPENSES		
Distribution costs		
Advertisement and promotion	11,170	13,640
Claim expenses	-	1,590
Staff commission	3,065,853	1,956,391
Motor vehicles expenses	340,039	393,377
Telephone, facsimile and internet	238,181	210,966
	<u>3,655,243</u>	<u>2,575,964</u>
Staff		
Directors' remuneration	2,229,171	2,164,865
Provident fund contributions	642,276	648,235
Recruitment expenses	13,624	-
Salaries and bonuses	16,979,236	15,146,967
Staff welfare benefits	227,185	417,774
	<u>20,091,492</u>	<u>18,377,841</u>
Premises		
Building management fee	429,561	434,170
Computer expenses	200,705	145,339
Depreciation of right-of-use assets	2,481,974	2,016,355
Office cleaning expenses	84,000	86,129
Office support services expenses	131,842	-
Rent and rates expenses - office	1,248,886	651,190
Rent and rates expenses - storage	34,078	38,064
Repairs and maintenance expenses	263,371	259,893
Utility electricity and water	210,662	138,721
	<u>5,085,079</u>	<u>3,769,861</u>
	<u>28,831,814</u>	<u>24,723,666</u>

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
OVERHEAD EXPENSES (CONT'D)
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(Expressed in Hong Kong dollars)
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	<u>2021</u>	<u>2020</u>
	HKD	HKD
OTHER OPERATING EXPENSES		
Communications		
Postage and courier charges	31,134	30,241
Printing and stationery	228,457	238,202
	<u>259,591</u>	<u>268,443</u>
Financial and other expenses		
Auditor's remuneration	113,200	123,100
Bank charges	1,662,396	1,171,660
Bad debt	54,825	33,012
Business registration fee	500	500
Corporate fee	679,842	346,191
Depreciation of property and equipment	695,058	550,761
General expenses	32,376	68,367
Insurance	(146,237)	(91,693)
Legal and professional fees	393,189	79,674
Dues & subscription	135,716	197,457
Stamp duty	7,544	-
Withholding tax	195,517	-
Management fee expenses	3,754,590	-
	<u>7,578,516</u>	<u>2,479,029</u>
Travelling and entertainment		
Donation	-	1,198
Entertainment	112,818	58,432
Travelling - local	166,324	171,258
	<u>279,142</u>	<u>230,888</u>
	<u>8,117,249</u>	<u>2,978,360</u>
FINANCE COSTS		
Interest expense on lease liabilities	147,747	146,843
Interest on bank loans and overdraft	2,985,294	4,480,253
	<u>3,133,041</u>	<u>4,627,096</u>

ULI (SOUTH CHINA) LIMITED
(Incorporated in Hong Kong with limited liability)

Directors' Report and Audited Financial Statements
For the year ended 31 December 2021

ULI (SOUTH CHINA) LIMITED
REPORTS AND FINANCIAL STATEMENTS
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ULI (SOUTH CHINA) LIMITED
DIRECTORS' REPORT

The directors present their annual report together with the audited financial statements for the year ended 31 December 2021.

1. **PRINCIPAL ACTIVITIES**

The principal activities of ULI (South China) Limited (the "Company") are the provision of air and ocean freight forwarding services in the People's Republic of China.

2. **RESULTS AND APPROPRIATIONS**

The results of the Company for the year ended 31 December 2021 are set out in the statement of profit or loss and other comprehensive income on page 6.

The directors have declared the following dividends during the year:

	<u>2021</u>	<u>2020</u>
	HKD	HKD
2020 final dividend of HKD674.08 per ordinary share declared on 7 January 2021	6,740,821	-
2020 final dividend of HKD1,440.06 per ordinary share declared on 20 April 2021	14,400,582	-
2019 final dividend of HKD141.33 per ordinary share declared on 25 Feb 2020	-	1,413,300
2020 interim dividend of HKD30.02 per ordinary share declared on 18 June 2020	-	300,233
	<u>21,141,403</u>	<u>1,713,533</u>

The directors do not recommend the payment of a final dividend.

3. **DIRECTORS**

The directors of the Company during the year and up to the date of this report were:

Mr. Lee Chi Tak, Richard
 Mr. Lee Man Bun, Patrick
 Mr. Wang Daoyuan

There is being no provision in the Company's Articles of Association in connection with the retirement of directors, all directors continue in office for the following year.

ULI (SOUTH CHINA) LIMITED
DIRECTORS' REPORT

4. DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATIONS TO THE COMPANY'S BUSINESS

Saved as disclosed in notes 8(b) and 16(b) to the financial statements, no other transactions, arrangements and contracts of significance to which the Company, its holding company, any of its fellow subsidiaries was a party and in which a director of the Company had a material interest whether directly or indirectly, subsisted at the end of the year or at any time during the year.

5. DIRECTORS' INTERESTS IN THE SHARES, UNDERLYING SHARES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATION

At no time during the year was the Company, its holding company, any of its fellow subsidiaries a party to any arrangement to enable the directors of the Company (including their spouse and children under 18 years of age) to hold any interests or short positions in the shares or underlying shares in the Company or its specified undertakings or other associated corporations.

6. MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

7. PERMITTED INDEMNITY PROVISIONS

At no time during the financial year and up to the date of this Directors' Report, was there a permitted indemnity provision in force for the benefit of any of the directors of the Company (whether made by the Company or otherwise) or an associated company (if made by the Company).

8. AUDITOR

The financial statements have been audited by RSM Hong Kong who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Lee Chi Tak, Richard
Hong Kong, 12 July 2022

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ULI (SOUTH CHINA) LIMITED
(Incorporated in Hong Kong with limited liability)**

Opinion

We have audited the financial statements of ULI (South China) Limited (the "Company") set out on pages 6 to 33, which comprise the statement of financial position as at 31 December 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ULI (SOUTH CHINA) LIMITED
(Incorporated in Hong Kong with limited liability)**

Other Information

The directors are responsible for the Other Information. The Other Information comprises all of the information included in the annual report other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs issued by the IASB, HKFRSs issued by the HKICPA and the Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with section 405 of the Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ULI (SOUTH CHINA) LIMITED
(Incorporated in Hong Kong with limited liability)**

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ RSM Hong Kong

Certified Public Accountants

12 July 2022

ULI (SOUTH CHINA) LIMITED
 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 DECEMBER 2021
 (Expressed in Hong Kong dollars)

	Note	2021 HKD	2020 HKD
Revenue	4	443,717,090	117,631,916
Freight costs		(399,739,189)	(91,463,368)
Gross profit		43,977,901	26,168,548
Other income	5	728,615	2,956
Other gains and losses - net exchange losses		(377,318)	(205,603)
Administrative expenses		(12,195,746)	(7,520,706)
Other operating expenses		(1,227,866)	(1,249,748)
Profit from operations		30,905,586	17,195,447
Finance costs	6(a)	(165,043)	-
Profit before taxation	6	30,740,543	17,195,447
Income tax expense	7(a)	-	-
Profit for the year		30,740,543	17,195,447
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		30,740,543	17,195,447

The notes on pages 10 to 33 form part of these financial statements.

ULI (SOUTH CHINA) LIMITED
STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2021
(Expressed in Hong Kong dollars)

	Note	2021 HKD	2020 HKD
Non-current asset			
Property and equipment	9	56	394
Current assets			
Trade receivables	10	84,281,935	40,402,983
Other receivables, deposits and prepayments		30,473,997	1,305,352
Amount due from a related party	13	597,161	-
Cash and cash equivalents	11	2,655,258	1,433,296
		118,008,351	43,141,631
Current liabilities			
Trade payables	12	24,457,507	10,612,930
Other payables and accrued expenses		62,709,654	5,646,949
Amounts due to related parties	13	90,703	5,730,743
		87,257,864	21,990,622
Net current assets		30,750,487	21,151,009
NET ASSETS		30,750,543	21,151,403
Capital and reserves			
Share capital	14	10,000	10,000
Reserves		30,740,543	21,141,403
TOTAL EQUITY		30,750,543	21,151,403

Approved by the Board of Directors on 12 July 2022 and are signed on its behalf by:

Lee Chi Tak, Richard

Lee Man Bun, Patrick

The notes on pages 10 to 33 form part of these financial statements.

ULI (SOUTH CHINA) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021
(Expressed in Hong Kong dollars)

	Note	Share capital HKD	Retained profits HKD	Total HKD
Balance at 1 January 2020		10,000	5,659,489	5,669,489
Total comprehensive income for the year		-	17,195,447	17,195,447
Dividends paid	14(b)	-	(1,713,533)	(1,713,533)
Balance at 31 December 2020 and 1 January 2021		10,000	21,141,403	21,151,403
Total comprehensive income for the year		-	30,740,543	30,740,543
Dividends paid	14(b)	-	(21,141,403)	(21,141,403)
Balance at 31 December 2021		10,000	30,740,543	30,750,543

The notes on pages 10 to 33 form part of these financial statements.

ULI (SOUTH CHINA) LIMITED
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 31 DECEMBER 2021
 (Expressed in Hong Kong dollars)

	Note	2021 HKD	2020 HKD
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		30,740,543	17,195,447
Adjustments for:			
- Finance costs		165,043	-
- Interest income	5	(20)	(64)
- Depreciation	9	338	338
Operating profit before changes in working capital		30,905,904	17,195,721
Increase in trade receivables		(43,878,952)	(17,441,913)
Increase in other receivables, deposits and prepayments		(29,168,645)	(1,242,715)
Increase in amount due from a related party		(597,161)	-
Increase/(decrease) in trade payables		13,844,577	(1,329,555)
Increase in other payables and accrued expenses		57,062,705	3,918,102
Decrease in amounts due to related parties		(5,640,040)	-
Cash generated from operations		22,528,388	1,099,640
Interest paid		(165,043)	-
Net cash generated from operating activities		22,363,345	1,099,640
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received and net cash generated from investing activities	5	20	64
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid and net cash used in financing activities	14(b)	(21,141,403)	(1,713,533)
Net increase/(decrease) in cash and cash equivalents		1,221,962	(613,829)
Cash and cash equivalents at 1 January		1,433,296	2,047,125
Cash and cash equivalents at 31 December	11	2,655,258	1,433,296

The notes on pages 10 to 33 form part of these financial statements.

ULI (SOUTH CHINA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(Expressed in Hong Kong dollars)

1. COMPANY INFORMATION

ULI (South China) Limited (the “Company”) was incorporated in Hong Kong with limited liability. The address of its registered office and principal place of business are Unit 05-06, 3/F., Tower 2, Enterprise Square, 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong and 5/F., Aviation Fuel Building A, Airport 1st Street, Baoan International Airport, Baoan District, Shenzhen, respectively.

The principal activities of the Company are the provision of air and ocean freight forwarding services in the People’s Republic of China.

At 31 December 2021, the directors consider the immediate and ultimate holding company of the Company are Unique Logistics Holdings Limited and Rich Group Holdings Limited, which were incorporated in Hong Kong and the British Virgin Islands respectively.

The financial statements are presented in Hong Kong dollars (“HKD”), which is also the functional currency of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”) and Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). These financial statements also comply with the applicable requirements of the Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Company are disclosed below.

The IASB/HKICPA has issued certain new and revised IFRSs/HKFRSs that are first effective or available for early adoption for the current accounting period of the Company. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Company for the current and prior accounting periods reflected in these financial statements.

The measurement basis used in the preparation of the financial statements is the historical cost basis. Historical cost is generally based on the fair value of consideration given in exchange for assets.

ULI (SOUTH CHINA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(Expressed in Hong Kong dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (cont'd)

The preparation of financial statements in conformity with IFRSs and HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements and estimates made by management in the application of IFRSs and HKFRSs that have significant effect on the financial statements are discussed in note 17.

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances in financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

ULI (SOUTH CHINA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(Expressed in Hong Kong dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) **Property and equipment**

Property and equipment are stated in the statement of financial position at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation of property and equipment is calculated at rate sufficient to write off their costs, less their residual values, over their estimated useful lives on a straight - line basis at an annual rate of 20%.

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

(d) **Recognition and derecognition of financial instruments**

Financial assets and financial liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(d) **Recognition and derecognition of financial instruments (cont'd)**

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

ULI (SOUTH CHINA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(Expressed in Hong Kong dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt investments held by the Company are classified as amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.

(f) Trade and other receivables

A receivable is recognised when the Company has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Company has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses ("ECL").

(h) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into the definitions of a financial liability and an equity instrument under IFRSs and HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

ULI (SOUTH CHINA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(Expressed in Hong Kong dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) **Trade and other payables**

Trade and other payables are recognised initially at their fair value and are subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(j) **Equity instruments**

Any equity instrument is any contract that evidence a residual interest in the assets of an equity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(k) **Employee benefits**

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Company contributes to a defined contribution retirement scheme which are available to all employees. Contributions to the scheme by the Company and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Company to the funds.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Company can no longer withdraw the offer of those benefits, and when the Company recognises restructuring costs and involves the payment of termination benefits.

(l) **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

ULI (SOUTH CHINA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(Expressed in Hong Kong dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) **Borrowing costs (cont'd)**

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(m) **Taxation**

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

ULI (SOUTH CHINA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(Expressed in Hong Kong dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) **Taxation (cont'd)**

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(n) **Impairment of non-financial assets**

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the statement of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash - generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset / cash - generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset / cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

(o) **Impairment of financial assets**

The Company recognises a loss allowance for ECL on investments in debt instruments which are measured at amortised cost. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables. The ECL on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Impairment of financial assets (cont'd)

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward - looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

ULI (SOUTH CHINA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Impairment of financial assets (cont'd)

Significant increase in credit risk (cont'd)

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (i) the financial instrument has a low risk of default,
- (ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company considers a financial asset to have low credit risk when the asset has external credit rating of “investment grade” in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of “performing”. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collaterals held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 180 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Impairment of financial assets (cont'd)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the counterparty;
- a breach of contract, such as a default or past due event;
- the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) **Impairment of financial assets (cont'd)**

Measurement and recognition of ECL (cont'd)

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(p) **Provisions and contingent liabilities**

Provisions are recognised for liabilities of uncertain timing or amount when the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(q) **Revenue and other income**

Revenue is recognised when control over service is transferred to the customer, at the amount of promised consideration to which the Company is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value add tax or other sales taxes and is after deduction of any trade discounts.

ULI (SOUTH CHINA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Revenue and other income (cont'd)

Revenue from the provision of freight forwarding services is recognised when control of the cargoes has transferred, being when the cargoes have been delivered to the customer's specific location (delivery). Following delivery, the customer has the primary responsibility on delivering the cargoes and bears the risks and loss in relation to the cargoes. A receivable is recognised by the Company when the cargoes are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or fair value through other comprehensive income (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL/HONG KONG FINANCIAL REPORTING STANDARDS

(a) Application of new and revised IFRSs/HKFRSs

The Company has applied the following amendments to IFRSs/HKFRSs issued by the IASB/HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the financial statements:

Amendments to IFRS/HKFRS 9, IAS/HKAS 39, IFRS/HKFRS 7, IFRS/HKFRS 4 and IFRS/HKFRS 16	Interest Rate Benchmark Reform - Phase 2
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The application of the amendments to IFRSs/HKFRSs in the current year had no material impact on the Company's financial positions and performance for the current and prior years and/or on the disclosures set out in these financial statements.

ULI (SOUTH CHINA) LIMITED
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3. **ADOPTION OF NEW AND REVISED INTERNATIONAL/HONG KONG FINANCIAL REPORTING STANDARDS (CONT'D)**

(b) **New and revised IFRSs/HKFRSs in issue but not yet effective**

The Company has not early applied new and revised IFRSs/HKFRSs that have been issued but are not yet effective for the financial year beginning on 1 January 2021. These new and revised IFRSs/HKFRSs include the following which may be relevant to the Company.

	Effective for accounting periods beginning on or after
Amendments to IAS/HKAS 16 Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Annual Improvements to IFRSs/HKFRSs 2018 - 2020 Cycle	1 January 2022
Amendments to IAS/HKAS 1 Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to IAS/HKAS 1 Presentation of Financial Statements and IFRS/HKFRS Practice Statement 2 Making Materiality Judgements - Disclosure of Accounting Policies	1 January 2023
Amendments to IAS/HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates	1 January 2023
Amendments to IAS/HKAS 12 Income Taxes - Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023

The Company is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.

ULI (SOUTH CHINA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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4. **REVENUE**

The principal activities of the Company are the provision of air and ocean freight forwarding services in the People's Republic of China.

Revenue represents gross invoiced freight income and recognised at a point in time for the year.

5. **OTHER INCOME**

	<u>2021</u>	<u>2020</u>
	HKD	HKD
Bank interest income	20	64
Sundry income	728,595	2,892
	<u>728,615</u>	<u>2,956</u>

6. **PROFIT BEFORE TAXATION**

Profit before taxation is arrived at after charging:

	<u>2021</u>	<u>2020</u>
	HKD	HKD
(a) Finance costs:		
Bank loan interest	11,416	-
Other loan interest	153,627	-
	<u>165,043</u>	<u>-</u>
(b) Staff costs (including directors' remuneration)		
Salaries and allowances	11,970,755	7,333,066
(c) Other items:		
Auditor's remuneration		
- Current	60,000	63,000
- Under-provision in prior years	-	500
	<u>60,000</u>	<u>63,500</u>
Depreciation	338	338
	<u>338</u>	<u>338</u>

ULI (SOUTH CHINA) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
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7. INCOME TAX EXPENSE

- (a) No provision for Hong Kong Profits Tax or deferred taxation has been made in the financial statement since the Company's income is derived from overseas sources which is not liable to Hong Kong Profits Tax.
- (b) Reconciliation between the income tax expense and accounting profit at applicable tax rates:

	2021	2020
	HKD	HKD
Profit before taxation	30,740,543	17,195,447
Notional tax on profit before taxation, calculated at the current rate of 16.5% (2020: 16.5%)	5,072,189	2,837,249
Tax effect of non-taxable income	(73,333,541)	(19,409,754)
Tax effect of non-deductible expenses	68,261,352	16,572,505
Income tax expense	-	-

8. BENEFITS AND INTERESTS OF DIRECTORS

- (a) Directors' emoluments

	2021	2020
	HKD	HKD
Fees	-	-
Salaries and allowances	7,710,108	3,944,822
	7,710,108	3,944,822

- (b) Directors' material interests in transactions, arrangements or contracts

Identity of related parties	Nature of related party relationship	Type of transactions	Volume of Transactions HKD
Unique Logistics Holdings Ltd.	Immediate holding company	Administration and handling fee paid	(282,000)
		Group fee paid	(552,555)
		Corporate fee expenses paid	(231,029)
		Corporate fee refund	728,591
Unique Logistics International (BOS), Inc.	Mr. Lee Chi Tak, Richard is beneficial member of the contracted party	Freight income received	2,499,289
		Freight charges paid	(402,584)

ULI (SOUTH CHINA) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
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8. BENEFITS AND INTERESTS OF DIRECTORS (CONT'D)

(b) Directors' material interests in transactions, arrangements or contracts (cont'd)

Identity of related parties	Nature of related party relationship	Type of transactions	Volume of Transactions HKD
Unique Logistics International (NYC) LLC	Mr. Lee Chi Tak, Richard is beneficial member of the contracted party	Freight income received	239,181,992
		Freight charges paid	(160,027,833)
Unique Logistics International (H.K.) Ltd.	Fellow subsidiary	Computer expenses paid	(89,623)
		Loan interest expenses paid	(153,627)
		Freight charges paid	(358,722)
Unique Logistics International (South China) Ltd.	Fellow subsidiary	Freight income received	864
Shenzhen Unique Logistics International Limited	Fellow subsidiary	Freight income received	32,041,334
		Freight charges paid	(74,616,742)
Unique Logistics International (Vietnam) Co., Ltd.	Fellow subsidiary	Freight income received	41,299
Unique Freight Solutions (Thailand) Co., Ltd.	Fellow subsidiary	Freight income received	3,482
China Wealth Logistics Limited	Fellow subsidiary/ Associate company	Freight charges paid	(10,668,638)
TGF Unique Limited	Associate company	Freight income received	12,717,101
Unique International Logistics (M) Sdn. Bhd.	Associate company	Freight income received	8,454
Unique Logistics International (Shanghai) Co., Ltd.	Associate company	Freight charges paid	(2,349)
ULI International Company Limited	Associate company	Freight income received	305
Uniquorn International Logistics (Shenzhen) Co., Ltd.	Associate company	Freight income received	2,816,395
Asia Freight Solutions (H.K.) Ltd.	Associate company	Freight income received	340,573

ULI (SOUTH CHINA) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
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9. PROPERTY AND EQUIPMENT

	Office equipment HKD
Cost	
At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	1,690
Accumulated depreciation	
At 1 January 2020	958
Charge for the year	338
At 31 December 2020 and 1 January 2021	1,296
Charge for the year	338
At 31 December 2021	1,634
Carrying value	
At 31 December 2021	56
At 31 December 2020	394

10. TRADE RECEIVABLES

All trade receivables are expected to be recovered within one year.

Trade receivables represented by:

	2021 HKD	2020 HKD
- Third parties	34,686,025	962,583
- Immediate holding company	-	8
- Fellow subsidiaries	37,715,513	28,579,662
- Related companies	11,880,397	10,860,730
	84,281,935	40,402,983

ULI (SOUTH CHINA) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
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10. TRADE RECEIVABLES (CONT'D)

Included in trade receivables are the following amounts denominated in currencies other than the Company's functional currency:

	<u>2021</u>	<u>2020</u>
	HKD	HKD
United States Dollars	55,515,970	38,007,433
Renminbi	<u>20,273,432</u>	<u>15,588</u>

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Company. Based on past experience, management believes that no loss allowance for ECL is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are considered fully recoverable. The Company does not hold any collateral over these balances.

11. CASH AND CASH EQUIVALENTS

	<u>2021</u>	<u>2020</u>
	HKD	HKD
Cash at bank and in hand	2,655,258	1,433,296
Cash and cash equivalents in the statement of cash flows	<u>2,655,258</u>	<u>1,433,296</u>

Cash at bank earns interest at floating interest rates based on daily bank deposits rates.

Included in cash and cash equivalents are the following amount denominated in a currencies other than the Company's functional currency:

	<u>2021</u>	<u>2020</u>
	HKD	HKD
Euro Dollars	8,499	8,377
United States Dollars	2,337,164	822,954
Renminbi	<u>10,019</u>	<u>8,415</u>

ULI (SOUTH CHINA) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
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12. TRADE PAYABLES

Trade payables are expected to be settled within one year. The trade payables represented by:

	<u>2021</u>	<u>2020</u>
	HKD	HKD
Trade payables		
- Third parties	13,410,510	1,787,932
- Immediate holding company	254,743	46,946
- Fellow subsidiary companies	10,437,771	8,365,667
- Related companies	354,483	412,385
	<u>24,457,507</u>	<u>10,612,930</u>

Included in trade payables are the following amounts denominated in currencies other than the Company's functional currency:

	<u>2021</u>	<u>2020</u>
	HKD	HKD
Euro Dollars	69,387	4,442
United States Dollars	822,735	-
Renminbi	20,458,548	6,427,055

13. AMOUNTS DUE FROM/TO RELATED PARTIES

	<u>2021</u>	<u>2020</u>
	HKD	HKD
Amount due from a related party - member	597,161	-
Amounts due to related parties - members	-	5,730,743
Amounts due to related party - fellow subsidiary	90,703	-

The balances with related parties are in the nature of current account, are unsecured, interest free and have no fixed terms of repayment.

ULI (SOUTH CHINA) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
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 (Expressed in Hong Kong dollars)

14. CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

	2021		2020	
	Number of shares	Amount HKD	Number of shares	Amount HKD
Ordinary share, issued and fully paid: At 1 January and 31 December	10,000	10,000	10,000	10,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(b) Dividends

The directors have declared the following dividends during the year:

	2021 HKD	2020 HKD
2020 final dividend of HKD674.08 per ordinary share declared on 7 January 2021	6,740,821	-
2020 final dividend of HKD1,440.06 per ordinary share declared on 20 April 2021	14,400,582	-
2019 final dividend of HKD141.33 per ordinary share declared on 25 Feb 2020	-	1,413,300
2020 interim dividend of HKD30.02 per ordinary share declared on 18 June 2020	-	300,233
	21,141,403	1,713,533

(c) Capital management

Capital comprises share capital and reserves stated in the statement of financial position. The Company's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders.

The Company manages capital by regularly monitoring its current and expected liquidity requirements rather than using debt/equity ratio analysis.

The Company is not subject to either internally or externally imposed capital requirements.

ULI (SOUTH CHINA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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15. **FINANCIAL RISK MANAGEMENT**

Exposure to credit, liquidity, foreign currency and interest rate risks arises in the normal course of the Company's business. The Company's exposure to these risks and the financial risk management policies and practices used by the Company to manage these risks are described below.

(a) **Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Company's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with high credit-rating assigned by international credit-rating agencies, for which the Company considers to have low credit risk.

Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 days from the date of billing.

The Company measures loss allowances for trade receivables at an amount equal to lifetime ECL, which is calculated using a provision matrix. As the Company's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Company's different customer bases. In the opinion of the directors, allowance for ECL was insignificant as at 31 December 2021.

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

ULI (SOUTH CHINA) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
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15. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) **Liquidity risk**

The Company's policy is to regularly monitor its current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis of the Company's financial liabilities is as follows:

	<u>2021</u>	<u>2020</u>
	HKD	HKD
Less than 1 year		
Trade payables	24,457,507	10,612,930
Other payables and accrued expenses	62,709,654	5,646,949
Amounts due to related parties	90,703	5,730,743
	<u>87,257,864</u>	<u>21,990,622</u>

(c) **Foreign currency risk**

The Company's monetary assets and transactions are predominately in Hong Kong dollars, United States dollars and Renminbi. As Hong Kong dollar is pegged to United States dollar and there is insignificant fluctuation in the exchange rate between Hong Kong dollar and Renminbi, the Company does not expect any significant exposure to foreign currency risk.

(d) **Interest rate risk**

As the Company has no significant interest bearing assets and liabilities, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

(e) **Categories of financial instruments at 31 December**

	<u>2021</u>	<u>2020</u>
	HKD	HKD
Financial assets:		
Financial assets at amortised cost	117,953,464	43,044,897
Financial liabilities:		
Financial liabilities at amortised cost	<u>87,257,864</u>	<u>21,990,622</u>

ULI (SOUTH CHINA) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
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15. FINANCIAL RISK MANAGEMENT (CONT'D)

(f) Fair values

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2021 and 2020.

16. MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with key management personnel

All members of key management personnel are the directors of the Company, and the remuneration for them is disclosed in note 8(a).

(b) Transactions with other related parties

During the year, the Company entered into the following material related party transactions:

	<u>2021</u>	<u>2020</u>
	HKD	HKD
<u>Immediate holding Company</u>		
-		
Administration and handling fees paid	282,200	259,960
Corporate fee expenses paid	231,029	476,268
Corporate fee refund	728,591	-
Group fee paid	552,555	563,922
<u>Fellow subsidiaries</u>		
Freight income received	32,086,979	15,103,767
Freight charges paid	80,351,796	22,497,549
Computer expenses paid	89,623	52,276
Interest expenses paid	153,627	-
<u>Related parties</u>		
Freight income received	257,564,109	89,963,419
Freight charges paid	<u>165,725,072</u>	<u>59,053,704</u>

Balances with related parties are disclosed in the statement of financial position and in notes 10, 12 and 13 to the financial statements.

ULI (SOUTH CHINA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(Expressed in Hong Kong dollars)

17. **ACCOUNTING ESTIMATES AND JUDGEMENTS**

Note 15 contains information about the assumptions and their risk factors relating to financial instruments. Other key sources of estimates and judgements are as follows:

Impairment of trade receivables

The management of the Company estimates the amount of impairment loss for ECL on trade receivables based on the credit risk of trade receivables. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

As at 31 December 2021, the carrying amount of trade receivables is HKD84,281,935 with no allowance for doubtful debts (2020: HKD40,402,983 with no allowance for doubtful debts).

ULI (SOUTH CHINA) LIMITED
 DETAILED INCOME STATEMENT
 FOR THE YEAR ENDED 31 DECEMBER 2021
 (Expressed in Hong Kong dollars)
 (For Management Information Only)

	2021	2020
	HKD	HKD
Freight income	443,717,090	117,631,916
Freight costs	(399,739,189)	(91,463,368)
Gross profit	43,977,901	26,168,548
Add: Other income		
Bank interest income	20	64
Sundry income	728,595	2,892
	728,615	2,956
Add: Other gains and losses - net exchange losses	(377,318)	(205,603)
Less: Expenditure (Appendix ii)		
Administrative expenses	12,195,746	7,520,706
Other operating expenses	1,227,866	1,249,748
	13,423,612	8,770,454
Profit from operations	30,905,586	17,195,447
Less: Finance costs (Appendix ii)	165,043	-
Profit before taxation	30,740,543	17,195,447

ULI (SOUTH CHINA) LIMITED
OVERHEAD EXPENSES
FOR THE YEAR ENDED 31 DECEMBER 2021
(Expressed in Hong Kong dollars)
(For Management Information Only)

	<u>2021</u>	<u>2020</u>
	HKD	HKD
Administrative expenses		
Computer expenses	89,623	52,276
Directors' remuneration	7,710,108	3,944,822
Salaries and allowances	4,260,647	3,388,244
Telephone, facsimile and internet	135,368	135,364
	<u>12,195,746</u>	<u>7,520,706</u>
Other operating expenses		
Administration and handling fees	282,000	259,960
Auditor's remuneration	60,000	63,500
Bank charges	263,652	245,620
Business registration fees	250	250
Corporate fee expenses	231,029	476,268
Depreciation	338	338
Entertainment	382,502	191,837
Legal and professional fees	6,000	7,000
Travel - Local	1,995	4,516
Sundries	100	459
	<u>1,227,866</u>	<u>1,249,748</u>
	<u>13,423,612</u>	<u>8,770,454</u>
Finance costs		
Bank loan interest	11,416	-
Other loan interest	153,627	-
	<u>165,043</u>	<u>-</u>

ULI (NORTH & EAST CHINA) COMPANY LIMITED
(Incorporated in Hong Kong with limited liability)

Directors' Report and Audited Financial Statements
For the year ended 31 December 2021

ULI (NORTH & EAST CHINA) COMPANY LIMITED
REPORTS AND CONSOLIDATED FINANCIAL STATEMENTS
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**ULI (NORTH & EAST CHINA) COMPANY LIMITED
DIRECTORS' REPORT**

The directors present their annual report together with the audited consolidated financial statements for the year ended 31 December 2021.

1. PRINCIPAL ACTIVITIES

The principal activities of ULI (North & East China) Company Limited (the "Company") are investment holding and the provision of air and ocean freight forwarding services in the People's Republic of China.

The activity of its subsidiary is set out in note 13 to the consolidated financial statements.

2. RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2021 are set out in the consolidated statement of profit or loss and other comprehensive income on page 6.

The directors have declared the interim dividend of USD60 (2020: USD7.33) per ordinary share totalling of USD9,000,000 (2020: USD1,100,000). The directors do not recommend the payment of final dividend (2020: USD Nil).

3. DIRECTORS

(a) Directors of the Company

The directors of the Company during the year and up to the date of this report were:

Mr. Sun Wen Chi, George
Mr. Lee Chi Tak, Richard

There is no provision in the Company's Article of Association in connection with the retirement of directors, both directors continue in office for the following year.

(b) Director of the Company's subsidiary

During the year and up to the date of this report, Mr. Sun Wen Chi, George is also the director of a subsidiary of the Company.

4. DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE GROUP'S BUSINESS

Save for disclosed in notes 8(b) and 25(b) to the consolidated financial statements, no other transactions, arrangements and contracts of significance to which the Company, its subsidiary, its fellow subsidiaries or its holding companies was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

**ULI (NORTH & EAST CHINA) COMPANY LIMITED
DIRECTORS' REPORT**

5. DIRECTORS' INTERESTS IN THE SHARES UNDERLYING SHARES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATION

At no time during the year was the Company or its subsidiary was a party to any arrangement to enable the directors of the Company (including their spouse and children under 18 years of age) to hold any interests or short position in the shares or underlying shares in the Company or its specified undertakings or other associated corporations.

6. MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company or its subsidiary was entered into or existed during the year.

7. BUSINESS REVIEW

The Company is exempted from the disclosure of business review as required under Schedule 5 of the Companies Ordinance as a special resolution has passed by the members to the effect that the Company is not to prepare a business review.

8. PERMITTED INDEMNITY PROVISIONS

At no time during the financial year and up to the date of this Directors' Report, was there a permitted indemnity provision in force for the benefit of any of the directors of the Company (whether made by the Company or otherwise) or an associated company (if made by the Company).

9. AUDITOR

The consolidated financial statements have been audited by RSM Hong Kong who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Lee Chi Tak, Richard

Hong Kong, 22 August 2022

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ULI (NORTH & EAST CHINA) COMPANY LIMITED
(Incorporated in Hong Kong with limited liability)**

Opinion

We have audited the consolidated financial statements of ULI (North & East China) Company Limited and its subsidiary (the "Group") set out on pages 6 to 43, which comprise the consolidated statement of financial position as at 31 December 2021, and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the Other Information. The Other Information comprises all of the information included in the Directors' Report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ULI (NORTH & EAST CHINA) COMPANY LIMITED
(Incorporated in Hong Kong with limited liability)**

Other Information (cont'd)

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Consolidated Financial Statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB, HKFRSs issued by the HKICPA and the Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with section 405 of the Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ULI (NORTH & EAST CHINA) COMPANY LIMITED
(Incorporated in Hong Kong with limited liability)**

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (cont'd)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ RSM Hong Kong

Certified Public Accountants

22 August 2022

ULI (NORTH & EAST CHINA) COMPANY LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021
(Expressed in United States dollars)

	Note	2021 USD	2020 USD
Revenue	4	132,651,821	43,176,633
Freight costs		<u>(103,523,504)</u>	<u>(38,145,675)</u>
Gross profit		29,128,317	5,030,958
Other income	5	69,507	85,696
Other gains and losses - net exchange gains		171,055	87,163
Administrative expenses		(7,381,248)	(2,983,312)
Other operating expenses		<u>(1,111,102)</u>	<u>(544,141)</u>
Profit from operations		20,876,529	1,676,364
Finance costs - interest expenses on lease liabilities	12	<u>(4,063)</u>	<u>(3,870)</u>
Profit before taxation	6	20,872,466	1,672,494
Income tax expense	7	<u>(1,179)</u>	<u>(1)</u>
Profit for the year		20,871,287	1,672,493
Other comprehensive income for the year, net of tax			
Exchange differences on translating foreign operation	10	<u>19,799</u>	<u>77,013</u>
Total comprehensive income for the year		<u><u>20,891,086</u></u>	<u><u>1,749,506</u></u>

The notes on pages 10 to 43 form part of these financial statements.

ULI (NORTH & EAST CHINA) COMPANY LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2021
(Expressed in United States dollars)

	Note	2021 USD	2020 USD
Non-current assets			
Property and equipment	11	56,380	98,969
Right-of-use assets	12	34,652	136,731
		<u>91,032</u>	<u>235,700</u>
Current assets			
Trade receivables	14	17,815,219	4,013,705
Other receivables, deposits and prepayments	15	371,346	203,346
Amounts due from related parties	16	7,488	25,106
Cash and cash equivalents	17	6,036,049	1,670,749
		<u>24,230,102</u>	<u>5,912,906</u>
Current liabilities			
Trade payables	18	4,727,950	2,233,649
Other payables and accrued expenses	18	1,602,836	860,105
Amount due to related parties	16	3,163,759	34,032
Current taxation		30,369	12,121
Lease liabilities	19	36,786	106,707
		<u>9,561,700</u>	<u>3,246,614</u>
Net current assets		<u>14,668,402</u>	<u>2,666,292</u>
Total assets net current liabilities		<u>14,759,434</u>	<u>2,901,992</u>
Non-current liabilities			
Lease liabilities	19	-	33,644
		<u>-</u>	<u>33,644</u>
NET ASSETS		<u>14,759,434</u>	<u>2,868,348</u>
Capital and reserves			
Share capital	20	150,000	150,000
Reserves		<u>14,609,434</u>	<u>2,718,348</u>
TOTAL EQUITY		<u>14,759,434</u>	<u>2,868,348</u>

Approved by the Board of Directors on 22 August 2022 and are signed on its behalf by:

Lee Chi Tak, Richard

Sun Wen Chi, George

The notes on pages 10 to 43 form part of these financial statements.

ULI (NORTH & EAST CHINA) COMPANY LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021
(Expressed in United States dollars)

	<u>Note</u>	Attributable to owners of the Company			<u>Total equity</u> USD
		<u>Share capital</u>	<u>Exchange reserves</u>	<u>Retained profits</u>	
		USD	USD	USD	
Balance at 1 January 2020		150,000	(111,837)	2,180,679	2,218,842
Total comprehensive income for the year		-	77,013	1,672,493	1,749,506
Dividends paid	20(b)	-	-	(1,100,000)	(1,100,000)
Balance at 31 December 2020 and 1 January 2021		150,000	(34,824)	2,753,172	2,868,348
Total comprehensive income for the year		-	19,799	20,871,287	20,891,086
Dividends paid	20(b)	-	-	(9,000,000)	(9,000,000)
Balance at 31 December 2021		<u>150,000</u>	<u>(15,025)</u>	<u>14,624,459</u>	<u>14,759,434</u>

The notes on pages 10 to 43 form part of these financial statements.

ULI (NORTH & EAST CHINA) COMPANY LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021
(Expressed in United States dollars)

	Note	2021 USD	2020 USD
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		20,872,466	1,672,494
Adjustments for:			
Interest income	5	(1,131)	(6,784)
Interest expenses on lease liabilities	12	4,063	3,870
Depreciation of right-of-use assets	12	125,561	105,005
Depreciation of property and equipment	11	44,110	68,507
COVID-19 Related rent concession received	12	-	(11,004)
Operating profit before changes in working capital		21,045,069	1,832,088
Increase in trade receivables		(13,801,514)	(2,479,097)
Increase in other receivables, deposits and prepayments		(168,000)	(2,989)
Change in amounts due from/to related parties		3,147,345	451,775
Increase in trade payables		2,494,301	980,866
Increase in other payables and accrued expenses		759,787	625,192
Cash generated from operations activities		13,476,988	1,407,835
Interest expenses on lease liabilities		(4,063)	(3,870)
Income tax paid		-	(928)
Net cash generated from operating activities		13,472,925	1,403,037
CASH FLOW FROM INVESTING ACTIVITIES			
Interest received		1,131	6,784
Net cash generated from investing activities		1,131	6,784
CASH FLOW FROM FINANCING ACTIVITIES			
Principal elements of lease payments		(129,481)	(93,486)
Dividends paid	20(b)	(9,000,000)	(1,100,000)
Net cash used in financing activities		(9,129,481)	(1,193,486)
Net increase in cash and cash equivalents		4,344,575	216,335
Cash and cash equivalents at 1 January		1,670,749	1,383,553
Effect on foreign exchange rate changes		20,725	70,861
Cash and cash equivalents at 31 December	17	6,036,049	1,670,749

The notes on pages 10 to 43 form part of these financial statements.

ULI (NORTH & EAST CHINA) COMPANY LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(Expressed in United States dollars)

1. COMPANY INFORMATION

ULI (North & East China) Company Limited (the “Company”) was incorporated in Hong Kong with limited liability. The address of its registered office and principal place of business are Unit 05-06, 3/F., Tower 2, Enterprise Square, 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong and Room 1308, Tomson Commercial Building, 710 Dong Fan Road, Pu Dong, Shanghai 200122, People’s Republic of China, respectively.

The principal activities of the Company are investment holding and the provision of air and ocean freight forwarding services in the People’s Republic of China (“PRC”).

The principal activity and other particulars of its subsidiary (together with the Company collectively referred to as the “Group”) is set out in note 13 to the consolidated financial statements.

The consolidated financial statements are presented in United States dollars (“USD”), which is also the functional currency of the Group.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”) and Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). These consolidated financial statements also comply with the applicable requirements of the Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are disclosed below.

The IASB/HKICPA has issued certain new and revised IFRSs/HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

The consolidated financial statements for the year ended 31 December 2021 comprise the Company and its subsidiary.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

ULI (NORTH & EAST CHINA) COMPANY LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(Expressed in United States dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (cont'd)

The preparation of consolidated financial statements in conformity with IFRSs and HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements and estimates made by management in the application of IFRSs and HKFRSs that have significant effect on the consolidated financial statements are discussed in note 26.

(b) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary made up to 31 December. Subsidiary is entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiary is consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any accumulated foreign currency translation reserve relating to that subsidiary.

ULI (NORTH & EAST CHINA) COMPANY LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(Expressed in United States dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Consolidation (cont'd)

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiary has been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiary not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in United States dollars, which is the Company's functional and presentation currency.

ULI (NORTH & EAST CHINA) COMPANY LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(Expressed in United States dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Foreign currency translation (cont'd)

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

ULI (NORTH & EAST CHINA) COMPANY LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(Expressed in United States dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Property and equipment

Property and equipment are stated in the consolidated statement of financial position at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation of property and equipment is calculated at rates sufficient to write off their costs less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

- Leasehold improvements	25%
- Office equipment	20% - 25%
- Motor vehicles	20% - 25%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

(e) Leases

At inception of a contract, the Group assesses whether the contract is, or contains, 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. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group as a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily copier. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

ULI (NORTH & EAST CHINA) COMPANY LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(Expressed in United States dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Leases (cont'd)

The Group as a lessee (cont'd)

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

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.

When the Group obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the cost of the relevant right-of-use assets and the related accumulated depreciation and impairment loss are transferred to property, plant and equipment / the carrying amount of the relevant right-of-use asset is transferred to property, plant and equipment.

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

ULI (NORTH & EAST CHINA) COMPANY LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(Expressed in United States dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Leases (cont'd)

The Group as a lessee (cont'd)

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of IFRS/HKFRS 16. In such cases, the Group took advantage of the practical expedient set out in paragraph 46A of IFRS/HKFRS 16 and recognised the change in consideration as if it were not a lease modification.

(f) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt investments held by the Group are classified as amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.

(h) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses ("ECL").

(j) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into the definitions of a financial liability and an equity instrument under IFRSs and HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group, after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Trade and other payables

Trade and other payables are recognised initially at fair value, and are subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(l) Equity instruments

An equity instrument is any contract that evidence a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(m) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits, and when the Group recognises restructuring costs and involves the payment of termination benefits.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) **Taxation**

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investment in a subsidiary except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset / cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset / cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

(p) Impairment of financial assets

The Group recognises a loss allowance for ECL on investments in debt instruments which are measured at amortised cost. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) **Impairment of financial assets (cont'd)**

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Impairment of financial assets (cont'd)

Significant increase in credit risk (cont'd)

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (i) the financial instrument has a low risk of default,
- (ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of “investment grade” in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of “performing”. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 180 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) **Impairment of financial assets (cont'd)**

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the counterparty;
- a breach of contract, such as a default or past due event;
- the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Impairment of financial assets (cont'd)

Measurement and recognition of ECL (cont'd)

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(q) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(r) Revenue and other income

Revenue is recognised when control over service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Revenue from the provision of freight forwarding services is recognised when control of the cargoes has transferred, being when the cargoes have been delivered to the customer's specific location (delivery). Following delivery, the customer has the primary responsibility on delivering the cargoes and bears the risks and loss in relation to the cargoes. A receivable is recognised by the Group when the cargoes are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Revenue and other income (cont'd)

Management fee income is recognised based on the state of completion of the contract. Payment for management services is not due from the customer until the management services are complete and therefore a contract asset is recognised over the period in which the management services are performed representing the entity's right to consideration for the services performed to date.

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or fair value through other comprehensive income (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL/HONG KONG FINANCIAL REPORTING STANDARDS

(a) Application of new and revised IFRSs/HKFRSs

The Group has applied the the following amendments to IFRSs/HKFRSs issued by the IASB/HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendments to IFRS/HKFRS 9, IAS/HKAS 39, IFRS/HKFRS 7, IFRS/HKFRS 4 and IFRS/HKFRS 16	Interest Rate Benchmark Reform - Phase 2
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The application of the amendments to IFRSs/HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(b) New and revised IFRSs/HKFRSs in issue but not yet effective

The Group has not early applied new and revised IFRSs/HKFRSs that have been issued but are not yet effective for the financial year beginning on 1 January 2021. These new and revised IFRSs/HKFRSs include the following which may be relevant to the Group.

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3. ADOPTION OF NEW AND REVISED INTERNATIONAL/HONG KONG FINANCIAL REPORTING STANDARDS (CONT'D)

(b) **New and revised IFRSs/HKFRSs in issue but not yet effective (cont'd)**

	Effective for accounting periods beginning on or after
Amendments to IFRS/HKFRS 3 Business Combination - Reference to the Conceptual Framework	1 January 2022
Amendments to IAS/HKAS 16 Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Annual Improvements to IFRSs/HKFRSs 2018 - 2020 Cycle	1 January 2022
Amendments to IAS/HKAS 1 Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to IAS/HKAS 1 Presentation of Financial Statements and IFRS/HKFRS Practice Statement 2 Making Materiality Judgements - Disclosure of Accounting Policies	1 January 2023
Amendments to IAS/HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates	1 January 2023
Amendments to IAS/HKAS 12 Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.

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4. **REVENUE**

The principal activities of the Group are investment holding and the provision of air and ocean freight forwarding services in the PRC. The subsidiary is principally engaged in the provision of air and ocean freight forwarding services in the PRC.

Revenue represents gross invoiced freight income and recognised at a point in time for the year.

5. **OTHER INCOME**

	<u>2021</u>	<u>2020</u>
	USD	USD
Bank interest income	1,131	6,784
Sundry income	68,376	78,912
	<u>69,507</u>	<u>85,696</u>

6. **PROFIT BEFORE TAXATION**

Profit before taxation is arrived at after charging:

	<u>2021</u>	<u>2020</u>
	USD	USD
(a) Staff costs (including directors' remuneration) (note 8):		
- Salaries and allowances	6,576,473	2,474,368
- Retirement scheme contributions	518,895	264,566
	<u>7,095,368</u>	<u>2,738,934</u>
(b) Other items:		
Auditor's remuneration	15,648	11,994
Depreciation of property and equipment	44,110	68,507
Depreciation of right-of-use assets	125,561	105,005
Rental charges under operating leases in respect of land and buildings	264,781	226,579

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7. INCOME TAX EXPENSE

(a) Income tax has been recognised in profit or loss as following:

	<u>2021</u>	<u>2020</u>
	USD	USD
Current tax - PRC		
Provision for the year	1,179	-
Under-provision in prior years	-	1
	<u>1,179</u>	<u>1</u>

No provision for Hong Kong Profits Tax is required since the Company's income is derived from overseas sources which is not liable to Hong Kong Profits Tax.

Taxation for PRC subsidiary is charged at the appropriate current rates of taxation ruling in the relevant tax jurisdictions.

(b) Reconciliation between income tax expense and accounting profit at applicable tax rates:

	<u>2021</u>	<u>2020</u>
	USD	USD
Profit before taxation	20,872,466	1,672,494
Tax at the PRC Enterprise Income Tax of 25% (2020: 25%)	5,218,117	418,123
Tax effect of non-taxable income	(28,248,501)	(8,915,489)
Tax effect of non-deductible expenses	23,069,627	8,472,534
Tax effect of tax losses not recognised	-	24,832
Tax effect of utilisation of tax losses not previously recognised	(26,471)	-
Tax concession	(10,613)	-
Under-provision in prior years	-	1
Under-provision in current year	(980)	-
Income tax expense	<u>1,179</u>	<u>1</u>

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8. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors emoluments

	<u>2021</u>	<u>2020</u>
	USD	USD
Directors' fees	-	-
Salaries and allowances	<u>3,671,492</u>	<u>338,542</u>
	<u><u>3,671,492</u></u>	<u><u>338,542</u></u>

(b) Directors' material interests in transactions, arrangements or contracts

<u>Identity of related parties</u>	<u>Nature of related party relationship</u>	<u>Type of transactions</u>	<u>Volume of transactions</u>
			US\$
Unique Logistics International (SIN) Pte Ltd.	Related Company	Freight income received	9,004
Shenzhen Unique Logistics International Limited	Related Company	Freight income received	293,275
		Freight charges paid	17,794
Unique Logistics (Korea) Co., Ltd	Related Company	Freight income received	518
Unique Logistics International (ATL) LLC	Related Company	Freight income received	5,462,684
Unique Logistics International (BOS) Inc.	Related Company	Freight income received	4,408,331
Unique Logistics International (HK) Limited	Related Company	Freight income received	252,294
		Management fee income received	60,000
Unique Logistics International (India) Private Limited	Related Company	Freight income received	648
		Freight charges paid	176,438
Unique Logistics International (NYC) LLC	Related Company	Freight income received	21,796,019
Unique Logistics International (Vietnam) Co., Ltd.	Related Company	Freight income received	193,660
		Freight charges paid	125,055
Asia Freight Solutions (HK) Limited	Related Company	Freight income received	101,149
PT. Unique Logistics International Indonesia	Related Company	Freight income received	7,396
TGF Unique Limited	Related Company	Freight income received	452,567
Unique Logistics International (LAX) Inc.	Related Company	Freight income received	1,739,931
ULI International Company Limited	Related Company	Freight income received	90,270
Uniquorm International Logistics Co., Ltd. 武漢威國際物流有限公司	Related Company	Freight income received	4,100
Guangzhou Unique Logistics International Limited	Related Company	Freight charges paid	470
Unique Logistics International (South China) Limited - Xiamen Branch	Related Company	Freight charges paid	88,893
Unique International Logistics (M) Sdn. Bhd.	Related Company	Freight income received	63,226
Unique Freight Solutions (Thailand) Co., Ltd.	Related Company	Freight income received	7,172
Unique Logistics International Philippines Inc.	Related Company	Freight income received	956
孫文琪、劉曙光	Shareholder	Rental expenses	238,735
孫文琪	Shareholder	Management fee	36,000
Unique Logistics Holdings Limited	Shareholder	Management fee	12,339
劉曙光	Close member of shareholder	Salaries	30,936

Save for contracts amongst group companies and the aforementioned transactions, no other transactions, arrangements and contracts to which the Company was a party and in which a director of the Company and other director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

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9. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The profit attributable to shareholders is dealt with in the financial statements of the Company to the extent of USD20,712,076 (2020: USD1,772,460).

10. OTHER COMPREHENSIVE INCOME FOR THE YEAR

Tax effects relating to each component of other comprehensive income are as follow:

	2021			2020		
	Before tax amount	Tax expense	Net-of-tax amount	Before tax amount	Tax expense	Net-of-tax amount
	USD	USD	USD	USD	USD	USD
Exchange differences on translation of financial statements of overseas subsidiary	19,799	-	19,799	77,013	-	77,013

11. PROPERTY AND EQUIPMENT

	Leasehold improvements	Office equipment	Motor vehicles	Total
	USD	USD	USD	USD
Cost:				
At 1 January 2020	90,283	159,674	434,842	684,799
Exchange alignment	-	2,682	22,291	24,973
At 31 December 2020 and 1 January 2021	90,283	162,356	457,133	709,772
Exchange alignment	-	845	7,024	7,869
At 31 December 2021	90,283	163,201	464,157	717,641
Accumulated depreciation:				
At 1 January 2020	90,283	138,365	295,844	524,492
Charge for the year	-	6,894	61,613	68,507
Exchange alignment	-	1,608	16,196	17,804
At 31 December 2020 and 1 January 2021	90,283	146,867	373,653	610,803
Charge for the year	-	6,698	37,412	44,110
Exchange alignment	-	604	5,744	6,348
At 31 December 2021	90,283	154,169	416,809	661,261
Carrying value:				
At 31 December 2021	-	9,032	47,348	56,380
At 31 December 2020	-	15,489	83,480	98,969

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12. **RIGHT-OF-USE ASSETS**

	Leased properties
	USD
At 1 January 2020	199,906
Modifications	33,986
Depreciation	(105,005)
Exchange differences	7,844
At 31 December 2020 and 1 January 2021	136,731
Remeasurement of lease liabilities	21,853
Depreciation	(125,561)
Exchange differences	1,629
At 31 December 2021	34,652

Lease liabilities of USD36,786 (2020: USD140,351) are recognised with related right-of-use assets of USD34,652 (2020: USD136,731) as at 31 December 2021. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

	2021	2020
	USD	USD
Depreciation expenses on right-of-use assets	125,561	105,005
Interest expense on lease liabilities (included in finance costs)	4,063	3,870
Expenses relating to short-term lease (included in administrative expenses)	264,781	222,004
Expenses relating to lease of low value assets	-	473
COVID-19 related rent concessions received	-	11,004

Details of total cash outflow for leases is set out in note 21(b).

For both years, the Group leases various offices for its operations. Lease contracts are entered into for fixed average terms ranging from 1 to 5 years (2020: 1 to 5 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.

ULI (NORTH & EAST CHINA) COMPANY LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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13. **INVESTMENT IN A SUBSIDIARY**

Details of a subsidiary as at 31 December 2021 are as follows:

Company	Place of incorporation	Particulars of issued/ paid up capital	Direct percentage of interest in ownership/ voting power	Principal activities
Unique Logistics International (Shanghai) Co., Ltd.	PRC	Paid up capital of USD1,150,000	100%	Provision of freight forwarding services

14. **TRADE RECEIVABLES**

All trade receivables are expected to be recovered within one year.

(a) Foreign currency

Included in trade receivables are the following amounts denominated in currencies other than the Group's functional currency:

	2021 USD	2020 USD
Renminbi	411,753	539,661
Hong Kong dollars	-	(252)

(b) Impairment of trade receivables

At 31 December 2021, the Group did not have any impaired receivables. The Group did not hold any collateral over this balance.

(c) Trade receivables that are not impaired

Receivables that were neither past due nor impaired relate to wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired related a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no loss allowance for ECL is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are considered fully recoverable. The Group does not hold any collateral over these balances.

Included in trade receivables are amounts due from related companies of USD12,181,995 (2020: USD1,756,829).

ULI (NORTH & EAST CHINA) COMPANY LIMITED
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15. **OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

All other receivables, deposits and prepayments are expected to be recovered or recognised as expense within one year.

16. **AMOUNTS DUE FROM/TO RELATED PARTIES**

	<u>2021</u>	<u>2020</u>
	USD	USD
Amounts due from related parties		
- Related companies	7,488	25,106
Amounts due to related parties		
- Related company	-	4,187
- Director	3,163,759	29,845
	<u>3,163,759</u>	<u>34,032</u>

The balances with related parties are in nature of current accounts, unsecured, interest free and have no fixed terms of repayment.

17. **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents represent cash at bank and on hand. Cash at bank earns interest at floating interest rates based on daily bank deposits rates.

18. **TRADE AND OTHER PAYABLES AND ACCRUED EXPENSES**

Trade and other payables and accrued expenses are expected to be settled within one year.

Included in trade and other payables and accrued expenses are the following amounts denominated in currencies other than the Group's functional currency:

	<u>2021</u>	<u>2020</u>
	USD	USD
Renminbi	2,007,192	1,948,931

ULI (NORTH & EAST CHINA) COMPANY LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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19. LEASE LIABILITIES

	Minimum lease payments		Present value of minimum lease payments	
	2021 USD	2020 USD	2021 USD	2020 USD
Within one year	37,273	107,687	36,786	106,707
In the second to fifth years, inclusive	-	33,644	-	33,644
	37,273	141,331	36,786	140,351
Less: Future finance charges	(487)	(980)	N/A	N/A
Present value of lease obligations	<u>36,786</u>	<u>140,351</u>	<u>36,786</u>	<u>140,351</u>
Less: Amount due for settlement within 12 months (shown under current liabilities)			<u>(36,786)</u>	<u>(106,707)</u>
Amount due for settlement after 12 months			<u>-</u>	<u>33,644</u>

20. CAPITAL, RESERVES AND DIVIDEND

(a) Share capital

	2021		2020	
	Number of shares	Amount USD	Number of shares	Amount USD
Ordinary shares, issued and fully paid				
At 1 January and 31 December	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(b) Dividends

	2021		2020	
	USD per share	USD	USD per share	USD
Ordinary dividends paid				
- interim dividend in respect of the current financial year approved and paid during theyear	<u>60</u>	<u>9,000,000</u>	<u>7.33</u>	<u>1,100,000</u>

ULI (NORTH & EAST CHINA) COMPANY LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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20. CAPITAL, RESERVES AND DIVIDEND (CONT'D)

(c) Capital management

Capital comprises share capital and reserve stated in the statement of financial position. The Group's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders.

The Group manages capital by regularly monitoring its current and expected liquidity requirements rather than using debt/equity ratio analysis.

The Group is not subject to either internally or externally imposed capital requirements.

21. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's statement of cash flows as cash flows from financing activities.

	1 January 2021 USD	Remeasurement of lease liabilities USD	Cash flows USD	Exchange difference USD	Interest expenses USD	31 December 2021 USD
Lease liabilities (note 21)	140,351	24,233	(133,544)	1,683	4,063	36,786

	1 January 2020 USD	Cash flows USD	Exchange difference USD	Interest expenses USD	Modifications of right-of- use assets USD	31 December 2020 USD
Lease liabilities (note 21)	202,785	(108,360)	8,070	3,870	33,986	140,351

(b) Total cash outflow for leases

Amounts included in the statement of cash flows for leases comprise the following:

	2021 USD	2020 USD
Within operating cash flows	4,063	3,870
Within financing cash flows	129,481	93,486
	133,544	97,356

These amounts related to the following:

	2021 USD	2020 USD
Lease rental paid	133,544	97,356

ULI (NORTH & EAST CHINA) COMPANY LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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22. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	<u>2021</u>	<u>2020</u>
	USD	USD
Non-current assets		
Investment in a subsidiary	1,150,008	1,150,008
Property and equipment	-	50
	<u>1,150,008</u>	<u>1,150,058</u>
Current assets		
Trade receivables	16,983,014	3,648,717
Other receivables, deposits and prepayments	85,105	18,250
Amounts due from a subsidiary	1,781,507	157,693
Amounts due from related parties	7,488	25,106
Cash and cash equivalents	4,093,370	1,065,655
	<u>22,950,484</u>	<u>4,915,421</u>
Current liabilities		
Trade payables	4,823,692	2,360,189
Other payables and accrued expenses	1,560,470	830,763
Due to related parties	3,163,759	34,032
	<u>9,547,921</u>	<u>3,224,984</u>
Net current assets	<u>13,402,563</u>	<u>1,690,437</u>
NET ASSETS	<u>14,552,571</u>	<u>2,840,495</u>
Capital and reserves		
Share capital	150,000	150,000
Reserves	14,402,571	2,690,495
TOTAL EQUITY	<u>14,552,571</u>	<u>2,840,495</u>

Approved by the Board of Directors on 22 August 2022 and are signed on its behalf by:

 Lee Chi Tak, Richard

 Sun Wen Chi, George

ULI (NORTH & EAST CHINA) COMPANY LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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22. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (CONT'D)

(b) Reserve movement of the Company

	<u>Share capital</u> USD	<u>Retained profits</u> USD	<u>Total equity</u> USD
Balance at 1 January 2020	150,000	2,018,035	2,168,035
Total comprehensive income for the year	-	1,772,460	1,772,460
Dividends paid	-	(1,100,000)	(1,100,000)
Balance at 31 December 2020	150,000	2,690,495	2,840,495
Total comprehensive income for the year	-	20,712,076	20,712,076
Dividends paid	-	(9,000,000)	(9,000,000)
Balance at 31 December 2021	<u>150,000</u>	<u>14,402,571</u>	<u>14,552,571</u>

23. RESERVES

(a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of comprehensive income and consolidated statement of changes in equity.

(b) Nature and purpose of reserves

(i) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with accounting policies set out in note 2(c) to the consolidated financial statements.

ULI (NORTH & EAST CHINA) COMPANY LIMITED
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23. **RESERVES (CONT'D)**

(b) **Nature and purpose of reserves (cont'd)**

(ii) **Statutory reserve**

Pursuant to the laws and regulations governing the PRC enterprises, the Group's PRC subsidiary, which is a wholly foreign-owned enterprise, is required to allocate at least 10% of their after-tax profit but before dividend distribution to the statutory reserve until the reserve has reached 50% of their registered capital. The statutory reserve can only be used, upon approval by the relevant authority, to offset accumulated losses or increase capital. No appropriation was made to statutory reserve as the retained earnings of the PRC subsidiary was RMB1.4 million (2020: RMB0.4 million), respectively. The enterprise expansion fund can only be used to increase capital upon approval by the relevant authority. Appropriation to enterprise expansion fund is at the discretion of the board of directors of the PRC subsidiary. No appropriation was made to expansion fund during the year ended 31 December 2021 (2020: Nil).

24. **FINANCIAL RISK MANAGEMENT AND FAIR VALUES**

Exposure to credit, liquidity, foreign currency and interest rate risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices are described below.

(a) **Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with high credit-rating assigned by international credit-rating agencies, for which the Group considers to have low credit risk.

Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 days from the date of billing.

ULI (NORTH & EAST CHINA) COMPANY LIMITED
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24. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONT'D)

(a) **Credit risk (cont'd)**

Trade receivables (cont'd)

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECL, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases. In the opinion of the directors, allowance for ECL was insignificant as at 31 December 2021.

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

The Group has all customers and which can be graded as low risk individually. These trade receivables shown above are subject to the expected credit loss model under the financial reporting standard on financial instruments. The trade receivables are considered to have low credit risk individually. At the end of the reporting year a loss allowance is recognised at an amount equal to 12 month ECL because there has not been a significant increase in credit risk since initial recognition. No loss allowance for ECL is necessary.

Receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired related to a number of independent customers that had a good track record with the Group. Based on past experience, management believed that no impairment allowance was necessary in respect of these balances as there had been no significant change in credit quality and the balances were still considered fully recoverable.

At the end of the reporting period, the Group had certain concentrations of credit risk as 58% (2020: 45%) of the total trade receivables was due from the five largest customers.

(b) **Liquidity risk**

The Group's policy is to regularly monitor its current and expected liquidity requirements to ensure that it maintains sufficient reserve of cash to meet its liquidity requirements in the short and longer term.

ULI (NORTH & EAST CHINA) COMPANY LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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24. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONT'D)

(b) Liquidity risk (cont'd)

The following table details the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and earliest date the Group can be required to pay.

	Carrying amount	2021			
		Contractual undiscounted cash outflow			
		Total	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years
USD	USD	USD	USD	USD	
Trade payables	4,727,950	4,727,950	4,727,950	-	-
Other payables and accrued expenses	613,503	613,503	613,503	-	-
Amount due to a related party	3,163,759	3,163,759	3,163,759	-	-
Lease liabilities	36,786	36,786	36,786	-	-
	<u>8,541,998</u>	<u>8,541,998</u>	<u>8,541,998</u>	<u>-</u>	<u>-</u>
		2020			
		Contractual undiscounted cash outflow			
	Carrying amount	Total	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years
	USD	USD	USD	USD	USD
Trade payables	2,233,649	2,233,649	2,233,649	-	-
Other payables and accrued expenses	353,650	353,650	353,650	-	-
Amount due to a related company	4,187	4,187	4,187	-	-
Amount due to a related party	29,845	29,845	29,845	-	-
Lease liabilities	140,351	140,351	106,707	33,644	-
	<u>2,761,682</u>	<u>2,761,682</u>	<u>2,728,038</u>	<u>33,644</u>	<u>-</u>

(c) Foreign currency risk

The Group's monetary assets and transactions are predominately in USD, HKD and RMB. As HKD is pegged to USD and there is insignificant fluctuation in the exchange rate between USD and RMB, the Group does not expect any significant exposure to foreign currency risk.

ULI (NORTH & EAST CHINA) COMPANY LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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24. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONT'D)

(c) Foreign currency risk (cont'd)

The following table details the Group's exposure at the end of the reporting period to foreign currency risk arising from recognised assets or liabilities denominated in a currency other than USD. For presentation purposes, the amounts of the exposure are shown in USD, translated using the spot rate at the year ended date.

	2021			2020		
	Denominated in			Denominated in		
	European Dollars USD	Hong Kong Dollars USD	Renminbi USD	European Dollars USD	Hong Kong Dollars USD	Renminbi USD
Trade and other receivables	-	-	652,707	-	(252)	644,786
Cash and cash equivalents	1,452	3,934	355,785	-	9,798	647,017
Trade and other payables	-	-	(2,007,192)	-	-	(1,948,931)
Tax payables	-	-	(30,369)	-	-	(12,121)

(d) Interest rate risk

The Group has minimal exposure to interest rate risk as it has no significant interest-earning assets and interest-bearing liabilities.

(e) Categories of financial instruments at 31 December

	2021 USD	2020 USD
Financial assets:		
Financial assets at amortised cost	23,996,142	5,792,272
Financial liabilities:		
Financial liabilities at amortised cost	8,505,212	2,621,332

(f) Fair values

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2021 and 2020.

ULI (NORTH & EAST CHINA) COMPANY LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2021
 (Expressed in United States dollars)

25. MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with key management personnel

All members of key management personnel are the directors of the Group, and the remuneration for them is disclosed in note 8(a).

(b) Transactions with other related parties

During the year, the Group entered into the following material related party transactions:

	<u>2021</u>	<u>2020</u>
	USD	USD
<u>A related party</u>		
Salaries paid	30,936	29,052
Office rent paid	238,735	205,289
Management fee paid	36,000	36,000
<u>Related companies</u>		
Freight income received	34,883,200	4,023,965
Freight charge paid	408,650	414,358
Management fee income received	60,000	45,600
Management fee paid	<u>12,339</u>	<u>12,339</u>

Balances with related parties are disclosed in the statement of financial position and in notes 14 and 16.

26. ACCOUNTING ESTIMATES AND JUDGEMENTS

Note 24 contains information about the assumptions and their risk factors relating to financial instruments. Other key sources of estimates and judgements are as follows:

(a) Impairment of property and equipment and right-of-use assets

Property and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

ULI (NORTH & EAST CHINA) COMPANY LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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26. **ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)**

(a) **Impairment of property and equipment and right-of-use assets (cont'd)**

The carrying amount of property and equipment and right-of-use assets as at 31 December 2021 were USD56,380 (2020: USD98,969) and USD34,652 (2020: USD136,731) respectively.

(b) **Impairment of trade receivables**

The management of the Group estimates the amount of impairment loss for ECL on trade receivables based on the credit risk of trade receivables. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Group in accordance with and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

As at 31 December 2021, the carrying amount of trade receivables is USD17,815,219 with no allowance for doubtful debts (2020: USD4,013,705 with no allowance for doubtful debts).

ULI (NORTH & EAST CHINA) COMPANY LIMITED
 DETAILED STATEMENT OF PROFIT OR LOSS - THE COMPANY FOR THE YEAR ENDED 31 DECEMBER 2021
 (Expressed in United States dollars)
 (For Management Information Only)

	<u>2021</u>	<u>2020</u>
	USD	USD
Freight income	112,925,526	35,580,967
Freight costs	(86,581,908)	(32,892,422)
Gross profit	<u>26,343,618</u>	<u>2,688,545</u>
Other income		
Bank interest income	178	372
Sundry income	68,298	59,724
	<u>68,476</u>	<u>60,096</u>
Other gains and losses - net exchange (losses)/gains	<u>(342,857)</u>	<u>20,890</u>
Expenditure (Appendix ii)		
Administrative expenses	4,577,672	782,236
Other operating expenses	779,489	214,835
	<u>5,357,161</u>	<u>997,071</u>
Profit before taxation	<u><u>20,712,076</u></u>	<u><u>1,772,460</u></u>

ULI (NORTH & EAST CHINA) COMPANY LIMITED
 ADMINISTRATIVE AND OTHER OPERATING EXPENSES - THE COMPANY FOR THE YEAR ENDED 31 DECEMBER 2021
 (Expressed in United States dollars)
 (For Management Information Only)

	<u>2021</u>	<u>2020</u>
	USD	USD
Administrative expenses		
Staff		
Directors' remuneration	3,595,435	268,536
Retirement scheme contributions	23,557	14,527
Staff costs	<u>852,655</u>	<u>415,412</u>
	<u>4,471,647</u>	<u>698,475</u>
Premises		
Rent	<u>106,025</u>	<u>83,761</u>
	<u>4,577,672</u>	<u>782,236</u>
Other operating expenses		
Communications		
Telephone	<u>17,366</u>	<u>18,150</u>
Financial and other expenses		
Auditor's remuneration	14,093	10,536
Bad debt	171	6,114
Bank charges	15,661	12,123
Computer expenses	29,884	17,834
Commission expenses	554,337	-
Depreciation on property and equipment	50	85
Depreciation on right-of-use assets	-	6,293
Management fee	49,233	48,339
Office expenses	4,569	2,839
Other expenses	11,759	34,789
Postage and courier	359	520
	<u>680,116</u>	<u>139,472</u>
Travelling and entertainment		
Entertainment	52,195	27,339
Motor vehicles expenses	22,919	16,747
Travelling	<u>6,893</u>	<u>13,127</u>
	<u>82,007</u>	<u>57,213</u>
	<u>779,489</u>	<u>214,835</u>

**UNIQUE LOGISTICS INTERNATIONAL
(SOUTH CHINA) LIMITED**
(Incorporated in Hong Kong with limited liability)

Directors' Report and Audited Financial Statements For the year ended 31 December 2021

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
DIRECTORS' REPORT

The directors present their annual report together with the audited financial statements for the year ended 31 December 2021.

1. PRINCIPAL ACTIVITIES

The principal activities of Unique Logistics International (South China) Limited (the "Company") are the provision of air and ocean freight forwarding services in the People's Republic of China.

2. RESULT AND APPROPRIATIONS

The results of the Company for the year ended 31 December 2021 are set out in the statement of profit or loss and other comprehensive income on page 6.

The directors have declared the following dividends during the year:

	<u>2021</u>	<u>2020</u>
	HKD	HKD
2019 final dividend of HKD1.17 per ordinary share declared on 7 January 2021	1,051,743	-
2020 final dividend of HKD0.66 per ordinary share declared on 20 April 2022	592,221	-
2019 final dividend of HKD0.44 per ordinary share declared on 10 June 2020	-	397,620
	<u>1,643,964</u>	<u>397,620</u>

The directors do not recommend the payment of a final dividend.

3. DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Mr. Lee Chi Tak, Richard
 Mr. Lee Man Bun, Patrick

There is being no provision in the Company's Articles of Association in connection with the retirement of directors, both directors continue in office for the following year.

4. DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATIONS TO THE COMPANY'S BUSINESS

Saved as disclosed in notes 8(b) and 17(b) to the financial statements, no other transactions, arrangements and contracts of significance to which the Company, its holding company, any of its fellow subsidiaries was a party and in which a director of the Company had a material interest whether directly or indirectly, subsisted at the end of the year or at any time during the year.

**UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
DIRECTORS' REPORT**

5. DIRECTORS' INTERESTS IN THE SHARES, UNDERLYING SHARES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATION

At no time during the year was the Company, its holding company, any of its fellow subsidiaries a party to any arrangement to enable the directors of the Company (including their spouse and children under 18 years of age) to hold any interests or short positions in the shares or underlying shares in the Company or its specified undertakings or other associated corporations.

6. MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

7. PERMITTED INDEMNITY PROVISIONS

At no time during the financial year and up to the date of this Directors' Report, was there a permitted indemnity provision in force for the benefit of any of directors of the Company (whether made by the Company or otherwise) or an associated company (if made by the Company).

8. AUDITOR

The financial statements have been audited by RSM Hong Kong who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Lee Chi Tak, Richard

Hong Kong, 14 July 2022

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF
UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
(Incorporated in Hong Kong with limited liability)**

Opinion

We have audited the financial statements of Unique Logistics International (South China) Limited (the “Company”) set out on pages 6 to 34, which comprise the statement of financial position as at 31 December 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”) and Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSAs”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF
UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
(Incorporated in Hong Kong with limited liability)**

Other Information

The directors are responsible for the Other Information. The Other Information comprises all of the information included in the annual report other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs issued by the IASB, HKFRSs issued by the HKICPA and the Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with section 405 of the Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF
UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
(Incorporated in Hong Kong with limited liability)**

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ RSM Hong Kong

Certified Public Accountants

14 July 2022

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 DECEMBER 2021
 (Expressed in Hong Kong dollars)

	Note	2021 HKD	2020 HKD
Revenue	4	237,965,127	102,745,214
Freight costs		<u>(220,155,306)</u>	<u>(95,583,116)</u>
Gross profit		17,809,821	7,162,098
Other income	5	136,097	3,650
Other gains and losses - net exchange losses		(112,284)	(444,312)
Administrative expenses		(4,164,678)	(1,866,567)
Other operating expenses		<u>(901,717)</u>	<u>(635,948)</u>
Profit from operations		12,767,239	4,218,921
Finance costs	6(a)	<u>(372,488)</u>	<u>(6,958)</u>
Profit before taxation	6	12,394,751	4,211,963
Income tax expense	7(a)	<u>-</u>	<u>-</u>
Profit for the year		12,394,751	4,211,963
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>12,394,751</u></u>	<u><u>4,211,963</u></u>

The notes on pages 10 to 34 form part of these financial statements.

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
 STATEMENT OF FINANCIAL POSITION
 AS AT 31 DECEMBER 2021
 (Expressed in Hong Kong dollars)

	Note	2021 HKD	2020 HKD
Non-current asset			
Property and equipment	9	1,455	2,037
Current assets			
Trade receivables	10	36,804,215	33,399,158
Amount due from related parties	11	320,372	-
Cash and cash equivalents	12	3,313,879	998,943
		<u>40,438,466</u>	<u>34,398,101</u>
Current liabilities			
Trade payables	13	9,477,197	16,414,949
Other payables and accrued expenses		3,528,415	1,288,408
Bank overdrafts	14	10,967,974	10,981,233
		<u>23,973,586</u>	<u>28,684,590</u>
Net current assets		<u>16,464,880</u>	<u>5,713,511</u>
NET ASSETS		<u>16,466,335</u>	<u>5,715,548</u>
Capital and reserves			
Share capital	15	900,000	900,000
Reserves		15,566,335	4,815,548
TOTAL EQUITY		<u>16,466,335</u>	<u>5,715,548</u>

Approved by the Board of Directors on 14 July 2022 and are signed on its behalf by:

 Lee Chi Tak, Richard

 Lee Man Bun, Patrick

The notes on pages 10 to 34 form part of these financial statements.

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
 STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 31 DECEMBER 2021
 (Expressed in Hong Kong dollars)

	<u>Note</u>	<u>Share capital HKD</u>	<u>Retained profits HKD</u>	<u>Total HKD</u>
Balance at 1 January 2020		900,000	1,001,205	1,901,205
Total comprehensive income for the year		-	4,211,963	4,211,963
Dividends paid	15(b)	-	(397,620)	(397,620)
Balance at 31 December 2020 and 1 January 2021		900,000	4,815,548	5,715,548
Total comprehensive income for the year		-	12,394,751	12,394,751
Dividends paid	15(b)	-	(1,643,964)	(1,643,964)
Balance at 31 December 2021		<u>900,000</u>	<u>15,566,335</u>	<u>16,466,335</u>

The notes on pages 10 to 34 form part of these financial statements.

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 31 DECEMBER 2021
 (Expressed in Hong Kong dollars)

	Note	2021 HKD	2020 HKD
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		12,394,751	4,211,963
Adjustments for:			
Finance costs		372,488	6,958
Depreciation	9	582	582
Interest income	5	(472)	(484)
Operating profit before changes in working capital		12,767,349	4,219,019
Increase in trade receivables		(3,405,057)	(14,394,567)
Increase in amount due from related parties		(320,372)	-
Decrease/(increase) in trade payables		(6,937,752)	10,520,638
Increase in other payables and accrued expenses		2,240,007	320,552
Cash generated from operations		4,344,175	665,642
Interest paid		(372,488)	(6,958)
Net cash generated from operating activities		3,971,687	658,684
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received and net cash generated from investing activities		472	484
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid and net cash used in financing activities	15(b)	(1,643,964)	(397,620)
Net increase in cash and cash equivalents		2,328,195	261,548
Cash and cash equivalents at 1 January		(9,982,290)	(10,243,838)
Cash and cash equivalents at 31 December	12	(7,654,095)	(9,982,290)

The notes on pages 10 to 34 form part of these financial statements.

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(Expressed in Hong Kong dollars)

1. COMPANY INFORMATION

Unique Logistics International (South China) Limited (the “Company”) was incorporated in Hong Kong with limited liability. The address of its registered office and principal place of business are Unit 05-06, 3/F., Tower 2, Enterprise Square, 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong and Room 2511-2512 Yian Plaza, 33 Jian She Liu Ma Road, Guangzhou, People’s Republic of China, respectively.

The principal activities of the Company are the provision of air and ocean freight forwarding services in the People’s Republic of China.

As at 31 December 2021, the directors consider the immediate and ultimate holding company of the Company are Unique Logistics Holdings Limited and Rich Group Holdings Limited, which were incorporated in Hong Kong and the British Virgin Islands respectively.

The financial statements are presented in Hong Kong dollars (“HKD”), which is also the functional currency of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”) and Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). These financial statements also comply with the applicable requirements of the Companies Ordinance (Cap.622). Significant accounting policies adopted by the Company are disclosed below.

The IASB/HKICPA has issued certain new and revised IFRSs/HKFRSs that are first effective or available for early adoption for the current accounting period of the Company. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Company for the current and prior accounting periods reflected in these financial statements.

The measurement basis used in the preparation of the financial statements is the historical cost basis. Historical cost is generally based on the fair value of consideration given in exchange for assets.

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(Expressed in Hong Kong dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) **Basis of preparation (cont'd)**

The preparation of financial statements in conformity with IFRSs and HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements and estimates made by management in the application of IFRSs and HKFRSs that have significant effect on the financial statements are discussed in note 18.

(b) **Foreign currency translation**

(i) Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances in financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(Expressed in Hong Kong dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) **Property and equipment**

Property and equipment are stated in the statement of financial position at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation of property and equipment is calculated at rate sufficient to write off their costs, less their residual values, over their estimated useful lives on a straight-line basis at an annual rate of 20%.

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

(d) **Recognition and derecognition of financial instruments**

Financial assets and financial liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(Expressed in Hong Kong dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) **Financial assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt instruments held by the Company are classified as amortised cost, if the instrument is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the instrument is calculated using the effective interest method.

(f) **Trade and other receivables**

A receivable is recognised when the Company has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Company has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

(g) **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement. Cash and cash equivalents are assessed for expected credit losses ("ECL").

(h) **Financial liabilities and equity instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into the definitions of a financial liability and an equity instrument under IFRSs and HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(Expressed in Hong Kong dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) **Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(j) **Trade and other payables**

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(k) **Equity instruments**

Any equity instrument is any contract that evidence a residual interest in the assets of an equity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(l) **Employee benefits**

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Company contributes to a defined contribution retirement scheme which are available to all employees. Contributions to the scheme by the Company and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Company to the funds.

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(Expressed in Hong Kong dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) **Employee benefits (cont'd)**

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Company can no longer withdraw the offer of those benefits, and when the Company recognises restructuring costs and involves the payment of termination benefits.

(m) **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(n) **Taxation**

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(Expressed in Hong Kong dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) **Taxation (cont'd)**

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(o) **Impairment of non-financial assets**

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the statement of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(Expressed in Hong Kong dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) **Impairment of non-financial assets (cont'd)**

Value in use is the present value of the estimated future cash flows of the asset / cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset / cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

(p) **Impairment of financial assets**

The Company recognises a loss allowance for ECL on investments in debt instruments which are measured at amortised cost. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables. The ECL on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(Expressed in Hong Kong dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) **Impairment of financial assets (cont'd)**

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
(Expressed in Hong Kong dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) **Impairment of financial assets (cont'd)**

Significant increase in credit risk (cont'd)

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (i) the financial instrument has a low risk of default,
- (ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company considers a financial asset to have low credit risk when the asset has external credit rating of “investment grade” in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of “performing”. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collaterals held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) **Impairment of financial assets (cont'd)**

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the counterparty;
- a breach of contract, such as a default or past due event;
- the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; together with any additional amounts expected to be drawn down in the future by default rate determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) **Impairment of financial assets (cont'd)**

Measurement and recognition of ECL (cont'd)

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, and does not reduce the carrying amount of the financial assets in the statement of financial position.

(q) **Provisions and contingent liabilities**

Provisions are recognised for liabilities of uncertain timing or amount when the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(r) **Revenue and other income**

Revenue is recognised when control over service is transferred to the customer, at the amount of promised consideration to which the Company is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value add tax or other sales taxes and is after deduction of any trade discounts.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Revenue and other income (cont'd)

Revenue from the provision of freight forwarding services is recognised when control of the cargoes has transferred, being when the cargoes have been delivered to the customer's specific location (delivery). Following delivery, the customer has the primary responsibility on delivering the cargoes and bears the risks and loss in relation to the cargoes. A receivable is recognised by the Company when the cargoes are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or fair value through other comprehensive income (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL/HONG KONG FINANCIAL REPORTING STANDARDS

(a) Application of new and revised IFRSs/HKFRSs

The Company has applied the the following amendments to IFRSs/HKFRSs issued by the IASB/HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the financial statements:

Amendments to IFRS/HKFRS 9, IAS/HKAS 9,
IFRS/HKFRS 7, IFRS/HKFRS 4 and
IFRS/HKFRS 16

Interest Rate Benchmark Reform -
Phase 2

The application of the amendments to IFRSs/HKFRSs in the current year had no material impact on the Company's financial positions and performance for the current and prior years and/or on the disclosures set out in these financial statements.

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3. ADOPTION OF NEW AND REVISED INTERNATIONAL/HONG KONG FINANCIAL REPORTING STANDARDS (CONT'D)

(b) New and revised IFRSs/HKFRSs in issue but not yet effective

The Company has not early applied new and revised IFRSs/HKFRSs that have been issued but are not yet effective for the financial year beginning on 1 January 2021. These new and revised IFRSs/HKFRSs include the following which may be relevant to the Company.

	Effective for accounting periods beginning on or after
Amendments to IAS/HKAS 16 Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Annual Improvements to IFRSs/HKFRSs 2018 - 2020 1 January 2022 Cycle	1 January 2022
Amendments to IAS/HKAS 1 Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to IAS/HKAS 1 Presentation of Financial Statements and IFRS/HKFRS Practice Statement 2 Making Materiality Judgements - Disclosure of Accounting Policies	1 January 2023
Amendments to IAS/HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates	1 January 2023
Amendments to IAS/HKAS 12 Income Taxes - Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023

The Company is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
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4. REVENUE

The principal activities of the Company are the provision of air and ocean freight forwarding services in the People's Republic of China.

Revenue represents gross invoiced freight income and recognised at a point in time for the year.

5. OTHER INCOME

	<u>2021</u>	<u>2020</u>
	HKD	HKD
Bank interest income	472	484
Sundry income	135,625	3,166
	<u>136,097</u>	<u>3,650</u>

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	<u>2021</u>	<u>2020</u>
	HKD	HKD
(a) Financial costs:		
Bank loan interest	354,206	6,958
Other loan interest	18,282	-
	<u>372,488</u>	<u>6,958</u>
(b) Staff costs (including director's remuneration) Salaries, allowances and other benefits	<u>3,925,363</u>	<u>1,682,538</u>
(c) Other items:		
Auditor's remuneration		
- Current	46,000	47,400
- Under-provision in prior years	-	500
	<u>46,000</u>	<u>47,900</u>
Depreciation	<u>582</u>	<u>582</u>

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7. INCOME TAX EXPENSE

- (a) No provision for Hong Kong Profits Tax or deferred taxation has been made in the financial statement since the Company's income is derived from overseas sources which is not liable to Hong Kong Profits Tax.
- (b) Reconciliation between income tax expense and accounting profit at applicable tax rates:

	<u>2021</u>	<u>2020</u>
	HKD	HKD
Profit before taxation	<u>12,394,751</u>	<u>4,211,963</u>
Notional tax on profit before taxation, calculated at the current rate of 16.5% (2020: 16.5%)	2,045,134	694,974
Tax effect of non-taxable income	<u>(39,286,702)</u>	<u>(16,953,563)</u>
Tax effect of non-deductible expenses	<u>37,241,568</u>	<u>16,258,589</u>
Income tax expense	<u>-</u>	<u>-</u>

8. BENEFITS AND INTERESTS OF DIRECTORS

(a) **Directors' emoluments**

None of the directors received director's remuneration during the year (2020: HKD Nil).

(b) **Directors' material interests in transactions, arrangement or contracts**

<u>Identity of related parties</u>	<u>Nature of related party relationship</u>	<u>Type of transactions</u>	<u>Volume of transactions</u>
			HKD
Unique Logistics Holdings Limited	Immediate holding company	Administration and handling fee paid	(270,000)
		Group fee paid	(407,663)
		Corporate fee paid	(126,527)
Unique Logistics International (ATL) LLC.	Mr. Lee Chi Tak,	Freight income received	512,523
	Richard is the beneficial member of the contracted party	Freight charges paid	(456,402)

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8. BENEFITS AND INTERESTS OF DIRECTORS (CONT'D)

(b) Directors' material interests in transactions, arrangement or contracts (cont'd)

Identity of related parties	Nature of related party relationship	Type of transactions	Volume of transactions HKD
Unique Logistics International (NYC), LLC.	Mr. Lee Chi Tak, Richard is the beneficial member of the contracted party	Freight income received Freight charges paid	159,124,335 (103,421,351)
Unique Logistics International (H.K.) Limited	Fellow subsidiary	Freight income received	1,066,076
ULI (South China) Ltd.	Fellow subsidiary	Loan interest expenses paid	(18,282)
Unique Logistics (Korea) Co., Ltd.	Fellow subsidiary	Freight charges paid	(864)
Unique Logistics International (India)	Fellow subsidiary	Freight income received	2,297
		Freight charges paid	(200,911)
		Freight income received	38,594
Private Limited Unique Logistics International (Vietnam) Co., Ltd.	Fellow subsidiary	Freight income received Freight charges paid	1,137 (272)
Shenzhen Unique Logistics International Limited	Fellow subsidiary	Freight income received Freight charges paid	17,876,313 (70,102,502)
Unique Freight Solutions (Thailand) Co., Ltd.	Fellow subsidiary	Freight income received Freight charges paid	31,546 (1,569)
Unique Logistics International (SIN) Pte. Ltd.	Fellow subsidiary	Freight income received Freight charges paid	17,603 (83,901)
ULI International Company Limited	Associate company	Freight income received Freight charges paid	4,530,827 (20,930)
TGF Unique Limited	Associate company	Freight income received Freight charges paid	10,301,020 (68,590)
Asia Freight Solutions (H.K.) Limited	Associate company	Freight income received	16

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8. BENEFITS AND INTERESTS OF DIRECTORS (CONT'D)

(b) Directors' material interests in transactions, arrangement or contracts (cont'd)

Identity of related parties	Nature of related party relationship	Type of transactions	Volume of transactions HKD
Unique Logistics International Philippines Inc.	Associate company	Freight income received	3,548
Unique International Logistics (M) Sdn. Bhd.	Associate company	Freight income received Freight charges paid	36,353 (140)
Unique Logistics International (Shanghai) Co., Ltd.	Associate company	Freight charges paid	(13,034)
P.T. Unique Logistics International Indonesia	Associate company	Freight income received Freight charges paid	16,121 (20,892)

9. PROPERTY AND EQUIPMENT

	Office Equipment HKD	Furniture and fixtures HKD	Total HKD
Cost:			
At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	48,842	2,565	51,407
Accumulated depreciation:			
At 1 January 2020	46,223	2,565	48,788
Charge for the year	582	-	582
At 31 December 2020 and 1 January 2021	46,805	2,565	49,370
Charge for the year	582	-	582
At 31 December 2021	47,387	2,565	49,952
Carrying value:			
At 31 December 2021	1,455	-	1,455
At 31 December 2020	2,037	-	2,037

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10. TRADE RECEIVABLES

Trade receivables are expected to be recovered within one year.

Trade receivables represented by:

	<u>2021</u>	<u>2020</u>
	HKD	HKD
- Immediate holding company	117	1,533
- Fellow subsidiaries	18,482,540	15,190,782
- Related companies	13,820,888	13,912,873
- Third parties	4,500,670	4,293,970
	<u>36,804,215</u>	<u>33,399,158</u>

Included in trade receivables are the following amounts denominated in currencies other than the Company's functional currency:

	<u>2021</u>	<u>2020</u>
	HKD	HKD
Renminbi	804,468	406,369
United States Dollars	34,780,157	32,101,758
Euro Dollars	-	(70,400)

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired related to a number of independent customers that have a good track record with the Company. Based on past experience, management believes that no loss allowance for ECL is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are considered fully recoverable. The Company does not hold any collateral over these balances

11. AMOUNTS DUE FROM RELATED PARTIES

	<u>2021</u>	<u>2020</u>
	HKD	HKD
Amount due from related parties		
- member	229,669	-
- fellow subsidiary	90,703	-
	<u>320,372</u>	<u>-</u>

The balances with related parties are in nature of current account, are unsecured, interest-free and have no fixed terms of repayment.

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12. CASH AND CASH EQUIVALENTS

	<u>2021</u> HKD	<u>2020</u> HKD
Cash at bank and in hand	3,313,879	998,943
Bank overdrafts (note 14)	(10,967,974)	(10,981,233)
Cash and cash equivalents in the statement of cash flows	<u>(7,654,095)</u>	<u>(9,982,290)</u>

Cash at bank earns interest at floating interest rates based on daily bank deposit rates.

Included in cash and cash equivalents are the following amounts denominated in currencies other than the Company's functional currency:

	<u>2021</u> HKD	<u>2020</u> HKD
United States Dollars	2,551,732	545,201
Renminbi	<u>188,713</u>	<u>88,920</u>

13. TRADE PAYABLES

Trade payables are expected to be settled within one year.

The trade payables represented by:

	<u>2021</u> HKD	<u>2020</u> HKD
Trade payables		
- Immediate holding company	198,786	33,109
- Fellow subsidiaries	3,541,884	12,389,450
- Related companies	2,015,091	1,261,890
- Third parties	3,721,436	2,730,500
	<u>9,477,197</u>	<u>16,414,949</u>

Included in trade payables are the following amounts denominated in currencies other than the Company's functional currency:

	<u>2021</u> HKD	<u>2020</u> HKD
United States Dollars	3,236,331	4,016,959
Renminbi	<u>5,996,001</u>	<u>12,221,392</u>

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14. **BANK OVERDRAFTS**

At 31 December 2021, the bank overdrafts were repayable within 1 year or on demand.

At 31 December 2021, the bank overdrafts were secured as follows:

	<u>2021</u> HKD	<u>2020</u> HKD
Secured bank overdrafts (note 12)	10,967,974	10,981,233

The secured bank overdrafts bear interest at 0.75% per annum over Prime Rate and the interest expenses was borne by a fellow subsidiary.

At 31 December 2021, the Company had general banking facilities of approximately HKD17 million (2020: HKD17 million), of which HKD6 million (2020: HKD6 million) are shared with a fellow subsidiary. These facilities are secured by the following:

- (i) pledged bank deposits of a fellow subsidiary;
- (ii) second legal charge over certain leasehold properties of a director;
- (iii) assignment of insurance policy in respect of certain leasehold properties of a director;
- (iv) guarantee and undertaking from ultimate holding company;
- (v) guarantee and undertaking from a director;
- (vi) guarantee and undertaking from immediate holding company;
- (vii) guarantee and undertaking from fellow subsidiaries.

15. **CAPITAL AND RESERVES AND DIVIDENDS**

(a) **Share capital**

	<u>2021</u>		<u>2020</u>	
	<u>Number of shares</u> A	<u>Amount</u> HKD	<u>Number of shares</u>	<u>Amount</u> HKD
Ordinary share, issued and fully paid:				
At 1 January and 31 December	<u>900,000</u>	<u>900,000</u>	<u>900,000</u>	<u>900,000</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

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15. CAPITAL AND RESERVES AND DIVIDENDS (CONT'D)

(b) Dividends

The directors have declared the following dividends during the year:

	<u>2021</u>	<u>2020</u>
	HKD	HKD
2019 final dividend of HKD1.17 per ordinary share declared on 7 January 202	1,051,743	-
2020 final dividend of HKD0.66 per ordinary share declared on 20 April 2022	592,221	-
2019 final dividend of HKD0.44 per ordinary share declared on 10 June 2020	-	397,620
	<u>1,643,964</u>	<u>397,620</u>

(c) Capital management

Capital comprises share capital and reserves stated in the statement of financial position. The Company's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders.

The Company manages capital by regularly monitoring its current and expected liquidity requirements rather than using debt/equity ratio analysis.

The Company is not subject to either internally or externally imposed capital requirements.

16. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, foreign currency and interest rate risks arises in the normal course of the Company's business. The Company's exposure to these risks and the financial risk management policies and practices used by the Company to manage these risks are described below.

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16. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (a) Credit risk

(a) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Company's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with high credit-rating assigned by international credit-rating agencies, for which the Company considers to have low credit risk.

Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 days from the date of billing.

The Company measures loss allowances for trade receivables at an amount equal to lifetime ECL, which is calculated using a provision matrix. As the Company's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Company's different customer bases. In the opinion of the directors, allowance for ECL was insignificant as at 31 December 2021.

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

(b) Liquidity risk

The Company's policy is to regularly monitor its current and expected liquidity requirements to ensure that it maintains sufficient reserve of cash to meet its liquidity in the short and longer term.

All the Company's financial liabilities are due on demand or less than one year.

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16. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONT'D)

(c) Foreign currency risk

The Company's monetary assets and transactions are predominately in Hong Kong dollars, United States dollars and Renminbi. As Hong Kong dollar is pegged to United States dollar and there is insignificant fluctuation in the exchange rate between Hong Kong dollar and Renminbi, the Company does not expect any significant exposure to foreign currency risk.

(d) Interest rate risk

As the Company has no significant interest bearing assets and liabilities, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

(e) Categories of financial instruments at 31 December

	<u>2021</u> HKD	<u>2020</u> HKD
Financial assets:		
Financial assets at amortised cost	40,438,466	34,398,101
Financial liabilities:		
Financial liabilities at amortised cost	<u>23,973,586</u>	<u>28,684,590</u>

(f) Fair values

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2021 and 2020.

17. MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with key management personnel

All members of key management personnel are the directors of the Company, and the remuneration for them is disclosed in note 8(a).

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17. MATERIAL RELATED PARTY TRANSACTIONS (CONT'D)

(b) Transactions with other related parties

During the year, the Company entered into the following material related party transactions:

	<u>2021</u> HKD	<u>2020</u> HKD
<u>Immediate holding company</u>		
Administration and handling fee paid	270,000	270,000
Group fee paid	407,663	368,844
Corporate fee paid	126,527	143,242
<u>Fellow subsidiary companies</u>		
Freight income received	19,033,566	8,012,694
Freight charges paid	70,390,019	37,951,930
Loan interest expenses paid	18,282	-
<u>Related companies</u>		
Freight income received	174,524,743	71,618,423
Freight charges paid	<u>104,001,339</u>	<u>38,724,951</u>

Balances with related parties are disclosed in the statement of financial position and in notes 10, 11 and 13 to the financial statements.

18. ACCOUNTING ESTIMATES AND JUDGEMENTS

Note 16 contains information about the assumptions and their risk factors relating to financial instruments. Other key sources of estimates and judgements are as follows:

Impairment of trade receivables

The management of the Company estimates the amount of impairment loss for ECL on trade receivables based on the credit risk of trade receivables. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

As at 31 December 2021, the carrying amount of trade receivables is HKD36,804,215 with no allowance for doubtful debts (2020: HKD33,399,158 with no allowance for doubtful debts).

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 DETAILED INCOME STATEMENT
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	2021 HKD	2020 HKD
Freight income	237,965,127	102,745,214
Freight costs	(220,155,306)	(95,583,116)
Gross profit	17,809,821	7,162,098
Add: Other income		
Bank interest income	472	484
Sundry income	135,625	3,166
	136,097	3,650
Add: Other gains and losses - net exchange losses	(112,284)	(444,312)
Less: Expenditure (Appendix ii)		
Administrative expenses	4,164,678	1,866,567
Other operating expenses	901,717	635,948
	5,066,395	2,502,515
Profit from operations	12,767,239	4,218,921
Less: Finance costs (Appendix ii)	372,488	6,958
Profit before taxation	12,394,751	4,211,963

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OVERHEAD EXPENSES
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	<u>2021</u> HKD	<u>2020</u> HKD
Administrative expenses		
Computer expenses	136,940	81,654
Salaries and bonuses	3,817,572	1,575,357
Staff welfare	107,791	107,181
Telephone and facsimile	102,375	102,375
	<u>4,164,678</u>	<u>1,866,567</u>
Other administrative expenses		
Administration and handling fee	270,000	270,000
Auditor's remuneration	46,000	47,900
Bad debts	-	6,646
Bank charges	57,446	44,183
Business registration fee	250	250
Corporate fee	126,527	143,242
Depreciation	582	582
Entertainment	351,244	96,255
General expenses	619	249
Insurance	35,211	15,457
Legal and professional fees	10,500	6,500
Local travelling	-	420
Printing and stationery	312	1,551
Repairs and maintenance	3,026	2,713
	<u>901,717</u>	<u>635,948</u>
	<u>5,066,395</u>	<u>2,502,515</u>
Finance costs		
Bank loan interest	354,206	6,958
Other loan interest	18,282	-
	<u>372,488</u>	<u>6,958</u>

Auditor's Report**Shenzhen Unique Logistics International Limited**

The auditors' report and the accompanying financial statements are English translations of the Chinese auditors' report NO.<Shenming Dingsuo[2022]shenzi074>and the financial statements prepared under accounting principles and practices generally accepted in the People's Republic of China. These financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in other countries and jurisdictions. In case the English version does not conform to the Chinese version, the Chinese version prevails.

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Auditor's Report

To the Board of Directors of Shenzhen Unique Logistics International Limited

I. Opinion

We have audited the financial statements of Shenzhen Unique Logistics International Limited (hereafter referred to as "the Company"), which comprises the balance sheet as at 31 December 2021, the income statement, the cash flow statement, the statement of changes in owners' equity for the year then ended, and the notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the company's financial position as at 31 December 2021, and of its financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

II. Basis for Opinion

We conducted our audit in accordance with Chinese Standards on Auditing (CSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

III. Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management of the Company (hereafter referred to as "Management") is responsible for the preparation and fair presentation of the financial statements in accordance with Accounting Standards of Business Enterprises, and for the design, implementation and maintenance of such internal control as management deem necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

IV. Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

SHENZHEN MINGDING CPA

Name of CPA : /s/ Zhang Hanbin

Shenzhen, China

Name of CPA : /s/ Huang Shaowei

8 April 2022

Balance Sheet
As at 31 December 2021

Prepared by : Shenzhen Unique Logistics International Limited

Currency: RMB

	Note	2021-12-31		2020-12-31		Note	2021-12-31		2020-12-31	
		Consolidated	Headquarters	Consolidated	Headquarters		Consolidated	Headquarters	Consolidated	Headquarters
Assets										
Current assets:										
Cash	6.1	24,872,460.58	19,446,022.12	7,159,403.96	6,441,204.28					
Financial assets at fair value through profit or loss										
Derivative financial assets										
Notes receivable										
Accounts receivable	6.2	87,346,224.00	75,855,472.53	54,232,136.84	43,279,460.23	Accounts payable	6.10	67,457,013.77	54,490,605.13	35,398,866.90
Accounts receivable financing						Advances from customers				-
Prepayments	6.3	109,056.19		152,162.63	30,884.88	Contract liabilities				
Other receivables	6.4	5,091,170.81	6,080,178.29	9,505,941.50	10,707,415.82	Employee benefits payable	6.11	1,868,641.86	1,347,577.73	883,622.10
Inventories						Taxes payable	6.12	1,413,757.42	781,023.64	1,232,956.79
Assets classified as held for sale						Other payables	6.13	14,864,247.93	14,418,424.89	4,795,274.81
Long-term debt investments due within one year						Liabilities classified as held for sale				
Other current assets						Long-term loans due within one year				
Total current assets		117,418,911.58	101,381,672.94	71,049,644.93	60,458,965.21	Other current liabilities				
Non-current assets:						Total current liabilities		85,603,660.98	71,037,631.39	42,310,720.60
Debt investments						Non-current liabilities:				
Other debt investments						Long-term borrowings				
Long-term receivables										
Long-term equity investments	6.5	1,100,000.00	1,100,000.00	1,100,000.00	1,100,000.00	Bonds payable				
Other equity instrument investment						Including: Preference share				
Other non-current financial assets						Perpetual capital securities				
Investment properties						Lease liability	6.14	3,899,923.42	3,492,290.02	
Fixed assets	6.6	864,366.90	807,759.74	658,980.79	577,400.27	Long-term payables				
Fixed assets under construction						Estimated liabilities				
Productive biological assets						Deferred income				
Oil and gas assets						Deferred tax liabilities				
Right-of-use assets	6.7	3,869,369.47	3,483,339.00			Other non-current liabilities				
Intangible assets	6.8	10,916.17	10,265.79	17,598.59	15,648.25	Total non-current liabilities		3,899,923.42	3,492,290.02	
Research and development expenditure						Total liabilities		89,503,584.40	74,529,921.41	42,310,720.60
Goodwill						Owners' equity				30,355,265.59

Long-term deferred expenses	6.9	145,714.73	55,825.73	434,269.01	279,128.45	Share capital	6.15	16,500,000.00	16,500,000.00	16,500,000.00	16,500,000.00
Deferred tax assets						Other equity instruments					
Other non-current assets						Capital reserves	6.16	49,708.79	49,708.79	49,708.79	49,708.79
Total non-current assets		5,990,367.27	5,457,190.26	2,210,848.39	1,972,176.97	Other comprehensive income					
						Specific reserves					
						Surplus reserves	6.17	2,261,509.49	2,261,509.49	1,636,042.26	1,636,042.26
						Retained earnings	6.18	15,094,476.17	13,497,723.51	12,764,021.67	13,890,125.54
						Total owners' equity		33,905,694.45	32,308,941.79	30,949,772.72	32,075,876.59
						Total liabilities and owners' equity					
Total assets		<u>123,409,278.85</u>	<u>106,838,863.20</u>	<u>73,260,493.32</u>	<u>62,431,142.18</u>			<u>123,409,278.85</u>	<u>106,838,863.20</u>	<u>73,260,493.32</u>	<u>62,431,142.18</u>

Legal Representative: Wong To,Thomas

Chief Financial Officer : Luo xiaohong

Finance Manager : Luo xiaohong

Income Statement
For the year ended 31 December 2021

Prepared by : Shenzhen Unique Logistics International Limitedby

Currency: RMB

Item	Note	2021		2020	
		Consolidated	Headquarters	Consolidated	Headquarters
I. Revenue	6.19	575,118,063.55	448,654,066.96	347,680,075.44	289,990,620.80
Less: Costs of sales	6.19	552,995,165.00	435,883,815.67	332,843,916.94	280,299,582.96
Taxes and surcharges	6.20	54,843.64	54,291.93	2,469.87	1,783.09
Selling expenses	6.21	611,699.00	611,699.00	628,583.00	628,583.00
General and administrative expenses	6.22	14,778,812.94	9,380,905.04	11,490,201.44	7,171,307.03
Research and development expenses					
Finance costs	6.23	33,448.02	-110,523.37	887,571.13	833,265.35
Including: Interest expense					
Interest income				26,955.29	21,336.33
Add: Other income					
Investment income/(losses)					
Including: Investment income from associates and joint ventures					
Gains/(losses) from derecognition of financial assets measured at amortised cost					
Income /(losses) from net exposure hedging					
Gains/(losses) from changes in fair values					
Impairment loss of credit					
Impairment loss of assets	6.24	-25,640.30	-	-12,344.30	-12,004.30
Gains/(losses) from disposal of assets		-	-	-	-
II. Profit/(loss) from operations		6,618,454.65	2,833,878.69	1,814,988.76	1,044,095.07
Add: Non-operating income	6.25	1,807,150.73	1,751,064.26	3,106,811.36	3,085,265.33
Less: Non-operating expenses	6.26	8,042.89	6,672.89	12,400.00	12,400.00
III. Profit/(loss) before tax		8,417,562.49	4,578,270.06	4,909,400.12	4,116,960.40
Less: Income tax expenses		2,162,890.18	1,081,445.08	1,260,845.47	630,422.72
IV. Net profit/(loss) for the year		6,254,672.31	3,496,824.98	3,648,554.65	3,486,537.68
Attributable to owners of the parent		6,254,672.31	3,496,824.98	3,648,554.65	3,486,537.68
Attributable to non-controlling interests		-	-	-	-
V. Other comprehensive income for the year, after tax		-	-	-	-
Basic earnings per share					
Diluted earnings per share					
VII. Total comprehensive income for the year		6,254,672.31	3,496,824.98	3,648,554.65	3,486,537.68

Legal Representative: Wong To,Thomas

Chief Financial Officer : Luo xiaohong

Finance Manager : Luo xiaohong

Cash Flow Statement
For the year ended 31 December 2021

Prepared by : Shenzhen Unique Logistics International Limited

Currency: RMB

Items	2021	2020
I. Cash flows from operating activities		
Cash received from the sale of goods and the rendering of services	556,487,720.20	329,134,696.24
Cash received from tax refund	1,774,426.95	3,045,644.21
Other cash received relating to operating activities	26,766.85	26,955.29
Subtotal of cash inflows from operating activities	558,288,914.00	332,207,295.74
Cash paid for goods and services	520,892,835.45	315,603,980.22
Cash paid to and for employees	9,786,324.73	8,163,771.48
Tax payments	2,569,797.08	97,126.26
Cash paid for other operating activities	7,058,347.78	3,991,606.73
Subtotal of cash outflows from operating activities	540,307,305.04	327,856,484.69
Net cash flows from operating activities	17,981,608.96	4,350,811.05
II. Cash flows from investing activities		
Cash received from disposal of investments		
Cash received from return on investments		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	37,168.14	420,000.00
Cash receipts relating to other investing activities		
Subtotal of cash inflows from investing activities	37,168.14	420,000.00
Cash paid to acquire fixed assets, intangible assets and other long-term assets	399,869.93	515,958.96
Cash paid to acquire investments		
Other cash payments relating to investing activities		
Subtotal of cash outflows from investing activities	399,869.93	515,958.96
Net cash flows from investing activities	-362,701.79	-95,958.96
III. Cash flows from financing activities		
Cash received from capital contributions		
Including: cash received by subsidiaries from minority shareholders' equity investments		
Cash received from borrowings		
Other cash received relating to financing activities		
Subtotal of cash inflows from financing activities		
Cash repayments of debts		
Cash payments for dividends, distribution of profit and interest expenses		
Including: dividends paid by subsidiaries to minority shareholders		
Cash paid for finance lease		
Other cash payments relating to financing activities		
Subtotal of cash outflows from financing activities		
Net cash flows from financing activities		
IV. Effect of foreign exchange rate changes on cash and cash equivalents	94,149.45	-845,647.18
V. Net increase / (decrease) in cash and cash equivalents	17,713,056.62	3,409,204.91
Plus: Cash and cash equivalents at the beginning of the period	7,159,403.96	3,750,199.05
VI. Cash and cash equivalents at the end of the period	24,872,460.58	7,159,403.96

Legal Representative: Wong To, Thomas

Chief Financial Officer : Luo xiaohong

Finance Manager : Luo xiaohong

Statement of Changes in Owners' Equity
For the year ended 31 December 2021

Prepared by : Shenzhen Unique Logistics International Limited

Currency: RMB

Item	2021							2021						
	Consolidated							Headquarters						
	Share capital	Capital reserves	Less: Treasury stock	Surplus reserves	General risk reserves	Retained earnings	Total owners' equity	Share capital	Capital reserves	Less: Treasury stock	Surplus reserves	General risk reserves	Retained earnings	Total owners' equity
I. Balance at 31 December 2020	16,500,000.00	49,708.79	-	1,636,042.26	-	12,764,021.67	30,949,772.72	16,500,000.00	49,708.79	-	1,636,042.26	-	13,890,125.54	32,075,876.59
Add : Changes in accounting policy						-48,750.58	-48,750.58						-13,759.78	-13,759.78
Correction of prior period errors														-
Changes in the scope of consolidation														-
II. Balance at 1 January 2021	16,500,000.00	49,708.79	-	1,636,042.26		12,715,271.09	30,901,022.14	16,500,000.00	49,708.79	-	1,636,042.26	-	13,876,365.76	32,062,116.81
III. Changes in equity during the reporting period	-	-	-	625,467.23	-	2,379,205.08	3,004,672.31				625,467.23		-378,642.25	246,824.98
(i) Total comprehensive income	-	-	-	-	-	6,254,672.31	6,254,672.31						3,496,824.98	3,496,824.98
(ii) Capital contributions or withdrawals by owners	-	-	-	-	-	-	-							-
1. Ordinary shares contributed by shareholders														-
2 . Capital contributed by holders of other equity instruments														-
3 . Share-based payments recognised in owners' equity														-
4 . Others														-
(iii) Profit distribution	-	-	-	625,467.23	-3,875,467.23	-3,250,000.00	-3,250,000.00				625,467.23		-3,875,467.23	-3,250,000.00
1 . Withdrawal of surplus reserves				625,467.23	-625,467.23	-	-				625,467.23		-625,467.23	-
2 . Profit distribution to owners (or shareholders)						-3,250,000.00	-3,250,000.00						-3,250,000.00	-3,250,000.00
3 . Others														-
(iv) Transfer between owners' equity	-	-	-	-	-	-	-							-
1 . Capital reserves transfer to share capital														-
2 . Surplus reserves transfer to share capital														-
3 . Surplus reserves used to cover accumulated deficits														-
4. Others														-
IV. Balance at 31 December 2021	16,500,000.00	49,708.79	-	2,261,509.49	-	15,094,476.17	33,905,694.45	16,500,000.00	49,708.79	-	2,261,509.49	-	13,497,723.51	32,308,941.79

Legal Representative: Wong To,Thomas

Chief Financial Officer : Luo xiaohong

Finance Manager : Luo xiaohong

Statement of Changes in Owners' Equity
For the year ended 31 December 2020

Prepared by : Shenzhen Unique Logistics International Limited

Currency: RMB

Item	2020							2020						
	Consolidated							Headquarters						
	Share capital	Capital reserves	Less: Treasury stock	Surplus reserves	General risk reserves	Retained earnings	Total owners' equity	Share capital	Capital reserves	Less: Treasury stock	Surplus reserves	General risk reserves	Retained earnings	Total owners' equity
I. Balance at 31 December 2019	16,500,000.00	49,708.79		1,271,186.79		9,480,322.49	27,301,218.07	16,500,000.00	49,708.79		1,271,186.79		10,768,443.33	30,316,312.70
Add : Changes in accounting policy														
Correction of prior period errors														
Changes in the scope of consolidation														
II. Balance at 1 January 2020	16,500,000.00	49,708.79		1,271,186.79		9,480,322.49	27,301,218.07	16,500,000.00	49,708.79		1,271,186.79		10,768,443.33	28,589,338.91
III. Changes in equity during the reporting period				364,855.47		3,283,699.18	3,648,554.65				364,855.47		3,121,682.21	3,486,537.68
(i) Total comprehensive income						3,648,554.65	3,648,554.65						3,486,537.68	3,486,537.68
(ii) Capital contributions or withdrawals by owners														
1. Ordinary shares contributed by shareholders														
2 . Capital contributed by holders of other equity instruments														
3 . Share-based payments recognised in owners' equity														
4 . Others														
(iii) Profit distribution				364,855.47		-364,855.47					364,855.47		-364,855.47	
1 . Withdrawal of surplus reserves				364,855.47		-364,855.47					364,855.47		-364,855.47	
2 . Profit distribution to owners (or shareholders)														
3 . Others														
(iv) Transfer between owners' equity														
1 . Capital reserves transfer to share capital														
2 . Surplus reserves transfer to share capital														
3 . Surplus reserves used to cover accumulated deficits														
4. Others														
IV. Balance at 31 December 2020	16,500,000.00	49,708.79		1,636,042.26		12,764,021.67	30,949,772.72	16,500,000.00	49,708.79		1,636,042.26		13,890,125.54	32,075,876.59

Legal Representative: Wong To,Thomas

Chief Financial Officer : Luo xiaohong

Finance Manager : Luo xiaohong

Shenzhen Unique Logistics International Limited
Notes to the Financial Statements
For the year ended 31 December 2021
(All amounts are expressed in Renminbi Yuan(“RMB”)unless otherwise stated)

1. BASIC INFORMATION ABOUT THE COMPANY

Shenzhen Unique Logistics International Limited (“the Company”) was established on November 3, 2004, upon approval of the Ministry of Commerce of the People’s Republic of China with the approval documents, the Ministry of Commerce Capital approval No. [1667]. On November 8, 2004, the Company received the Approval certificate of Taiwan, Hong Kong, Macao and overseas Chinese investment enterprises of the People’s Republic of China with the code of Foreign Capital Approval NO. A[2004]0201”, and was formally established on December 3, 2004 as a sole proprietorship (Hong Kong-owned) enterprise. The unified social credit code is 91440300717853000C, and the operating period is 40 years.

According to the Company’s board of directors’ resolution on October 10, 2007 and the revised articles of association, ATE Unique Consolidators Limited, the Company’s original shareholder, transferred its shares to Unique Logistics International (HK) Limited. The change was approved and registered by Shenzhen Administration for Industry and Commerce on June 21, 2008.

The Company’s business scopes include international import and export cargo air and ocean freight agency services, including: soliciting cargo, booking space, warehousing, transit, container assembly and unpacking, settlement of freight and miscellaneous charges, customs declaration, inspection, insurance, international exhibits, multimodal transportation and other short-distance transportation and transportation consulting related services.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Basis of Preparation

Based on going concern, according to actually occurred transactions and events, the Company prepares its financial statements in accordance with the Accounting Standards for Business Enterprises – Basic standards and concrete accounting standards, Accounting Standards for Business Enterprises – Application Guidelines, Accounting Standards for Business Enterprises – Interpretations and other relevant provisions (collectively known as “Accounting Standards for Business Enterprises, issued by Ministry of Finance of PRC”).

2.2 Going Concern

The Company has assessed its ability to continually operate for the next twelve months from the end of the reporting period, and no any matters that may result in doubt on its ability as a going concern were noted. Therefore, it is reasonable for the Company to prepare financial statements on the going concern basis.

3. Statement of Compliance with the Accounting Standards for Business Enterprises

The Company prepares its financial statements in accordance with the requirements of the Accounting Standards for Business Enterprises, truly and completely reflecting the Company's financial position as at December 31, 2021, and its operating results, changes in shareholders' equity, cash flows and other related information for the year then ended.

4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

4.1 Accounting system

The Company prepares its financial statements in accordance with the Accounting Standards for Business Enterprises – Basic standards and concrete accounting standards, Accounting Standards for Business Enterprises – Application Guidelines, Accounting Standards for Business Enterprises – Interpretations and other relevant provisions (collectively known as “Accounting Standards for Business Enterprises, issued by Ministry of Finance of PRC”).

4.2 Accounting Period

The accounting year of the Company is from January 1 to December 31 in calendar year.

4.3 Operating Cycle

The normal operating cycle of the Company is twelve months.

4.4 Functional Currency

The Company's functional currency is Renminbi Yuan (“RMB”).

4.5 Accounting basis and pricing principles

The Company's accounting is based on the accrual basis. Except for certain financial instruments, the financial statements use historical cost as the pricing principle. The Company needs to recognize impairment provision if an asset is impaired.

4.6 Accounting method of foreign currency business

For non-functional currency economic transactions that occur during the year, they are converted into the functional currency at the exchange rate on the day when the business occurs. At the end of the year, the exchange difference arising from the settlement of these transactions and the conversion of monetary assets and liabilities in foreign currencies at the year-end exchange rate, except for the exchange difference between the principal and interest of foreign currency special borrowings related to the acquisition and construction of assets that meet the conditions for capitalization. In addition, it is recorded in the current year's profit and loss account; foreign currency non-monetary items measured at historical cost are still converted at the spot exchange rate on the transaction date, and their RMB amount is not changed; foreign currency non-monetary items measured at fair value are determined by fair value, the spot exchange rate of the day is converted, and the difference is included in the current profit and loss or other comprehensive income.

4.7 Cash and Cash Equivalents

Cash in the cash flow statement refers to the company's cash in hand and deposits that can be used for payment at any time. Cash equivalents refer to investments held with short term, strong liquidity, easy conversion into known amount of cash, and low risk of value changes, etc., which are regarded as cash equivalents. Including short-term bond investments that can be circulated in the securities market and mature within three months from the date of purchase.

4.8 Bad debt accounting method

(i) The company's bad debt method is :

The debtor goes bankrupt or dies, and it still cannot be recovered after paying off with his bankrupt property or inheritance;

Receivables that the debtor has not fulfilled the repayment obligations for more than three years and has conclusive evidence that it cannot be recovered;

Objective evidence shows that the company will not be able to recover all due payments in accordance with the original terms of the accounts receivable.

(ii) Method of provision for bad debts:

The company adopts the allowance method for the provision of bad debts.

4.9 Financial Instruments

(i) Classification and measurement of financial assets and financial liabilities

Financial assets are divided into the following four categories at the time of initial recognition: Financial assets measured at fair value and whose changes are included in the current profit and loss (including transactional financial assets and financial assets designated as fair value and whose changes are included in the current profit and loss) , Held-to-maturity investments, loans and receivables, available-for-sale financial assets.

Financial liabilities are divided into the following two categories at the time of initial recognition: financial liabilities measured at fair value and whose changes are included in the current profit and loss (including transactional financial liabilities and financial liabilities designated as fair value and whose changes are included in the current profit and loss) , Other financial liabilities.

(ii) Recognition basis, measurement method and termination conditions of financial assets and financial liabilities

When the company becomes a party to a financial instrument contract, a financial asset or financial liability is recognized. When financial assets or financial liabilities are initially recognized, they are measured at fair value; for financial assets and financial liabilities that are measured at fair value and whose changes are included in the current profit and loss, the relevant transaction costs are directly included in the current profit and loss; for other types of financial assets or financial Liabilities, related transaction costs are included in the initial confirmation amount.

The company conducts subsequent measurement of financial assets at fair value, and does not deduct transaction costs that may occur when the financial asset is disposed of in the future, except for the following circumstances: A. The actual interest rate is used for held-to-maturity investments and loans and receivables Method, measured at amortized cost; B. Equity instrument investments that are not quoted in an active market and whose fair value cannot be reliably measured, and derivative financial assets that are linked to the equity instrument and must be settled by the delivery of the equity instrument, are measured at cost .

The company adopts the effective interest method to carry out subsequent measurement of financial liabilities based on amortized cost, except for the following circumstances: A. Financial liabilities measured at fair value and whose changes are included in the current profit and loss are measured at fair value without deduction for future settlement Transaction costs that may occur during financial liabilities; B. Derivative financial liabilities that are linked to equity instruments that are not quoted in an active market and whose fair value cannot be reliably measured and that must be settled by the delivery of the equity instruments are measured at cost; C. Not designated A financial guarantee contract for a financial liability that is measured at fair value and whose changes are included in the current profit and loss, or is not designated as a loan commitment that is measured at fair value and whose changes are included in the current profit and loss and will be loaned at a lower than market interest rate, which is initially recognized Subsequent measurement shall be carried out according to the higher of the following two amounts: a. The amount determined in accordance with the “Accounting Standards for Business Enterprises No. 13-Contingent Events”; b. The deduction of the initial recognized amount shall be in accordance with the “Accounting Standards for Business Enterprises No. 14 ——The balance after the accumulated amortization determined by the principle of “Income”.

The gains or losses arising from changes in the fair value of financial assets or financial liabilities shall be dealt with in accordance with the following methods, except those related to hedging: A. The changes in the fair value of financial assets or financial liabilities that are measured at fair value and whose changes are included in the current profits and losses are formed. The gains or losses of the assets shall be included in the gains and losses from changes in fair value; the interest or cash dividends obtained during the asset holding period shall be recognized as investment income; at the time of disposal, the difference between the actual amount received and the initial recorded amount shall be recognized as investment income, while adjusting the gains and losses from changes in fair value. B. Changes in the fair value of available-for-sale financial assets are included in other comprehensive income; interest calculated based on the actual interest rate method during the holding period is included in investment income; cash dividends for investment in available-for-sale equity instruments are declared as dividends in the investee. At the time of disposal, the difference between the actual amount received and the book value after deducting the cumulative amount of changes in fair value originally directly included in other comprehensive income is recognized as investment income.

When the contractual right to receive the cash flow of a financial asset has terminated or almost all the risks and rewards of the ownership of the financial asset have been transferred, the financial asset is derecognized; when the current obligation of the financial liability is completely or partially discharged, the recognition is terminated accordingly. The financial liability or part of it.

(iii) Recognition basis and measurement method of financial asset transfer

If the company has transferred almost all the risks and rewards in the ownership of financial assets to the transferee, it will terminate the confirmation of the financial assets; if it has retained almost all the risks and rewards in the ownership of the financial assets, continue to confirm the transferred financial assets, and the received consideration is recognized as a financial liability. If the company neither transfers nor retains almost all the risks and rewards of the ownership of the financial assets, the following situations shall be dealt with respectively: A. If the control of the financial asset is abandoned, the recognition of the financial asset shall be terminated;

B. The control of the financial asset has not been given up. If the financial assets are transferred, the relevant financial assets shall be recognized according to the degree of continued involvement in the transferred financial assets, and the relevant liabilities shall be recognized accordingly.

If the overall transfer of financial assets meets the conditions for termination of confirmation, the difference between the following two amounts is included in the current profit and loss: A. The book value of the transferred financial assets; B. The consideration received due to the transfer is directly included in the owner's equity. The sum of the cumulative amount of changes in fair value. If the partial transfer of financial assets meets the conditions for termination of confirmation, the book value of the entire transferred financial assets will be allocated between the derecognized part and the untermiated part according to their respective relative fair values, and the difference between the following two amounts will be calculated In the current profit and loss: A. The book value of the derecognized part; B. The consideration of the derecognized part, and the sum of the amount of the corresponding derecognized part in the accumulated amount of fair value changes originally directly included in the owner's equity.

(iv) Methods for determining the fair value of major financial assets and financial liabilities

For financial assets or financial liabilities in an active market, the fair value of the financial assets or financial liabilities is determined based on the quoted prices in the active market; for financial assets or financial liabilities that do not exist in an active market, valuation techniques are used (including reference to the recent market conducted by parties who are familiar with the situation and willingly trade. The price used in the transaction, the current fair value of other financial instruments that are substantially the same, the discounted cash flow method and the option pricing model, etc.) are used to determine the fair value; the financial assets or financial liabilities assumed initially. The market transaction price serves as the basis for determining its fair value.

(v) Impairment testing of financial assets and the method of provision for impairment

On the balance sheet date, the book value of financial assets other than financial assets that are measured at fair value and whose changes are included in the current profit and loss are checked. If there is objective evidence that the financial asset is impaired, an impairment provision is made.

Individually significant financial assets shall be tested for impairment separately; for financial assets with insignificant individual amounts, they may be tested separately, or included in a portfolio of financial assets with similar credit risk characteristics for impairment testing; separate tests have not been conducted. Financial assets that are impaired (including financial assets with significant and insignificant individual amounts) are included in a combination of financial assets with similar credit risk characteristics and then tested for impairment.

For a financial asset measured at amortized cost, if there is objective evidence showing that it has been impaired at the end of the period, the impairment loss shall be recognized based on the difference between its book value and the present value of expected future cash flows. When there is no quotation in the active market and the fair value of which cannot be reliably measured, or the derivative financial asset that is linked to the equity instrument and needs to be settled by the delivery of the equity instrument is impaired, the equity instrument investment or derivative financial asset The difference between the book value of similar financial assets and the current value determined by discounting future cash flows based on the current market rate of return of similar financial assets is recognized as an impairment loss.

The fair value of available-for-sale financial assets has experienced a significant decline, or after comprehensive consideration of various relevant factors, this decline is expected to be non-temporary, the impairment loss is recognized and the original is directly included in the owner's equity The accumulated loss of fair value of the company is transferred out and included in the impairment loss.

4.10 Long-term Equity Investments (i) Determination of investment cost

A. In the case of a business combination under the same control, if the merging party pays cash, transfers non-cash assets, assumes debts, or issues equity securities as the merger consideration, the merger shall be based on the owner's equity of the merged party in the final controlling party's financial consolidation on the date of merger. The share of the book value in the statement is used as its initial investment cost. The difference between the initial investment cost of long-term equity investment and the book value of the combined consideration paid or the total face value of the issued shares adjusts the capital reserve (capital premium or equity premium); if the capital reserve is insufficient to offset, adjust the retained earnings.

If a business combination under the same control is realized step by step, the initial investment cost of the investment shall be the share of the book owner's equity of the combined party calculated on the date of the combination calculated based on the shareholding ratio. The difference between the initial investment cost and the book value of the original long-term equity investment plus the fair value of the new payment consideration on the date of the merger, adjust the capital reserve (capital premium or equity premium), if the capital reserve is insufficient to offset, offset retained earnings.

B. In the case of a business combination not under the same control, the fair value of the combined consideration paid on the purchase date shall be the initial investment cost.

C. Except for the formation of a business combination: if it is obtained by paying cash, the actual purchase price paid shall be used as its initial investment cost; if it is obtained by issuing equity securities, the fair value of the issued equity securities shall be used as its initial investment cost; investment The initial investment cost shall be the value stipulated in the investment contract or agreement (except for the unfair value stipulated in the contract or agreement).

(ii) Subsequent measurement and profit and loss confirmation method

The long-term equity investment that the company can control over the investee is accounted for using the cost method in the company's individual financial statements; for long-term equity investments that have joint control or significant influence, the equity method is used for accounting.

When the cost method is adopted, long-term equity investments are priced at the initial investment cost. Except for the actual payment when the investment is obtained or the declared but unpaid cash dividends or profits included in the consideration, it is based on the cash dividends or cash dividends declared to be distributed by the invested entity. Profit is recognized as current investment income, and at the same time, whether long-term investment is impaired is considered in accordance with the relevant asset impairment policy.

When the equity method is adopted, if the initial investment cost of a long-term equity investment is greater than the fair value of the investee's identifiable net assets at the time of investment, it is included in the initial investment cost of the long-term equity investment; the initial investment cost of the long-term equity investment is less than the initial investment cost of the investment. If the investee has a share of the fair value of the identifiable net assets of the investee, the difference shall be included in the current profit and loss, and the cost of long-term equity investment shall be adjusted at the same time.

When the equity method is adopted, after obtaining a long-term equity investment, the investment gains and losses shall be confirmed and the book value of the long-term equity investment shall be adjusted according to the share of the net profits and losses realized by the invested entity that shall be enjoyed or shared. When confirming the share of the net profit and loss of the investee, it is based on the fair value of the identifiable assets of the investee when the investment is obtained, in accordance with the company's accounting policy and accounting period, and offsets with associates and joint ventures. The profit and loss of internal transactions between enterprises is calculated based on the shareholding ratio attributable to the investment enterprise (but internal transaction losses are asset impairment losses, should be fully recognized), and the net profit of the invested unit is adjusted and confirmed. Calculate the portion that should be distributed according to the declared profit or cash dividends of the invested entity, and reduce the book value of the long-term equity investment accordingly. The company recognizes the net loss incurred by the investee, and the book value of the long-term equity investment and other long-term equity that actually constitute the net investment in the investee is written down to zero, unless the company is liable for additional loss obligations. For other changes in the owner's equity of the investee in addition to the net profit and loss, the book value of the long-term equity investment is adjusted and included in the owner's equity.

(iii) Determining the basis for controlling and significant influence on the investee

Control refers to having the power over the investee, enjoying variable returns by participating in the relevant activities of the investee, and having the ability to use the power over the investee to affect the amount of return; significant impact refers to the investor's. The unit's financial and operating policies have the power to participate in decision-making, but cannot control or jointly control the formulation of these policies with other parties.

(iv) Disposal of long-term equity investments

A. Partial disposal of long-term equity investments in subsidiaries without losing control

When the long-term equity investment in a subsidiary is partially disposed of without losing control, the difference between the disposal price and the corresponding book value of the disposed investment shall be recognized as the current investment income.

B. Part of the disposal of equity investment or loss of control of the subsidiary due to other reasons

Part of the disposal of equity investment or loss of control of the subsidiary due to other reasons, for the disposal of equity, the book value of the long-term equity investment corresponding to the sold equity shall be carried forward, and the price of the sale shall be between the book value of the disposal of the long-term equity investment. The difference shall be recognized as investment income (loss); at the same time, the remaining equity shall be recognized as long-term equity investment or other related financial assets based on its book value. If the remaining equity after disposal can exercise joint control or have a significant influence on the subsidiary, it shall be accounted for in accordance with the relevant regulations on the conversion of the cost method to the equity method.

(v) Impairment test method and impairment provision accrual method

For investments in subsidiaries, associates and joint ventures, if there is objective evidence showing that they are impaired on the balance sheet date, the corresponding impairment provision shall be made based on the difference between the book value and the recoverable amount.

4.11 Fixed Assets

(i) Recognition criteria of fixed assets

Fixed assets refer to tangible assets held for the purpose of producing commodities, providing labor services, renting or operating management, and with a service life of more than one fiscal year. Fixed assets are recognized when the following conditions are met at the same time: A. The economic benefits related to the fixed assets are likely to flow into the enterprise; B. The cost of the fixed assets can be reliably measured.

(ii) Depreciation method

The company's fixed asset depreciation is calculated using the straight-line method (dynamic average method), and the annual classification depreciation rate is determined as follows according to the original price of the fixed asset category, the estimated economic useful life and the 0%-10% residual value rate:

Category	Estimated useful life (year)	Residual rates (%)	Annual depreciation rates (%)
Office equipment	5	10	18
Vehicles	5	10	18

4.12 Construction in Progress

(i) Classification of construction in progress

The construction in progress built by the company is priced at the actual cost. The actual cost consists of the necessary expenditures incurred before the construction of the asset reaches the expected usable state, including the cost of construction materials, labor costs, relevant taxes and fees payable, and Capitalized borrowing costs and indirect costs that should be apportioned. The company's construction in progress is accounted for by project classification.

(ii) Standards and time points for the transfer of construction in progress to fixed assets

Construction in progress projects are based on all the expenditures incurred before the construction of the asset reaches the expected usable state as the entry value of the fixed asset. If the construction of fixed assets under construction has reached the expected usable status, but the final accounts for completion have not yet been processed, from the date of reaching the expected usable status, the estimated value will be transferred to the fixed asset based on the project budget, cost, or actual project cost, etc. Assets, and depreciation of fixed assets is accrued in accordance with the company's fixed asset depreciation policy. After the completion of the final accounts, the original temporary estimated value will be adjusted according to the actual cost, but the original depreciation amount will not be adjusted.

4.13 Intangible Assets

(i) Valuation method, service life, impairment test

A. Initial measurement of intangible assets

The cost of outsourcing intangible assets includes the purchase price, relevant taxes, and other expenditures directly attributable to the asset's intended use. If the purchase price of intangible assets is delayed beyond normal credit conditions and is of financing nature, the cost of intangible assets is determined on the basis of the current value of the purchase price.

The cost of intangible assets developed internally includes: materials used in the development of the intangible asset, labor costs, registration fees, amortization of other patents and franchises used in the development process, and interest expenses that meet the capitalization conditions. And other direct expenses incurred before the intangible asset reaches its intended use.

B. Subsequent measurement of intangible assets

The company analyzes and judges the service life of intangible assets when it obtains them, and divides them into intangible assets with limited service life and uncertain service life.

a. Intangible assets with limited service life

For intangible assets with a limited service life, they are amortized on a straight-line basis during the period that they bring economic benefits to the enterprise. The service life is determined according to the expected service life.

At the end of each period, the service life and amortization method of intangible assets with a limited service life are reviewed, and if there is a difference with the original estimate, corresponding adjustments are made.

After review, the useful life and amortization method of intangible assets at the end of the current period are not different from previous estimates.

b. Intangible assets with uncertain service life

If it is impossible to foresee the period in which intangible assets will bring economic benefits to the enterprise, they shall be regarded as intangible assets with an indefinite useful life.

For intangible assets with uncertain service life, they are not amortized during the holding period, and the service life of intangible assets is reviewed at the end of each period. If it is still uncertain after rechecking at the end of the period, the impairment test shall be continued in each accounting period.

After review, the company has no intangible assets with uncertain service life at the end of the period.

(ii) Accounting Policy for Internal Research and Development Expenditure

A. The specific criteria for dividing the research phase and development phase of the company's internal research and development projects

The company's internal research and development project expenditure is divided into research phase expenditure and development phase expenditure:

a. Research stage: the stage of original planned investigations and research activities in order to acquire and understand new scientific or technical knowledge, etc.

b. Development stage: before commercial production or use, the research results or other knowledge are applied to a certain plan or design to produce new or substantially improved materials, devices, products and other activities.

Expenditures in the research phase of internal research and development projects are included in the current profits and losses when they occur.

B. Expenditure in the development phase meets the specific criteria for capitalization

Expenditures in the development stage of internal research and development projects are recognized as intangible assets when the following conditions are met at the same time:

a. It is technically feasible to complete the intangible asset so that it can be used or sold;

b. Have the intention to complete the intangible asset and use or sell it;

- c. The way intangible assets generate economic benefits, including the ability to prove that the products produced by the intangible assets exist in the market or the intangible assets themselves exist in the market, and the intangible assets will be used internally, which can prove their usefulness;
- d. Have sufficient technical, financial and other resource support to complete the development of the intangible asset and have the ability to use or sell the intangible asset;
- e. The expenditure attributable to the development stage of the intangible asset can be reliably measured.

Expenditures in the development phase that do not meet the above conditions shall be included in the current profit and loss when incurred. Development expenditures that have been included in profit and loss in previous periods will not be re-recognized as assets in subsequent periods. Expenditures in the development phase that have been capitalized are listed as development expenditures on the balance sheet, and are converted to intangible assets from the day when the project reaches its intended use.

4.14 Impairment of Long-Term Assets

(i) Long-term equity investment, fixed assets, construction in progress, intangible assets, goodwill and other long-term assets impairment testing methods and accounting treatment methods:

A. The company is based on whether there is any sign of possible impairment of individual assets on the balance sheet date. If there are signs of impairment, conduct an impairment test to estimate the recoverable amount of the asset. If the recoverable amount of the asset is lower than its book value, the book value of the asset is written down to the recoverable amount. The written down amount is recognized as an asset impairment loss and included in the current profit and loss, and the corresponding asset impairment provision is made at the same time. After the asset impairment loss is confirmed, the depreciation or amortization expenses of the impaired asset shall be adjusted accordingly in the future period, so that the asset's remaining useful life will be systematically amortized to the adjusted asset's book value (deducting the estimated net salvage value) . Once an asset impairment loss is recognized, it cannot be reversed in the subsequent accounting periods.

B. The following signs indicate that the asset may be impaired:

- a. The market price of assets fell sharply during the current period, and its decline was significantly higher than the expected decline due to the passage of time or normal use.

- b. The economic, technological or legal environment in which the company operates and the market in which the assets are located undergo major changes in the current period or in the near future, which will adversely affect the company.
- c. The market interest rate or return on investment in other markets has increased in the current period, which affects the company's discount rate for calculating the present value of the expected future cash flow of the asset, resulting in a substantial reduction in the recoverable amount of the asset.
- d. There is evidence that the asset is obsolete or its entity has been damaged.
- e. Assets have been or will be idle, terminated or planned to be disposed of in advance.
- f. The evidence reported by the company indicates that the economic performance of the asset has been lower than or will be lower than expected, such as the net cash flow created by the asset or the realized operating profit (or loss) is much lower (or higher) than the expected amount, etc.
- g. Other signs that the asset may have been impaired.

(ii) If there are signs that an asset may be impaired, the company shall estimate its recoverable amount based on the individual asset. If it is difficult for the company to estimate the recoverable amount of a single asset, it shall determine the recoverable amount of the asset group based on the asset group to which the asset belongs.

The identification of an asset group is based on whether the main cash inflow generated by the asset group is independent of the cash inflows of other assets or asset groups. At the same time, when determining the asset group, consider the way the company's management manages production and operation activities (for example, according to production line, business type, region or region, etc.) and

decision-making methods for the continued use or disposal of assets. Once the asset group is determined, it should be consistent across accounting periods and cannot be changed arbitrarily.

(iii) The goodwill formed by business combination and intangible assets with uncertain service life, regardless of whether there are signs of impairment, should be tested for impairment every year.

4.15 Employee Benefits

(i) Accounting treatment method of short-term salary

Short-term remuneration refers to the employee remuneration that the company needs to pay in full within twelve months after the end of the annual reporting period in which employees provide related services, excluding post-employment benefits and dismissal benefits. The company recognizes the short-term salary payable as a liability during the accounting period when the employees provide services, and includes them in the relevant asset costs and expenses based on the beneficiaries of the services provided by the employees. Among them, non-monetary benefits are measured at fair value.

(ii) Accounting treatment method for post-employment benefits

Post-employment benefits refer to the various forms of remuneration and benefits provided by the company after the employees retire or terminate the labor relationship with the company in order to obtain the services provided by the employees, except for short-term remuneration and dismissal benefits. Post-employment benefit plans are classified into defined contribution plans and defined benefit plans.

The post-employment welfare setting deposit plan is mainly to participate in the social basic old-age insurance and unemployment insurance organized and implemented by labor and social security institutions in various regions. During the accounting period when employees provide services to the company, the amount of deposits payable calculated according to the defined contribution plan is recognized as a liability and included in the current profit and loss or the cost of related assets.

After the company pays the above payments regularly in accordance with the standards and annuity plans prescribed by the state, it will no longer have other payment obligations.

(iii) Accounting treatment method for dismissal benefits

Dismissal benefits refer to the compensation given to employees by the company to terminate the labor relationship with employees before the expiration of the labor contract of the employees, or to encourage employees to voluntarily accept the reduction, and shall be included in the current profits and losses in the current period.

4.16 Revenue

The company confirms the realization of operating income in accordance with the following regulations, and records the realized income in the current profit and loss.

(i) If the labor service provided by the company starts and is completed in the same fiscal year, the realization of operating income is confirmed when the labor service has been provided, the price is received, or evidence of the price is obtained; the start and completion of the labor service belong to different accounting years , When the total revenue of the labor service contract and the completion degree of the labor service can be reliably determined, the price related to the transaction can flow in, and the cost incurred and the cost to be incurred to complete the labor service can be reliably measured, the operating income is recognized by the percentage of completion method. The realization of long-term contract projects when the contract results can be reasonably foreseen, the realization of operating income shall be confirmed according to the percentage method of the progress of the completed project at the time of closing; otherwise, the income shall be confirmed according to the amount of labor cost that has occurred and is expected to be compensated.

(ii) For the sale of goods, the company has transferred the main risks and rewards in the ownership of the goods to the purchaser, the company no longer exercises the right to continue management and actual control of the goods, and the relevant income has been received or received. When the cost related to the sale of the product can be reliably measured, the realization of operating income is recognized.

(iii) To provide other people with the use of the intangible assets of the enterprise and other receivable royalties income, calculate and confirm the realization of operating income according to the charging time and method stipulated in the relevant contracts and agreements.

4.17 Government Grants

(i) Government subsidies are confirmed when they meet the conditions attached to the government subsidies and can be received.

(ii) Government subsidies for monetary assets are measured according to the amount received or receivable. Government grants for non-monetary assets shall be measured at fair value; if the fair value cannot be obtained reliably, it shall be measured at a nominal amount of RMB 1 yuan.

(iii) Asset-related government subsidies refer to government subsidies obtained by the company for purchase and construction or to form long-term assets in other ways; otherwise, they are government subsidies related to income.

(iv) If the government document does not clearly specify the subsidy object, and can form long-term assets, the part of the government subsidy corresponding to the asset value is regarded as the government subsidy related to the asset, and the remaining part is regarded as the government subsidy related to the income; it is difficult to distinguish, Take government subsidies as a whole as government subsidies related to income.

(v) Government subsidies related to assets, which offset the book value of related assets, or are recognized as deferred income, shall be included in profit and loss in installments according to a reasonable and systematic method during the useful life of the related assets. Government subsidies related to income, if used to compensate related costs or losses that have occurred, are included in the current profit and loss or offset related costs; if they are used to compensate for related costs or losses in subsequent periods, they are included in deferred income. In the period when the relevant costs or losses are recognized, they are included in the current profits and losses or offset the relevant costs. Government subsidies measured at their nominal amounts are directly included in the current profits and losses. The company adopts the same method to deal with the same or similar government subsidy business.

(vi) Government subsidies related to daily activities are included in other income or offset related costs according to the nature of economic business. Government subsidies not related to daily activities are included in non-operating income and expenditure.

(vii) When the confirmed government subsidy needs to be returned, if the book value of the relevant asset is offset at the initial recognition, the book value of the asset is adjusted; if there is a relevant deferred income balance, the book balance of the relevant deferred income is offset, and the excess is included in the current period Profit and loss; in other circumstances, it is directly included in the current profit and loss.

(viii) Obtained policy-based preferential loan interest discounts, if the finance allocates the interest-subsidized funds to the lending bank, the actual loan amount received is used as the entry value of the loan, and the borrowing costs are calculated based on the loan principal and the policy preferential interest rate. If the finance directly allocates the interest subsidy funds to the company, the interest subsidy will reduce the borrowing costs.

4.18 Deferred income tax assets/deferred income tax liabilities

(i) Based on the difference between the book value of assets and liabilities and their tax base (if items that are not recognized as assets and liabilities can determine their tax base in accordance with the provisions of the tax law, the difference between the tax base and its book amount) , Deferred income tax assets or deferred income tax liabilities are calculated and confirmed according to the applicable tax rate during the period when the asset is expected to be recovered or the liability is settled.

(ii) The confirmation of deferred income tax assets is limited to the taxable income that is likely to be obtained to offset the deductible temporary differences. On the balance sheet date, if there is conclusive evidence that sufficient taxable income is likely to be obtained in the future to offset the deductible temporary differences, the deferred income tax assets that have not been recognized in the previous accounting period are recognized.

(iii) On the balance sheet date, review the book value of deferred income tax assets. If it is probable that sufficient taxable income cannot be obtained in the future to offset the benefits of deferred income tax assets, the deferred income tax assets shall be written down. Book value. When it is possible to obtain sufficient taxable income, the reduced amount shall be reversed.

(iv) The current income tax and deferred income tax of the company are included in the current profit and loss as income tax expenses or income, but does not include the income tax generated in the following situations: A. Business combination; B. Transactions or events directly confirmed in the owner's equity.

4.19 Lease

Lease is a contract whereby the lessor grants the right to use an asset to the lessee for a specified period of time for a consideration.

(i) The Company as lessee

The Company recognises a right-of-use asset at the commencement date of the lease and recognises a lease liability at the present value of the lease payments outstanding.

Lease payments include fixed payments and payments that would be required if it were reasonably certain that the option to purchase or the option to terminate the lease would be exercised. The lease payments include fixed payments and payments that would be required if it were reasonably certain that the option to purchase or to terminate the lease would be exercised. Variable rentals, which are determined as a percentage of sales, are excluded from lease payments and are charged to current profit or loss as incurred. Lease liabilities payable within one year of the balance sheet date are shown as non-current liabilities due within one year.

The cost includes the initial measurement of the lease liability, the lease payments made on or before the commencement of the lease term, the initial direct costs, and is net of lease incentives received. If the Company is able to obtain ownership of the leased asset at the end of the lease term, depreciation is provided over the remaining useful life of the leased asset. If it is not reasonably certain that ownership of the leased asset will be obtained at the end of the lease term, depreciation is provided over the shorter of the lease term and the remaining useful life of the leased asset. When the recoverable amount is less than the carrying amount of the right-to-use asset, the Company writes down the carrying amount to its recoverable amount.

For short-term leases of less than 12 months and leases of low-value assets with a low new value for a single asset, the Company elects not to recognize right-to-use assets and lease liabilities and to recognize the related rental expense in profit or loss on a straight-line basis over the lease term.

(ii) The Company as lessor

Leases that transfer substantially all the risks and rewards associated with ownership of the leased asset are finance leases. Other leases are operating leases.

Rental income from operating leases is recognized on a straight-line basis over the lease term. The Company recognizes variable rentals, which are determined as a percentage of sales, as they are incurred.

The Company recognizes variable rentals, which are determined as a percentage of sales, as rental income as they are incurred.

At the inception date of the lease term, the Company recognizes finance lease receivables for finance leases and derecognizes the related assets. Finance lease receivables are classified as long-term receivables and finance lease receivables received within one year from the balance sheet date are classified as non-current assets due within one year.

4.20 Changes in Significant Accounting Policies and Accounting Estimates (i) Changes in accounting policies

In 2018, the Ministry of Finance issued the revised ASBE No. 21 “Leases” (the “New Lease Standard”).

The Company first implemented the new leasing standard on January 1, 2021.

In accordance with the new standard, the Company will not reassess whether a contract that existed prior to the date of initial implementation is a lease or contains a lease. The Company adjusted the cumulative effect of the first-time implementation of this standard to retained earnings and related financial statement items at the beginning of 2021 and the comparative financial statements for fiscal 2020 have not been restated.

For operating leases that existed prior to the first-time implementation of the new lease standard, the Company distinguishes between different methods of convergence based on the remaining lease term.

If the remaining lease term exceeds 12 months, the Company recognizes the remaining lease payments as of January 1, 2021 based on the lessee’s incremental borrowing, the Company recognizes a lease liability at the present value of the discounted interest rate of the lessee’s incremental borrowings as of January 1, 2021, and a right-of-use asset at an amount equal to the lease liability, with necessary adjustments for prepaid rent, etc.

If the remaining lease term does not exceed 12 months, the Company uses the simplified method and does not recognize a right-of-use asset or a lease liability. There is no significant impact on the financial statements.

For operating leases for low-value assets that existed prior to the first-time implementation of the new leasing standard, the Company uses the simplified approach and does not recognize a right-of-use asset or a lease liability, which has no significant impact on the financial statements.

(ii) Significant changes in accounting estimates

The Company has no significant changes in accounting estimates for the reporting period.

4.21 The scope of consolidated financial statements and the preparation basis

The consolidated financial statements are based on the financial statements of the company and its branches, and based on other relevant information, after offsetting the impact of internal transactions between the company and the branches and branches on the consolidated financial statements. The consolidated amount is compiled by the company.

The branches included in the scope of the consolidated financial statements this year are as follows:

<u>Company name</u>	<u>Registration site</u>	<u>Person in charge</u>	<u>Consolidated or not</u>
Shenzhen Unique Logistics International Limited Xiamen Branch	Xiamen	Tam Ping Hong	Yes
Shenzhen Unique Logistics International Limited Fuzhou Branch	Fuzhou	Leung Ka Chi	Yes
Shenzhen Unique Logistics International Limited Guangzhou Branch	Guangzhou	Leung Ka Chi	Yes

5. TAXATION

The main types of taxes (fees) and tax (fee) rates are listed as follows:

Tax (fee) item	Basis of tax assessment	Tax rate
Vat	Taxable value-added	6%
Urban maintenance and construction tax	Turnover tax	7%
Educational surcharge	Turnover tax	1%-3%
Enterprise income tax	Taxable income	25%

According to Article 2 of the “Notice on Implementing Inclusive Tax Reduction and Exemption Policies for Small and Micro Enterprises” (Caishui [2019] No. 13) and the “Announcement on Issues Concerning Implementation of Inclusive Income Tax Reduction and Exemption Policies for Small and Micro-profit Enterprises” (Announcement by the State Administration of Taxation) No. 2 of 2019), from January 1, 2019 to December 31, 2021, the annual taxable profit of small and micro-profit enterprises not exceeding 1 million yuan will be reduced by 25% to the taxable profit, and the enterprise income tax will be paid at a rate of 20%, and the Company satisfied the tax preference policy in 2021; For the part of the annual taxable income exceeding 1 million yuan but not exceeding 3 million yuan, 50% shall be reduced to the taxable income, and the enterprise income tax shall be paid at a rate of 20%.

6. NOTES TO THE FINANCIAL STATEMENTS

6.1 Cash

Items	31 December 2021	31 December 2020
Cash on hand	15,628.25	22,541.18
Cash in bank	24,856,832.33	7,136,862.78
Total	24,872,460.58	7,159,403.96

6.2 Accounts Receivable

(1) Accounts receivable by aging

Aging	31 December 2021	31 December 2020
Within 1 year	87,266,705.62	54,215,197.54
Over 1 years	79,518.38	16,939.30
Subtotal	87,346,224.00	54,232,136.84
Less: provision for bad debt	-	-
Total	87,346,224.00	54,232,136.84

(ii) Top five closing balances by entity

Entity name	31 December 2021	Proportion of the balance to the total accounts receivable (%)
Tgf Unique Ltd	10,911,237.75	12.49
Unique Logistics International Nyc	9,140,892.97	10.47
Easy Speed International Logistics Limited	7,572,027.20	8.67
Uli (South China) Limited	6,402,643.19	7.33
Yun Express	5,765,547.52	6.60

6.3 Prepayments

Entity name	31 December 2021	Proportion of the balance to the total advances to suppliers (%)
Deposit	97,791.00	89.67
Booking space and Port handling	4,435.35	4.07
Other	6,829.84	6.26
Total	109,056.19	100.00

6.4 Other Receivables

(i) Other receivables by category

Items	31 December 2021	31 December 2020
Rent, water, electricity and other deposits	4,511,772.38	6,902,354.16
Deferred and prepaid expenses	34,332.44	51,206.02
Unique Logistics International(South China)Limited-Xmn	-	658,216.60
Others	545,065.99	1,894,164.72
Total	5,091,170.81	9,505,941.50

(ii) Deferred and prepaid expenses by category

Items	31 December 2021	Proportion of the balance to the total advances to suppliers (%)
Legal fee	17,166.56	50.00
Vehicle insurance premium	8,599.95	25.05
The membership fee	4,961.22	14.45
Hiring fee	3,000.01	8.74
Accident premium	604.70	1.76
Total	34,332.44	100.00

6.5 Long-term Equity Investments

Entity	31 December 2021	Share proportion of the invested unit (%)
Across Logistics(Shenzhen)Limited	600,000.00	100.00
Uniquorn International Logistics Co.,Ltd.	500,000.00	50.00
Total	1,100,000.00	

6.6 Fixed Assets

Items	Office equipment	Vehicles	Furniture and Accessories	Total
Initial cost:				
Balance at 31 December 2020	462,505.25	587,527.42	58,923.00	1,108,955.67
Increase during the reporting period	112,139.00	287,730.93		399,869.93
Decrease during the reporting period	76,460.00	117,137.68		193,597.68
Balance at 31 December 2021	498,184.25	758,120.67	58,923.00	1,315,227.92
Accumulated depreciation:				
Balance at 31 December 2020	295,528.62	135,223.04	19,223.22	449,974.88
Increase during the reporting period	56,221.60	101,833.48	16,672.08	174,727.16
Decrease during the reporting period	68,417.11	105,423.91		173,841.02
Balance at 31 December 2021	283,333.11	131,632.61	35,895.30	450,861.02
Carrying amount:				
Balance at 31 December 2020	166,976.63	452,304.38	39,699.78	658,980.79
Balance at 31 December 2021	214,851.14	626,488.06	23,027.70	864,366.90

6.7 Right-of-use assets

Items	Houses and buildings
Initial cost:	
Balance as at 31 December 2020	—
Changes in accounting policies	
Balance as at 1 January 2021	
Increase during the reporting period	6,794,448.79
Decrease during the reporting period	
Balance as at 31 December 2021	6,794,448.79
Accumulated depreciation	
Balance as at 31 December 2020	—
Changes in accounting policies	
Balance as at 1 January 2021	
Increase during the reporting period	2,925,079.32
Decrease during the reporting period	
Balance as at 31 December 2021	2,925,079.32
Provision for impairment:	
Carrying amount:	
Balance as at 31 December 2021	3,869,369.47
Balance as at 31 December 2020	—

6.8 Intangible Assets

Items	31 December 2020	Increase during the reporting period	Decrease during the reporting period	31 December 2021
Software	17,598.59	-	6,682.42	10,916.17

6.9 Long-term Deferred Expenses

Items	31 December 2020	Increase during the reporting period	Decrease during thereporting period		31 December 2021
			Amortisation	Other decrease	
Renovation(Shenzhen)	279,128.45	-	223,302.72	-	55,825.73
Renovation (Xiamen)	66,481.92	-	18,994.92	-	47,487.00
Renovation(Guangzhou)	88,658.64	-	46,256.64	-	42,402.00
Total	434,269.01	-	288,554.28	-	145,714.73

6.10 Accounts Payable

(i) Accounts payable by aging

Aging	31 December 2021	31 December 2020
Within 1 year	66,855,113.17	34,797,203.31
Over 1 years	601,900.60	601,663.59
Total	67,457,013.77	35,398,866.90

(ii) Top five closing balances by entity

Entity name	31 December 2021	Proportion of the balance to the total (%)
Uli (South China) Limited	31,168,916.86	46.21
Shenzhen Time Definite Logistics Co.,Ltd	8,214,568.16	12.18
Uniquorm International Logistics (Shenzhen) Co.,Ltd	1,929,117.30	2.86
Unique Logistics International Nyc	1,920,082.08	2.85
China Southern Air Cargo Logistics (Guangzhou) Co., Ltd	1,851,765.17	2.75

6.11 Employee Benefits Payable

Items	31 December 2021	31 December 2020
Payroll payable	1,868,641.86	883,622.10

6.12 Taxes Payable

Items	31 December 2021	31 December 2020
Enterprise income tax	1,253,350.22	1,214,772.67
Individual income tax	59,599.76	12,325.04
Value added tax (VAT)	89,460.87	4,901.85
City construction tax	6,618.83	558.38
Educational surcharge	2,836.65	239.31
Local educational surcharge	1,891.09	159.54
Total	1,413,757.42	1,232,956.79

6.13 Other Payables

Items	31 December 2021	Proportion of the balance to the total (%)
Freight charges	7,661,325.57	51.54
Deposit	3,809,080.00	25.63
Workers' education funds and trade union funds	44,644.77	0.30
Others	3,349,197.59	22.53
Total	14,864,247.93	100.00

6.14 Lease Liabilities

Items	31 December 2021	31 December 2020
Lease Liabilities	3,899,923.42	—

6.15 Share Capital

Investor	31 December 2020	Changes during the reporting period (+,-)				Subtotal	31 December 2021
		New issues	Bonus issues	Capitalisation of reserves	Others		
Unique Logistics International (H.K.) Limited	16,500,000.00	-	-	-	-	-	16,500,000.00

6.16 Capital Reserves

Items	31 December 2020	Increase during the reporting period	Decrease during the reporting period	31 December 2021
Foreign currency capital translation difference	49,708.79	-	-	49,708.79

6.17 Surplus Reserves

Items	31 December 2020	Increase during the reporting period	Decrease during the reporting period	31 December 2021
Statutory surplus reserves	1,636,042.26	625,467.23	-	2,261,509.49

6.18 Retained Earnings

Items	31 December 2021	31 December 2020
Balance at the beginning of the reporting period	12,764,021.67	9,480,322.49
Add: net profit attributable to owners of the parent company for the reporting period	6,254,672.31	3,648,554.65
Adjustments for the opening balance (increase/(decrease))	-48,750.58	-
Less: appropriation to statutory surplus reserves	625,467.23	364,855.47
Profit distribution	3,250,000.00	
Balance at the end of the reporting period	15,094,476.17	12,764,021.67

6.19 Revenue and Cost of Sales

Items	2021		2020	
	Revenue	Cost of sales	Revenue	Cost of sales
Air freight	290,161,830.90	285,597,346.43	257,269,701.24	251,076,269.44
Shipping	284,956,232.65	267,397,818.57	90,285,845.88	81,767,647.50
Others	-	-	124,528.32	-
Total	575,118,063.55	552,995,165.00	347,680,075.44	332,843,916.94

6.20 Taxes and Surcharges

Items	2021	2020
City construction tax	31,992.12	1,440.74
Educational surcharge	13,710.92	617.49
Local educational surcharge	9,140.60	411.64
Total	54,843.64	2,469.87

6.21 Selling Expenses

Items	2021	2020
Salary	611,699.00	628,583.00

6.22 General and Administrative Expenses

Items	2021	2020
Salary	8,457,502.30	6,721,059.17
Social security charges	1,229,810.35	284,454.12
Depreciation of right of use assets	1,156,542.89	-
Business entertainment expenses	520,894.81	273,093.67
Group fee	451,763.08	299,602.28
CW system	404,305.26	242,556.61
Housing fund	386,637.00	388,776.00
Communication and network fee	374,309.98	349,650.60
Office expenses	328,110.92	270,511.46
Renovation fee	288,554.28	288,554.28
Vehicle expenses	229,657.62	197,367.15
Depreciation expense	174,727.16	136,302.41

Items	2021	2020
Water, electricity and property costs	186,478.11	180,316.72
Lease fee	83,697.83	1,250,833.28
Consulting fees	89,170.56	68,572.56
Transportation	82,144.27	128,295.19
Welfare expenses	82,139.64	129,438.47
Expenses for business trips	73,218.90	98,048.92
Audit fee	46,200.00	42,842.52
Express fee	45,072.42	45,886.50
Maintenance	19,330.00	35,418.00
Employee education	9,300.00	13,100.00
Hiring fee	14,320.00	7,766.69
Amortization of intangible assets	6,682.42	6,973.92
Labour union expenditure	3,556.20	-9,489.47
Advertising and promotion expenses	-	6,080.00
Disability funds	-	505.24
Others	34,686.94	33,685.15
Total	14,778,812.94	11,490,201.44

6.23 Finance Costs

Items	2021	2020
Bank charges	124,928.51	68,879.24
Interest expense	29,435.81	-
Less: interest income	26,766.85	26,955.29
Net foreign exchange losses	-94,149.45	845,647.18
Total	33,448.02	887,571.13

6.24 Impairment Loss of Assets

Items	2021	2020
Bad debt of receivables	-25,640.30	-12,344.30

6.25 Non-operating Income Details of non-operating income

Items	2021	2020
Government grants	1,774,426.95	3,045,644.21
Gains from damage or scrapping of non-current asset	25,454.37	34,886.62
Debt that is not payable	3,182.94	4,734.50
Others	4,086.47	21,546.03
Total	1,807,150.73	3,106,811.36

6.26 Non-operating Expenses

Items	2021	2020
Fixed assets write off	8,042.89	-
Penalty	-	12,400.00
Total	8,042.89	12,400.00

7.1 RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1. Name and relationship of related parties

Name	Relationship with the Company
Unique Logistics International(H.K.) Limited	Parent company
Unique Logistics International(South China) Limited	Jointly controlled
Uli (South China) Limited	Jointly controlled

2. The main details of the balance of current accounts with related parties are as follows:

Related parties	Item	2021
Uli (South China) Limited	Account receivable	6,402,643.19
Uli (South China) Limited	Account payable	31,168,916.86

8.1 Comparative data

In order to comply with the principle of inertia, the company has appropriately reclassified the comparative data in the financial statements that have been audited in the previous year this year.

The above-mentioned 2021 consolidated financial statements and relevant notes to the consolidated financial statements of the Company are prepared by us in accordance with the Accounting Standards for Business Enterprises promulgated by the state and their supplementary regulations, and have been approved by the Board of Directors of the Company.

Name of the Company :

Shenzhen Unique Logistics International Limited

Legal Representative :
Wong To, Thomas

Finance Manager :
Luo Xiaohong

Date : 8 April 2022

Declaration

Shenzhen Unique Logistic Int'l Ltd.:

Entrusted by the Shenzhen Unique Logistic Int'l Ltd. (the "Company"), we conducted an audit on the financial statements of the Company in 2020 and 2021, which was in accordance with Chinese Standards on Auditing, and we presented audit opinions on whether the financial statements of the Company in 2020 and 2021 are prepared in accordance with the Accounting Standards of Business Enterprises in all material respects and issued a standard and unqualified auditor's report.

Since we only perform necessary audit procedures on whether the Company prepares the financial statements of 2020 and 2021 in accordance with the Accounting Standards of Business Enterprises in accordance with Chinese Standards on Auditing, we are not aware that the financial statements of the Company in 2020 and 2021 shall be subject to corresponding major adjustments in accordance with International Financial Reporting Standards (IFRS).

This statement is made at the request of the Company and must not be used any other purpose than providing to the relevant units responsible for translating the audit report.

We declare that all the information given is true and correct!

Shenzhen Mingding Certified Public Accountants

February 27, 2023

ULI INTERNATIONAL CO., LTD.
Financial Statements and
Independent Auditor's Report for the
Years Ended December 31, 2021 and 2020

ULI INTERNATIONAL CO., LTD.
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders of
ULI INTERNATIONAL CO., LTD.

Opinion

We have audited the accompanying financial statements of ULI INTERNATIONAL CO., LTD. ("Company"), which comprise the balance sheets as of December 31, 2021, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year ended December 31, 2021, and the notes to the financial statements (including summary of significant accounting policies).

In our opinion, the above financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021, and its financial performance and its cash flows for the year ended December 31, 2021, in accordance with the Business Entity Accounting Act, Regulation on Business Entity Accounting Handling, and Enterprise Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of ULI INTERNATIONAL CO., LTD. for the year ended December 31, 2020, were audited by another auditor who expressed an unqualified opinion on April 15, 2021.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Business Entity Accounting Act, Regulation on Business Entity Accounting Handling, and Enterprise Accounting Standards, and for such internal control determined necessary by Management to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including supervisor) of the Company are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.



4. Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditor's report is Chen, Chao Hui.

/s/ Crowe (TW) CPAs

Crowe (TW) CPAs
Republic of China (Taiwan)
April 15, 2022

Notice to Readers

The accompanying financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the auditor's report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditor's report and financial statements shall prevail.

ULI INTERNATIONAL CO., LTD.
Balance Sheets
December 31, 2021 and 2020

Units: TWD

	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
Assets				
Current assets				
Cash and cash equivalents (Note (f)1)	\$ 59,019,604	35	\$ 55,790,504	48
Notes receivable, net (Note (f)2)	2,615,188	2	729,567	1
Accounts receivable, net (Note (f)3)	79,039,176	47	38,539,871	33
Accounts receivable - related parties (Note (g))	15,671,835	9	7,741,318	7
Current-period income tax assets	-	-	540,706	-
Other current assets	3,981,949	2	2,986,299	3
Total current assets	160,327,752	95	106,328,265	92
Non-current assets				
Property, plant and equipment (Note (f)4)	1,542,451	1	1,490,884	1
Guarantee deposits paid (Note (f)5)	7,217,700	4	8,168,920	7
Total non-current assets	8,760,151	5	9,659,804	8
Total assets	\$ 169,087,903	100	\$ 115,988,069	100
Liabilities and Equity				
Current liabilities				
Notes payable	\$ 3,241,205	2	\$ 2,484,280	2
Accounts payable	13,813,085	8	8,223,963	7
Accounts payable - related parties (Note (g))	21,306,402	13	5,917,411	5
Other payables (Note (f)6)	23,279,400	13	17,754,589	15
Current-period income tax liability	8,157,190	5	4,211,676	4
Other current liabilities	980,002	1	866,577	1
Total current liabilities	70,777,284	42	39,458,496	34
Non-current liabilities				
Stockholders' account (Note (g))	10,850,000	6	10,850,000	9
Total non-current liabilities	10,850,000	6	10,850,000	9
Total liabilities	81,627,284	48	50,308,496	43
Equity				
Share Capital (Note (f)7)	10,000,000	6	10,000,000	9
Retained earnings (Note (f)8)	77,460,619	46	55,679,573	48
Legal reserve	12,889,942	8	12,889,942	11
Unappropriated retained earnings	64,570,677	38	42,789,631	37
Total equity	87,460,619	52	65,679,573	57
Total liabilities and equity	\$ 169,087,903	100	\$ 115,988,069	100

(The attached notes form an integral part of these financial statements)

Chairman:



Manager:



Finance Manager:



ULI INTERNATIONAL CO., LTD.
Statements of Comprehensive Income
For the years ended December 31, 2021 and 2020

Units: TWD

Items	2021		2020	
	Amount	%	Amount	%
Operating revenue (Note (f)9)	\$449,096,321	100	\$277,334,032	100
Operating costs	(349,357,020)	(77)	(212,454,950)	(77)
Gross profit	99,739,301	23	64,879,082	23
Operating expenses	(57,721,121)	(13)	(46,702,690)	(17)
Net operating income	42,018,180	10	18,176,392	6
Non-operating income and expenses				
Other income (Note (f)11)	1,341,655	-	766,611	-
Other gains and losses (Note (f)12)	8,485,673	2	5,166,434	2
Total non-operating income and expenses	9,827,328	2	5,933,045	2
Income before income tax	51,845,508	12	24,109,437	8
Income tax expense (Note (f)13)	(10,359,354)	(3)	(4,404,329)	(2)
Net income	41,486,154	9	19,705,108	6
Total comprehensive income	\$ 41,486,154	9	\$ 19,705,108	6

(The attached notes form an integral part of these financial statements)

Chairman:



Manager:



Finance Manager:



ULI INTERNATIONAL CO., LTD.
 Statements of Changes in Equity
 For the years ended December 31, 2021 and 2020

Units: TWD

Items	Share Capital	Retained Earnings		Total Equity
		Legal reserve	Unappropriated retained earnings	
Balance as of January 1, 2020	\$ 10,000,000	\$ 12,889,942	\$ 36,948,194	\$ 59,838,136
Cash dividends	-	-	(13,863,671)	(13,863,671)
Net income for 2020	-	-	19,705,108	19,705,108
Balance as of December 31, 2020	10,000,000	12,889,942	42,789,631	65,679,573
Cash dividends	-	-	(19,705,108)	(19,705,108)
Net income for 2021	-	-	41,486,154	41,486,154
Balance as of December 31, 2021	\$ 10,000,000	\$ 12,889,942	\$ 64,570,677	\$ 87,460,619

(The attached notes form an integral part of these financial statements)

Chairman:



Manager:



Finance Manager:



ULI INTERNATIONAL CO., LTD.
Statements of Cash Flows
For the years ended December 31, 2021 and 2020

Units: TWD

Items	2021	2020
Cash flows from operating activities		
Net income before income tax	\$ 51,845,508	\$ 24,109,437
Adjustment Items		
Depreciation expense	371,833	510,899
Interest income	(75, 254)	(83,660)
Changes in operating assets/liabilities		
Decrease (Increase) in notes receivable	(1,885,621)	8,004
Increase in accounts receivable	(40,499,305)	(5,341,143)
Increase in accounts receivable - related parties	(7, 930,517)	(7,000,326)
Increase in other current assets	(995,650)	(856,496)
Increase in notes payable	756,925	789,529
Increase (Decrease) in accounts payable	5,589,122	(506,664)
Increase in accounts payable - related parties	15,388,991	3, 653,399
Increase in other payables	5,524,811	4, 241,853
Increase in other current liabilities	113, 425	272, 008
Cash generated by operating activities	<u>28,204,268</u>	<u>19,796,840</u>
Interests received	75,254	83,660
Income tax paid	(5,873,134)	(192,653)
Net cash flows provided by operating activities	<u>22,406,388</u>	<u>19,687,847</u>
Cash flows from investing activities		
Acquisitions of property, plant and equipment	(423,400)	(1,313,595)
Decrease (Increase) in Guarantee Deposit Paid	951,220	(500,000)
Net cash flows provided (used) by investing activities	<u>527,820</u>	<u>(1,813,595)</u>
Cash flows from financing activities		
Cash dividends	(19,705,108)	(13,863,671)
Net cash flows used by financing activities	<u>(19,705,108)</u>	<u>(13,863,671)</u>
Increase in cash and cash equivalents	3, 229,100	4,010,581
Cash and cash equivalents at beginning of period	55,790,504	51,779,923
Cash and cash equivalents at end of period	<u>\$ 59,019,604</u>	<u>\$ 55,790,504</u>

(The attached notes form an integral part of these financial statements)

Chairman:



Manager:



Finance Manager:



ULI INTERNATIONAL CO., LTD.
Notes to the Financial Statements
For the years ended December 31, 2021 and 2020
(Unless otherwise indicated, all dollar amounts are expressed in of TWD)

(a) Company History and Business Scope

ULI INTERNATIONAL CO., LTD. (the “Company”) (Registered name: UNIQUE LOGISTICS INTERNATIONAL CO., LTD.) was founded and registered with approval on October 14, 2002 in accordance with the Company Act and the other applicable laws and regulations. The Company mainly engages in air cargo agent and ocean freight agent transportation businesses. The main operating office of the Company is located at Renai Road, Taipei.

The Company’s functional currency and the expression of its financial statements are both in TWD.

(b) Dates and Procedures for Approving Financial Statements

These financial statements were approved and announced by the board of directors on April 15, 2022.

(c) Reasons for and Effects from Changes in Accounting Policies : Nil.

(d) Summary of Significant Accounting Policies

The major accounting policies adopted when preparing these financial statements are described as following (Unless otherwise noted, the following policies are applicable throughout the reporting periods).

1. Compliance Declaration

The financial statements have been prepared in accordance with Business Entity Accounting Act, Regulation on Business Entity Accounting Handling, and Enterprise Accounting Standards.

2. Measurement Basis

The initial measurements of assets and liabilities are based on historical cost. The subsequent measurements are generally based on historical cost, while often combined with other measurement basis, such as lower of cost or net realizable value, realizable (liquidation) value, fair value, etc.

3. Foreign Currency

For monetary transactions in currencies other than the Company’s functional currency (foreign currencies), they are initially recorded using the exchange rates as on the transaction date. By the end of each reporting period, the foreign-currency items are re-measured using the exchange rates by the end of period, and the exchange differences thus generated are recorded as gain or loss in the current period; For non-monetary foreign-currency items measured using fair value, they’re re-measured using the exchange rates on the date when their fair value are determined, and the exchange differences thus generated are recorded as gain or loss in the current period (or recorded as other comprehensive income or loss for the items whose changes in fair value are recorded as other comprehensive income or loss). For non-monetary foreign-currency items measured at historical costs, they are not re-measured by the end of the period.

For foreign operations measured under equity method, their assets and liabilities are translated into TWD using the exchange rates by the end of each reporting period ; Revenue/Gains and Expense/Loss items are translated using the average exchange rates in the period occurred, the generated exchange differences are recorded in other comprehensive income or loss and accumulated in the item Exchange differences on translation of foreign financial statements under other equity.

4. Classification Standards for Distinguishing Between Current and Non-current Assets and Liabilities

(1) Assets which meet any of the following criteria are classified as current assets :

- A. Expected to be liquidated within a normal business cycle or the Company intends to sell or consume.
- B. Hold mainly for trading purpose.
- C. Expected to be liquidated within 12 months after the balance sheet date.
- D. Cash or cash equivalents. However, not including those held for trade, repayment of debt, or subjected to other restrictions in more than 12 months after the balance sheet date.

The Company classifies all assets that do not meet the above criteria as non-current assets.

(2) Liabilities which meet any of the following criteria are classified as current liabilities :

- A. Expected to be repaid within a normal business cycle.
- B. Hold mainly for trading purposes.
- C. Need to be repaid with 12 months after the balance sheet date.
- D. Cannot be unconditionally extended for at least 12 months after the balance sheet date.

The Company classifies all liabilities that do not meet the above criteria as non-current liabilities.

5. Cash and Cash Equivalents

Cash includes cash on hand and bank savings; Cash equivalents are highly liquid short-term certificate of deposits or investments that are convertible into fixed amount of cash at any time with trivial risk of fluctuation in value.

6. Financial instruments

Recognition and derecognition of all regular transactions in financial instruments are handled using trade date accounting. Financial instruments at fair value are measured using the market prices if they have a quoted price in an active market. If they do not have a market price for reference, evaluation methods are used to estimate their fair value. The estimations and assumptions used reflect the estimations and assumptions that market participants would use when pricing the financial instrument. The related discount rates are the same as the rates of return on those financial instruments with identical terms and features in substance.

(1) Financial assets

A. Type of measurement Receivables

Receivables are initially recorded at their present value (computed using the imputed interest rates) and subsequently measured at their amortized costs under the effective interest method. But for receivables within one-year period, with insignificant discrepancies between their present and maturity value, and relating to frequent transactions, they are not measured at their present value.

Preliminary impairment assessment is performed for each individually significant receivable. When there exists objective evidence showing that some material receivables are impaired, then further assessment is performed to derive the impairment amount for each of those material receivables; As for the rest of material receivables (where there does not exist objective evidence showing that they are impaired) and individually insignificant receivables, they are grouped based on the similarity of their credit risks, and impairment assessment is performed on each group respectively.

B. Derecognise of financial assets

The company only derecognise financial assets when one of the following conditions is met:

(A) The contractual rights derived from the cash flows of financial assets have lapsed or been settled.

(B) Almost all risks and rewards of transferring ownership of financial assets.

(C) Part of the significant risks and rewards of the ownership of the financial asset is retained, but the control of the asset has been transferred to another party, that is, the transferee has the actual ability to sell the asset as a whole to an unrelated third party, and can be one-sided Exercising this ability without additional restrictions on the transfer. In this case, the company delists the financial assets and separately recognizes the rights and obligations arising from or retained by the transfer as assets or liabilities.

(2) Financial liabilities and equity

Financial instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

A. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

B. Financial liabilities

The Company derecognizes a financial liability when, and only when the obligation is discharged or cancelled or expires. The difference between the carrying amount of a financial liability derecognized and the consideration paid (or payable), including any liabilities assumed, is recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities that are not measured at fair value are measured at amortized cost using the effective interest method. If the effect of discounting is not material, original transaction amount is used instead. Financial liabilities at amortized cost comprise short-term borrowings, short-term notes and bills payable, notes payable, accounts payable and other payables.

7. Property, Plant and Equipment

Property, plant and equipment are measured at their costs, less their accumulated depreciation and accumulated impairment losses. The above costs include cash paid when purchasing or installing the assets, the fair value of cash equivalents or other assets exchanged, and the estimated costs of dissembling and removing the assets when they are retired. When a material component (or a group of components) within a particular property, plant and equipment item has different economic useful life from the other components, then the major component is regarded as an individual property, plant and equipment item.

Depreciation is recorded using straight-line method and based on the following economic useful lives: 5 years for Transportation equipment, 5-8 years for office equipment and 5 years for other equipment. The bases adopted by the assets held under financial lease are the same as those owned by the Company, and their depreciation are recorded based on their expected economic useful lives; if the lease terms are shorter than the economic useful lives of the assets, then depreciation is recorded based on the lease terms. The expected economic useful lives, residual value, and depreciation method are reviewed when the future economic benefits of the assets are expected to change significantly. Any effects from changes in estimates are treated as changes in accounting estimates.

When a material component of the property, plant and equipment is replaced, if the future economic benefits from the component are highly likely to flow to the Company, then the replacement cost is recorded as book value for the item, and the book value of the replaced component is written off.

The disposal gain or loss from selling or scrapping property, plant and equipment is determined based on the difference between the proceeds from the disposal and the book value of the asset, and is recorded as gain or loss in the current period.

When applying for revaluation of property, plant and equipment in accordance with applicable laws and regulations, the unrealized revaluation increments are recorded as other comprehensive income or loss and accrued in the "Unrealized revaluation increment" item under other equity. In the subsequent years after the revaluation, depreciation is recorded based on the book value after the revaluation. Upon disposal of the assets, the Unrealized revaluation increment under other equity will be reclassified to gain or loss in the current period.

8. Lease

The leased assets are classified as financial lease when, under the terms of the leasing contract, almost all of the risk and return relating to the assets have been transferred to lessees. All the other kinds of leased assets are classified as operating lease.

Where the Company is the lessor

Under operating lease, income is recognized on straight-line basis during the respective leasing periods. If a lease contract provides incentives to the lessee (in order to encourage the lessee to sign the contract), then the total cost of the incentives is recorded as an- offsetting item against lease income on straight-line basis during the lease term. The initial direct costs (incurred from the negotiation and arrangement efforts for the operating lease) are added to the book value of the leased asset, and are expensed during the lease term. Contingent rents are recorded as income as they occur.

9. Impairment of non-financial assets

Tangible assets and intangible assets other than goodwill The Company assesses at the end of reporting period the book value of tangible assets and intangible assets other than goodwill and determine if there is any indication of impairment; If there is indication of impairment, then conduct impairment test and estimate the recoverable amount of the asset to determine if impairment should be recognized. If unable to estimate the recoverable amount of an individual asset, then estimate the recoverable amount of the cash-generating unit where the asset belongs; When shared assets can be allocated by reasonable and consistent basis, then allocate to respective individual cash-generating units. Otherwise, allocate to minimal groups of cash-generating units on reasonable and consistent basis.

The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. When evaluating the use value, it is computed by discounting the pre-tax future cash flows with a discount rate, where such discount rate reflects the time value of currency in the present market, and assessment of specific risks on the asset that are not considered and reflected in the estimated future cash flows.

If the recoverable amount of an asset or cash-generating unit is expected to be lower than its book value, then adjust and reduce the book value down to the recoverable amount, and impairment loss is recognized in the period occurred ; But for assets that revaluation had been made, to the extent where the impairment loss is within the balance of unrealized revaluation increment, the impairment loss shall be recorded as other comprehensive income or loss, as a reduction of unrealized revaluation increment; If there is balance, then recognize in profit or loss. If the recoverable amount is increased due to change in estimate in the subsequent period, then the book value of the asset or cash-generating unit is adjusted and increased to the revised estimated recoverable amount. However, the increased book value may not exceed the book value of the asset or cash-generating unit as if no impairment loss was recognized, and the reversed impairment loss was recorded in the period occurred ; But for assets that revaluation had been made, to the extent where impairment loss had been recorded previously, the reversal gain shall be recorded as profit or loss; If there is balance, then recognize in other comprehensive income or loss, as an increase in unrealized revaluation increment.

10. Revenue Recognition

Revenue is measured based on the fair value of the received or receivable proceeds, less the estimated returns from the clients, discounts, and other equivalent discounts.

(1) Revenue from sale of merchandise

Revenue from sale of merchandise is recorded when all of the following conditions are met: I. The material risk and return relating to the ownership of merchandise has been transferred to the buyer; II. The Company does not remain participating in the management of or having effective control over the sold merchandise ; III. The amount of revenue can be reliably measured ; IV. It is very likely that the economic benefits relating to the transaction will flow to the Company ; and V. The incurred or would-be-incurred costs relating to the transaction can be reliably measured. For the accounts receivable which will be due within one year, and the difference between its fair value and the due date is insignificant, and that the transactions are frequent, then no fair value computation is made using the discount rate.

(2) Service revenue and Interest income

When the outcome of the service transactions can be reasonably estimated, the service revenue is recorded using the Percentage of Completion Method; when the outcome of the service transactions cannot be reasonably estimated, then only record revenue to the extent where the incurred costs can be recovered. Interest income from the financial assets is recorded using the Effective Interest Method.

11. Employee Retirement Benefits

The Company's obligation of pension payments, which equals to the legal appropriation amounts during the employment periods, is recorded in the current period.

12. Income Tax

Income tax expense is the summation of income tax in the current period and deferred income tax and is recorded in the current period income or loss. However, for the current-period and deferred income tax which relate to items recorded in other comprehensive income or items directly recorded in equity, they are recorded in other comprehensive income or directly recorded in equity.

(1) Current-period income tax

The unpaid portion of income tax payable computed based on the taxable income in the current and prior period is recorded as income tax liability; If the tax payment in the current and prior period exceeds the payable amount, then the excess portion is recorded as income tax asset in the current period. The income tax liabilities or assets are measured based on the income tax payable or refundable amount computed in accordance with the effective tax rates and the applicable tax laws by the end of the reporting period.

The un-appropriated earnings, which are subjected to additional income tax, are recorded as income tax expense for the un-appropriated earnings based on the actual condition of earnings distribution passed by the board of shareholders in the year subsequent to the reporting period.

(2) Deferred income tax

Deferred income taxes are recorded based on the temporary differences between the tax basis and book value of the assets and liabilities and are measured according to the effective statutory or substantially statutory tax rates.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, except to the extent that the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets for all deductible temporary differences arising from such investments are recognized only to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

As for the unused taxation loss, tax credits, and deductible temporary differences, they are recorded as deferred income tax assets to the extent when there will be taxable income and would highly likely be utilized in the future. The book value of deferred income tax assets is reviewed and adjusted by the end of each reporting period.

(e) Main Sources of Uncertainty in Significant Accounting Judgments, Assumptions and Estimates

The Company's financial statements and its financial results are affected by its accounting policies, assumptions, and estimates, and the accounting assumptions and estimates are based on the past experience and other relevant factors and are determined by appropriate professional judgments made by management. The followings are illustrations to the assumptions about the future and the other major sources of information used to assess uncertainties; such assumptions and uncertainties carry significant risks which may lead to material adjustments on the book value of assets and liabilities in the next financial year: Accounts receivable.

During the process of impairment assessment on the accounts receivable, the Company had to use judgement and estimation to measure the credit risks of the accounts receivable for evaluating the expected credit loss. The credit risks are subjected to various factors, such as financial condition of the customers, the Company's internal credit ratings, historical transaction records and other various factors that may affect the credit quality of the customers. The impairment assessment was a reasonable estimation of the expected credit loss based on the situation on the balance sheet date, the actual outcome may differ from the estimation and may result in significant change.

(f) Illustrations to Significant Accounting Items

1. Cash and cash equivalents

Items	December 31, 2021	December 31, 2020
Cash	\$ 20,000	\$ 20,000
Check deposits	1,248,285	615,227
Demand deposits	57,363,623	53,741,346
Foreign currency deposits	387,696	1,413,931
Total	\$ 59,019,604	\$ 55,790,504

All of the Company's cash and cash equivalents are not in pledge or used as collateral.

2. Notes receivable, net

Items	December 31, 2021	December 31, 2020
Notes receivable	\$ 2,647,487	\$ 761,866
Less: Allowance for impairment loss	(32,299)	(32,299)
Notes receivable, net	\$ 2,615,188	\$ 729,567

3. Accounts receivable, net

Items	December 31, 2021	December 31, 2020
Accounts receivable	\$ 81,681,370	\$ 41,182,065
Less: Allowance for impairment loss	(2,642,194)	(2,642,194)
Accounts receivable, net	\$ 79,039,176	\$ 38,539,871

(1) Change in allowance for uncollectible accounts (including related parties):

Items	2021	2020
Opening balance	\$ 2,674,493	\$ 4,774,145
Less : Written off	-	(2,099,652)
Ending balance	\$ 2,674,493	\$ 2,674,493

(2) All of the Company's accounts receivable are not in pledge or used as collateral.

4. Property, plant and equipment

Items	December 31, 2021	December 31, 2020
Transportation equipment	\$ 1,180,000	\$ 1,180,000
Office equipment	3,966,189	3,542,789
Other equipment	3,813,453	3,813,453
Total cost and revaluation increments	8,959,642	8,536,242
Less : Accumulated depreciation	(7,417,191)	(7,045,358)
Total	\$ 1,542,451	\$ 1,490,884

	Transportation equipment	Office equipment	Other equipment	Total
<u>Cost and revaluation increments</u>				
Balance on January 1, 2021	\$ 1,180,000	\$ 3,542,789	\$ 3,813,453	\$ 8,536,242
Addition	-	423,400	-	423,400
Disposal	-	-	-	-
Reclassification	-	-	-	-
Balance on December 31, 2021	\$ 1,180,000	\$ 3,966,189	\$ 3,813,453	\$ 8,959,642

<u>Accumulated depreciation</u>				
Balance on January 1, 2021	\$ 147,501	\$ 3,213,542	\$ 3,684,315	\$ 7,045,358
Depreciation expense	196,668	148,441	26,724	371,833
Disposal	-	-	-	-
Balance on December 31, 2021	\$ 344,169	\$ 3,361,983	\$ 3,711,039	\$ 7,417,191

	Transportation equipment	Office equipment	Other equipment	Total
<u>Cost and revaluation increments</u>				
Balance on January 1, 2020	\$ -	\$ 3,542,89	\$ 3,679,858	\$ 7,222,647
Addition	1,180,000	-	133,595	1,313,595
Disposal	-	-	-	-
Reclassification	-	-	-	-
Balance on December 31, 2020	\$ 1,180,000	\$ 3,542,789	\$ 3,813,453	\$ 8,536,242

<u>Accumulated depreciation</u>				
Balance on January 1, 2020	\$ -	\$ 3,094,946	\$ 3,439,513	\$ 6,534,459
Depreciation expense	147,501	118,596	244,802	510,899
Disposal	-	-	-	-
Balance on December 31, 2020	\$ 147,501	\$ 3,213,542	\$ 3,684,315	\$ 7,045,358

(1) Capitalized borrowing costs and range of interest rates of property, plant and equipment were zero for both 2021 and 2020.

(2) After careful assessment, the property, plant and equipment are not impaired.

(3) The above property, plant, and equipment are not in pledge or used as collateral.

5. Guarantee deposits paid

Items	December 31, 2021	December 31, 2020
Freight forwarder guarantee deposits	\$ 6,300,000	\$ 6,800,000
Housing deposits	313,920	313,920
Others	603,780	1,055,000
Total	<u>\$ 7,217,700</u>	<u>\$ 8,168,920</u>

6. Other payables

Items	December 31, 2021	December 31, 2020
Accrued Payroll	\$ 249,015	\$ 276,342
Bonus payable and employees compensation	20,911,964	12,463,918
Sales tax payable	-	800,902
Accrued pension expense	324,362	288,868
Labor and health insurance	572,556	487,154
Accrued professional service fees	221,500	85,000
Other accrued expenses	1,000,003	3,352,405
Total	<u>\$ 23,279,400</u>	<u>\$ 17,754,589</u>

7. Share Capital

(1) Reconciliations for the number and dollar amounts of the Company's outstanding common shares from beginning to end of the periods are as following:

	2021	
	Number of shares	Amount
January 1,2021	1,000,000	\$ 10,000,000
December 31,2021	<u>1,000,000</u>	<u>\$ 10,000,000</u>
	2020	
	Number of shares	Amount
January 1,2020	1,000,000	\$ 10,000,000
December 31,2020	<u>1,000,000</u>	<u>\$ 10,000,000</u>

(2) As of December 31,2021, the Company's registered capital is 10,000,000 TWD , which is divided into 1,000,000 shares.

8. Retained earnings

- (1) Under the Company's corporate charter, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The remainder, if any, together with unappropriated earnings from prior years, either retained or distributed, shall be resolved by the shareholders' meeting.
- (2) Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for issuing stocks or distributing cash to shareholders in proportion to their share ownership is limited to the portion in excess of 25% of the Company's paid-in capital.
- (3) The appropriations of 2020 and 2019 earnings that have been approved by the shareholders' meetings in May 2021 and June 2020, respectively, are as following:

Items	Appropriation of Earnings	
	2020	2019
Legal reserve	\$ -	\$ -
Cash dividends	19,705,108	13,863,671

9. Operating revenue

Items	2021	2020
Freight revenue	\$ 447,311,045	\$ 275,006,566
Commission revenue	20,177	27,277
Other operating revenue	1,765,335	2,301,189
Total	449,096,557	277,335,032
Less: freight allowance	(236)	(1,000)
Net total	\$ 449,096,321	\$ 277,334,032

10. Employee benefit, depreciation and amortization expense

Nature	2021		
	Operating cost	Operating expense	Total
Employee benefits expense			
Payroll	\$ -	\$ 44,169,251	\$ 44,169,251
Labor/health insurance	-	2,770,001	2,770,001
Pension	-	1,150,221	1,150,221
Other personnel benefits	-	364,918	364,918
Depreciation expense	-	371,833	371,833
Amortization expense	-	-	-

Nature	2020		
	Operating cost	Operating expense	Total
Employee benefits expense			
Payroll	\$ -	\$ 33,502,035	\$ 33,502,035
Labor/health insurance	-	2,555,463	2,555,463
Pension	-	1,061,135	1,061,135
Other personnel benefits	-	232,127	232,127
Depreciation expense	-	510,899	510,899
Amortization expense	-	-	-

According to the Company's corporate charter, if the Company has profit in a year, it shall allocate 0.01%-0.1% as employees' compensation. But if the Company has accumulated loss, it shall reserve in advance to make up the loss amount. In 2021 and 2020, the recorded employees compensation were \$51,845 and \$24,109, respectively, which were the same as the actual distribution amounts.

11. Other income

Items	2021	2020
Interest income	\$ 75,254	\$ 83,660
Other income	1,266,401	682,951
Total	\$ 1,341,655	\$ 766,611

12. Other gains and losses

Items	2021	2020
Net foreign exchange gain	\$ 8,485,673	\$ 5,166,434

13. Income tax

(1) Income tax recorded in profit/loss

Items	2021	2020
Income tax for the current period	\$ 10,359,354	\$ 4,404,329
Deferred income tax relating to temporary differences and loss carryforward	-	-
Additional tax on un-appropriated earnings	-	-
Income tax adjustments from prior years	-	-
Income tax expense recorded in income statement in the current year	\$ 10,359,354	\$ 4,404,329

(2) Income tax expense (benefit) relating to other comprehensive income : Nil

(3) Adjustments from accounting income to income tax expense recorded in profit/loss:

Items	2021	2020
Earnings before income tax	\$ 51,845,508	\$ 24,109,437
Income tax computed based on statutory tax rate on the earnings before tax Effects from items not included when computing taxable income	\$ 10,369,101	\$ 4,821,887
Other adjustments	(308)	25,018
Income tax effects from operating loss carryover	-	-
Income tax adjustments from prior years	-	-
Additional tax on un-appropriated earnings	-	-
Net change in deferred income tax	(9,439)	(442,576)
Income tax expense recorded in profit/loss	\$ 10,359,354	\$ 4,404,329

The applicable tax rate for the Company is 20%. The tax rate applicable to unappropriated earnings is 5%.

(4) Deferred income tax assets or liabilities: Nil

(5) Deductible temporary differences, unused operating loss carryforwards, and unused tax credits for which no deferred tax assets have been recognized in the balance sheets:

Items	December 31, 2021	December 31, 2020
Deductible temporary differences	\$ 326,548	\$ 436,618

(6) Unrecognized deferred tax liabilities associated with investments: Nil

(7) The Company's business income tax filings up to year of 2020 had been assessed by the National Taxation Bureau.

(g) Transactions with Related Parties

Material transactions with related parties

1. Operating revenue

Type of related party	2021	2020
Other related party	\$ 70,816,847	\$ 25,356,882

The prices and payment terms of the Company's above operating revenue are similar to those with non-related parties.

2. Operating costs

Type of related party	2021	2020
Other related party	\$ 39,142,606	\$ 21,281,535

The prices and payment terms of the Company's above operating costs are similar to those with non-related parties.

3. Receivables from related parties (excluding lending to related parties)

Items	Type of related party	December 31, 2021	December 31, 2020
Accounts receivable	Other related party	\$ 15,671,835	\$ 7,741,318

No collateral is received for receivables from related parties. As of December 31, 2021 and 2020, no bad debt expense is recorded for the receivables from related parties.

4. Payables to related parties (excluding borrowings from related parties)

Items	Type of related party	December 31, 2021	December 31, 2020
Accounts payable	Other related	\$ 21,306,402	\$ 5,917,411

5. Borrowings from related parties (recorded as Stockholders' account)

2021

Type of related party	Highest balance	Ending balance	Interest rate	Interest expense
Key management	\$ 10,850,000	\$ 10,850,000	-	\$ -

2020

Type of related party	Highest balance	Ending balance	Interest rate	Interest expense
Key management	\$ 10,850,000	\$ 10,850,000	-	\$ -

(h) Mortgage or pledged assets

The Company provided the following assets as securities for freight forwarder businesses :

Items	December 31, 2021	December 31, 2020
Guarantee deposits	\$ 6,300,000	\$ 6,800,000

(i) Significant Contingencies and Unrecorded Contractual Commitments:

As of December 31, 2021 and 2020, the Company issued \$1,000,000 and \$1,115,000, respectively, of guarantee checks to freight forwarder agents for security purpose.

(j) Material Subsequent Events : Nil

(k) Other: Nil

ULI INTERNATIONAL CO., LTD.

AGREED-UPON PROCEDURES REPORT

On the major Accounting policies of Financial Statements

For the years ended December 31, 2021 and 2020

ULI International CO., LTD.

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AGREED-UPON PROCEDURES REPORT ON The Major Accounting Policies Of ULI International Co., Ltd' s Financial Statements for the Years Ended December 31, 2021 and 2020

To ULI International Co., Ltd

Purpose of this Agreed-Upon Procedures Report and Restriction on Use and Distribution

Our report is solely for the purpose of assisting ULI International Co., Ltd (The “company”) in determining whether it has any material IFRS adjustments that need to be made for its Financial Statements for the Years Ended December 31, 2021 and 2020.

Responsibilities of the The Company

The Company has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

The Company is responsible for the subject matter on which the agreed- upon procedures are performed.

Practitioner’s Responsibilities

We have conducted the agreed-upon procedures engagement in accordance with the Taiwan Standard on Related Services(TWSRS) 4400, *Agreed-Upon Procedures Engagements*. An agreed- upon procedures engagement involves our performing the procedures that have been agreed with The Company and reporting the findings, which are the -factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed-upon procedures. This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.

Had we performed additional procedures, other matters might have come to our attention that would have been reported.

Professional Ethics and Quality Control

We have complied with the ethical requirements in the relevant ethical requirements and the independence requirements in accordance with the relevant independence requirements.



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Our firm applies Taiwan Standard on Quality Control(TWSQC) 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*. and accordingly, maintains a comprehensive system of quality control including documented policies and I procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Procedures and Findings

We have performed the procedures described below, which were agreed upon with The Company in the terms of engagement dated 2023.03.01, on the major accounting policies of it's Financial Statements for the Years Ended December 31, 2021 and 2020.

Procedures	Findings
<p>1. Review the accounting policies for major account:</p> <p>(1) Obtained the summary of major accounting policies provided by the company.</p> <p>(2) Identify the company's major account.</p> <p>(3) Review the accounting policies for major account and confirm whether it complies with IFRS.</p>	<p>(1) The company's financial statements was prepared in accordance with Enterprise Accounting Standards(EAS)which is a simplified version under the IFRS framework.</p> <p>(2) The company's major accounting items are revenue and accounts receivable.</p> <p>(3) After reviewing the company's accounting policies for major accounting items, no major differences from IFRS were found.</p>
<p>2. Revenue recognition:</p> <p>(1) Check and adjust the completeness of the detailed information After that, select an appropriate sample from the details, and perform a detailed test.</p>	<p>(1) After the implementation of detailed tests, the company's operating income has actually occurred.</p>



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- | | |
|---|---|
| <p>(2) Check the transaction vouchers (including Customs declaration information and documents of sea and air transport companies, etc.) and the payment situation after the period.</p> <p>(3) Obtain the sub-account of income after the period, and check whether there is a major discount to confirm whether the income is recognized or not major abnormality.</p> <p>(4) Obtain freight expenses related to revenue, and verify whether the timing of its entry matches the revenue.</p> <p>3. Foreign Currencies:</p> <p>(1) Identify the company's functional currency and presentation currency.</p> <p>(2) Verify that the end-of-period evaluation of foreign currency accounts receivable is correct.</p> <p>(3) Verify that the correct exchange rate is used to convert from the functional currency to the presentation currency.</p> | <p>(2) After checking the transaction vouchers and subsequent payments, the company's revenue</p> <p>(3) No major discounts were found in the income sub-account after the sampling period, and there was no major abnormality in the revenue recognition.</p> <p>(4) After checking the freight expenses related to the income, the related freight income and cost have been matched.</p> <p>(1) The company's functional currency and presentation currency are New Taiwan Dollars and US Dollars</p> <p>(2) The foreign currency accounts receivable at the end of the period have been evaluated based on the exchange rate at the end of the reporting period.</p> <p>(3) The exchange rate is used when the functional currency is converted to the presentation currency followed by EAS22 (IAS21).</p> |
|---|---|



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Other Matter

We have not audited The company's financial statements for the year end December 31, 2021 and 2020. The aforementioned financial statements were audited by another auditor who expressed an unqualified opinion on April 5, 2022. Attached financial statements are for informational purposes only.

The engagement partner on the reviews resulting in this agreed-upon procedures engagement report is MICHAEL CHU

/s/ Michael Chu
HLB Candor Taiwan CPAs
March 08, 2023



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	December 31, 2021	December 31, 2020
	Amount	Amount
Assets		
Current assets		
Cash and cash equivalent (Note (f)1)	\$ 2,132,201.23	\$ 1,958,916.18
Notes receivable, net (Note (f)2)	94,478.89	25,616.56
Accounts receivable, net (Note (f)3)	2,855,448.31	1,353,211.95
Accounts receivable - related parties (Note (g))	566,176.38	271,813.16
Current-period income tax assets	-	18,985.27
Other current assets	143,855.88	104,854.93
Total current assets	5,792,160.69	3,733,398.05
Non-current assets		
Property, plant and equipment (Note (f)4)	55,724.13	52,347.91
Guarantee deposits paid (Note (f) 5)	260,753.85	286,827.12
Total non-current assets	316,477.98	339,175.03
Total assets	\$ 6,108,638.67	\$ 4,072,573.08
	December 31, 2021	December 31, 2020
	Amount	Amount
Liabilities and stockholders' equity		
Current liabilities		
Notes payable	\$ 117,095.01	87,228.04
Accounts payable	499,025.32	288,759.79
Accounts payable-related parties (Note (g))	769,736.39	207,772.14
Other payable (Note (f)6)	841,014.88	623,399.13
Current-period income tax liability	294,694.80	147,880.37
Other current liabilities	35,404.54	30,427.25
Total current liabilities	2,556,970.94	1,385,466.72
Non-current liabilities		
Stockholder's account (Note (g))	391,977.95	380,965.20
Total non-current liabilities	391,977.95	380,965.20
Total liabilities	2,948,948.89	1,766,431.92
Equity		
Share Capital (Note (f)7)	286,575.00	286,575.00
Retained earnings (Note (f)8)		
Legal reserve	429,951.37	429,951.37
Unappropriated retained earnings	2,251,758.39	1,460,602.35
Total Capital And Accumulated deficit on earnings	2,968,284.76	2,177,128.72
Other stockholders' equity		
Exchange Differences on Translation of Foreign Financial Statements	191,405.02	129,012.44
Total stockholders' equity	3,159,689.78	2,306,141.16
Total liabilities and stockholders' equity	\$ 6,108,638.67	\$ 4,072,573.08

(The attached notes sform an integral part of these financial statements)

Chairman :



Manager :




Finance Manager :




ULI International CO., LTD.
Statement of Comprehensive Income
For the years ended December 31, 2021 And 2020
Units: USD

Item	Years Ended 31 December	
	2021 Amount	2020 Amount
Operating revenue (Note (f)9)	\$ 16,040,373.30	\$ 9,719,725.82
Operating costs	(12,477,984.69)	(7,445,908.63)
Gross profit	3,562,388.61	2,273,817.19
Operating expenses	(2,061,625.18)	(1,636,789.18)
Net operating Income	1,500,763.43	637,028.01
Non-operating income and expense		
Other income (Note(f)11)	47,919.89	26,867.41
Other gains and losses (Note(f)12)	303,082.69	181,068.02
Total non-operating income and expense	351,002.58	207,935.43
Income before income tax	1,851,766.01	844,963.44
Income tax expense (Note(f)13)	(370,005.05)	(154,358.52)
Net income other comprehensive income (loss)	1,481,760.96	690,604.92
Exchange differences arising on translation of foreign operations	191,405.02	129,012.44
Total comprehensive income	\$ 1,673,165.98	\$ 819,617.36

(The attached notes sform an integral part of these financial statements)

Chairman : 

Manager : 

Finance Manager : 

ULI International CO., LTD.
 Statements of Changes in Stockholders' Equity
 For the years ended December 31, 2021 And 2020
 Units: USD

Item	Share Capital	Retained Earnings		Exchange Differences on Translation of Foreign Financial Statements	Total Equity
		Legal reserves	Accumulated profit or loss		
Balance as of January 1, 2021	\$ 286,575.00	\$ 429,951.37	\$ 1,460,602.35	\$ 129,012.44	\$ 2,306,141.16
Cash dividends			(690,604.92)	-	(690,604.92)
Net income for 2021			1,481,760.96	-	1,481,760.96
Other comprehensive income (loss)			-	62,392.58	62,392.58
Balance as of December 31, 2021	\$ 286,575.00	\$ 429,951.37	\$ 2,251,758.39	\$ 191,405.02	\$ 3,159,689.78

Item	Share Capital	Retained Earnings		Exchange Differences on Translation of Foreign Financial Statements	Total Equity
		Legal reserves	Accumulated profit or loss		
Balance as of January 1, 2020	\$ 286,575.00	\$ 429,951.37	\$ 1,218,500.26	\$ -	\$ 1,935,026.63
Cash dividends			(448,502.83)	-	(448,502.83)
Net income after tax			690,604.92	-	690,604.92
Other comprehensive income (loss)			-	129,012.44	129,012.44
Balance as of October 31, 2020	\$ 286,575.00	\$ 429,951.37	\$ 1,460,602.35	\$ 129,012.44	\$ 2,306,141.16

(The attached notes form an integral part of these financial statements)

Chairman :



Manager :



Finance Manager :



ULI International CO., LTD.
Statement of Cash Flows
For the years ended December 31, 2021 And 2020
Units : USD

Item	Years Ended 31 December	
	2021 Amount	2020 Amount
Cash Flows from Operating Activities		
Income before income tax	\$ 1,851,766.01	\$ 844,963.44
Adjustments:		
Depreciation expense	13,280.70	17,299.26
Interest income	(2,687.83)	(2,832.76)
Changes in operating assets and liabilities:		
Decrease (Increase) in notes receivable	(68,122.15)	281.04
Increase in accounts receivable	(1,463,125.18)	(187,540.13)
Increase in accounts receivable - related parties	(286,507.12)	(245,797.96)
Increase in other current assets	(35,970.01)	(30,073.60)
Increase in notes payable	27,345.56	27,722.23
Increase (Decrease) in accounts payable	201,919.15	(17,790.17)
Increase in accounts payable – related parties	555,960.66	128,279.46
Increase in other payables	199,595.77	148,941.47
Increase in other current liabilities	4,097.72	9,550.84
Cash generated by operating activities	997,553.27	693,003.11
Interests received	2,687.83	2,832.76
Income tax paid	(209,769.77)	(6,523.31)
Net cash flows provided by operating activities	790,471.34	689,312.56
Cash flows from investing activities:		
Acquisitions of property, plant and equipment	(15,296.24)	(46,123.42)
Decrease (Increase) in Guarantee Deposit P	34,364.88	(17,556.18)
Net cash flows provided (used) by investing activities	19,068.64	(63,679.60)
Cash flow from financing activities:		
Cash dividends	(711,889.74)	(486,786.20)
Net cash flows used by financing activities	(711,889.74)	(486,786.20)
Effect of exchange rate changes on cash	75,634.81	1,954.15
Increase in cash and cash equivalents	173,285.05	140,800.91
Cash and cash equivalents at beginning of period	1,958,916.18	1,818,115.27
Cash and cash equivalents at end of period	\$ 2,132,201.23	\$ 1,958,916.18

(The attached notes form an integral part of these financial statements)

Chairman :



Manager :



Finance Manager :



ULI International Co., Ltd
Notes To Financial Statements
For The years ended December 31,2021 and 2020
(Unless otherwise indicated, all dollar amounts are express in of USD)

(a) Company History and Business Scope

ULI International CO., LTD. (the “company”)(Registered name:UNI QUELOGISTICS INTERNATIONAL CO., LTD.) was founded and registered with approval on October 14,2002 in accordance with the Company Act and the other applicable laws and regulations. The Company mainly engages in air cargo agent and ocean freight agent transportation businesses. The main operating office of the Company functional currency are TWD and the expression of financial statements are USD.

(b) Dates and Procedures for Approving Finance Statements

These financial statements were approved and announced by the board of directors on April 15, 2022.

(c) Reasons for and Effects from Changes in Accounting Policies : Nil

(d) Summary of Significant Accounting Policies

The major accounting policies adopted when preparing these financial statements are described as following (Unless otherwise noted, the following policies are applicable throughout the reporting periods).

1. Compliance Declaration

The financial statements have been prepared in accordance with Business Entity Accounting Act, Regulation on Business Entity Accounting Handling, and Enterprise Accounting Standards.

2. Measurement Basis

The initial measurements of assets and liabilities are based on historical cost. The subsequent measurements are generally based on Hisotical cost, while often combined with other measurement bases, such as lower of cost or net realizable value, realizable (liquidation) value, fair valuem etc.

3. Foreign Currency

For monetary transactions in currencies other than the Company's functional currency (foreign currencies), they are initially recorded using the exchange rates as on the transaction date. By the end of each reporting period, the foreign-currency items are re-measured using the exchange rates by the end of period, and the exchange differences thus generated are recorded as gain or loss in the current period; For non-monetary foreign-currency items measured using fair value, they are re-measured using the exchange rates on the date when their fair value are determined, and the exchange differences thus generated are recorded as gain or loss in the current period (or recorded as other comprehensive income or loss for the items whose changes in fair value are recorded as other comprehensive income or loss). For non-monetary foreign-currency items measured at historical costs, they are not re-measured by the end of the period. For foreign operations measured under equity method, their assets and liabilities are translated into USD using the exchange rates by the end of each reporting period; Revenue/Gains and Expense/Loss items are translated using the average exchange rates in the period occurred, the generated exchange differences are recorded in other comprehensive income or loss and accumulated in the item Exchange differences on translation of foreign financial statements under other equity.

4. Classification Standards for Distinguishing Between Current and Non-current Assets and Liabilities

(1) Assets which meet any of the following criteria are classified as current assets:

- A. Expected to be liquidated within a normal business cycle or the Company intends to sell or consume.
- B. Hold mainly for trading purpose.
- C. Expected to be liquidated within 12 months after the balance sheet date.
- D. Cash or cash equivalents. However, not including those held for trade, repayment of debt, or subjected to other restrictions in more than 12 months after the balance sheet date.

The Company classifies all assets that do not meet the above criteria as non-current assets.

(2) Liabilities which meet any of the following criteria are classified as current liabilities:

- A. Expected to be repaid within a normal business cycle.
- B. Hold mainly for trading purposes.
- C. Need to be repaid with 12 months after the balance sheet date.
- D. Cannot be unconditionally extended for at least 12 months after the balance sheet date.

The Company classifies all liabilities that do not meet the above criteria as non-current liabilities.

5. Cash equivalent

Cash includes cash on hand and bank savings; Cash equivalents are highly liquid short-term certificate of deposits or investments that are convertible into fixed amount of cash at any time with trivial risk of fluctuation in value.

6. Financial instruments

Recognition and derecognition of all regular transactions in financial instruments are handled using trade date accounting. Financial instruments at fair value are measured using the market prices if they have a quoted price in an active market. If they do not have a market price for reference, evaluation methods are used to estimate their fair value. The estimations and assumptions used reflect the estimations and assumptions that market participants would use when pricing the financial instrument. The related discount rates are the same as the rates of return on those financial instruments with identical terms and features in substance.

(1) Financial assets

A. Type of measurement

Receivables

Receivables are initially recorded at their present value (computed using the imputed interest rates) and subsequently measured at their amortized costs under the effective interest method. But for receivables within one-year period, with insignificant discrepancies between their present and maturity value, and relating to frequent transactions, they are not measured at their present value.

Preliminary impairment assessment is performed for each individually significant receivable. When there exists objective evidence showing that some material receivables are impaired, then further assessment is performed to derive the impairment amount for each of those material receivables; As for the rest of material receivables (where there does not exist objective evidence showing that they are impaired) and individually insignificant receivables, they are grouped based on the similarity of their credit risks, and impairment assessment is performed on each group respectively.

B. Derecognise of financial assets

The company only derecognise financial assets when one of the following conditions is met:

(A) The contractual rights derived from the cash flows of financial assets have lapsed or been settled.

(B) Almost all risks and rewards of transferring ownership of financial assets.

(C) Part of the significant risks and rewards of the ownership of the financial asset is retained, but the control of the asset has been transferred to another party, that is, the transferee has the actual ability to sell the asset as a whole to an unrelated third party, and can be one-sided Exercising this ability without additional restrictions on the transfer. In this case, the company delists the financial assets and separately recognizes the rights and obligations arising from or retained by the transfer as assets or liabilities.

(2) Financial liabilities and equity

Financial instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

A. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

B. Financial liabilities

The Company derecognizes a financial liability when, and only when the obligation is discharged or cancelled or expires. The difference between the carrying amount of a financial liability derecognized and the consideration paid (or payable), including any liabilities assumed, is recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities that are not measured at fair value are measured at amortized cost using the effective interest method. If the effect of discounting is not material, original transaction amount is used instead. Financial liabilities at amortized cost comprise short-term borrowings, short-term notes and bills payable, notes payable, accounts payable and other payables.

7. Property, Plant and Equipment

Property, plant and equipment are measured at their costs, less their accumulated depreciation and accumulated impairment losses. The above costs include cash paid when purchasing or installing the assets, the fair value of cash equivalents or other assets exchanged, and the estimated costs of disassembling and removing the assets when they are retired. When a material component (or a group of components) within a particular property, plant and equipment item has different economic useful life from the other components, then the major component is regarded as an individual property, plant and equipment item.

Depreciation is recorded using straight-line method and based on the following economic useful lives: 5 years for Transportation equipment 5-8 years for office equipment and 5 years for other equipment. The bases adopted by the assets held under financial lease are the same as those owned by the Company, and their depreciation are recorded based on their expected economic useful lives; if the lease terms are shorter than the economic useful lives of the assets, then depreciation is recorded based on the lease terms. The expected economic useful lives, residual value, and depreciation method are reviewed when the future economic benefits of the assets are expected to change significantly. Any effects from changes in estimates are treated as changes in accounting estimates.

When a material component of the property, plant and equipment is replaced, if the future economic benefits from the component are highly likely to flow to the Company, then the replacement cost is recorded as book value for the item, and the book value of the replaced component is written off. The disposal gain or loss from selling or scrapping property, plant and equipment is determined based on the difference between the proceeds from the disposal and the book value of the asset, and is recorded as gain or loss in the current period.

When applying for revaluation of property, plant and equipment in accordance with applicable laws and regulations, the unrealized revaluation increments are recorded as other comprehensive income or loss and accrued in the "Unrealized revaluation increment" item under other equity. In the subsequent years after the revaluation, depreciation is recorded based on the book value after the revaluation. Upon disposal of the assets, the Unrealized revaluation increment under other equity will be reclassified to gain or loss in the current period.

8. Lease

The leased assets are classified as financial lease when, under the terms of the leasing contract, almost all of the risk and return relating to the assets have been transferred to lessees. All the other kinds of leased assets are classified as operating lease.

Where the Company is the lessor

Under operating lease, income is recognized on straight-line basis during the respective leasing periods. If a lease contract provides incentives to the lessee (in order to encourage the lessee to sign the contract), then the total cost of the incentives is recorded as an offsetting item against lease income on straight-line basis during the lease term. The initial direct costs (incurred from the negotiation and arrangement efforts for the operating lease) are added to the book value of the leased asset, and are expensed during the lease term. Contingent rents are recorded as income as they occur.

9. Impairment of non-financial assets

Tangible assets and intangible assets other than goodwill The Company assesses at the end of reporting period the book value of tangible assets and intangible assets other than goodwill and determine if there is any indication of impairment, If there is indication of impairment, then conduct impairment test and estimate the recoverable amount of the asset to determine if impairment should be recognized. If unable to estimate the recoverable amount of an individual asset, then estimate the recoverable amount of the cash-generating unit where the asset belongs; When shared assets can be allocated by reasonable and consistent basis, then allocate to respective individual cash-generating units. Otherwise, allocate to minimal groups of cash-generating units on reasonable and consistent basis.

The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. When evaluating the use value, it is computed by discounting the pre-tax future cash flows with a discount rate, where such discount rate reflects the time value of currency in the present market, and assessment of specific risks on the asset that are not considered and reflected in the estimated future cash flows.

If the recoverable amount of an asset or cash-generating unit is expected to be lower than its book value, then adjust and reduce the book value down to the recoverable amount, and impairment loss is recognized in the period occurred; But for assets that revaluation had been made, to the extent where the impairment loss is within the balance of unrealized revaluation increment, the impairment loss shall be recorded as other comprehensive income or loss, as a reduction of unrealized revaluation increment; If there is balance, then recognize in profit or loss, If the recoverable amount is increased due to change in estimate in the subsequent period, then the book value of the asset or cash-generating unit is adjusted and increased to the revised estimated recoverable amount. However, the increased book value may not exceed the book value of the asset or cash-generating unit as if no impairment loss was recognized, and the reversed impairment loss was recorded in the period occurred; But for assets that revaluation had been made, to the extent where impairment loss had been recorded previously, the reversal gain shall be recorded as profit or loss; If there is balance, then recognize in other comprehensive income or loss, as an increase in unrealized revaluation increment.

10. Revenue Recognition

Revenue is measured based on the fair value of the received or receivable proceeds, less the estimated returns from the clients, discounts, and other equivalent discounts.

(1) Revenue from sale of merchandise

Revenue from sale of merchandise is recorded when all of the following conditions are met: 1. The material risk and return relating to the ownership of merchandise has been transferred to the buyer: II. The Company does not remain participating in the management of or having effective control over the sold merchandise; III. The amount of revenue can be reliably measured: IV. It is very likely that the economic benefits relating to the transaction will flow to the Company and V. The incurred or would-be-incurred costs relating to the transaction can be reliably measured. For the accounts receivable which will be due within one year, and the difference between its fair value and the due date is insignificant, and that the transactions are frequent, then no fair value computation is made using the discount rate.

(2) Service revenue and Interest income

When the outcome of the service transactions can be reasonably estimated, the service revenue is recorded using the Percentage of Completion Method; when the outcome of the service transactions cannot be reasonably estimated, then only record revenue to the extent where the incurred costs can be recovered. Interest income from the financial assets is recorded using the Effective Interest Method.

11. Employee Retirement Benefits

The Company's obligation of pension payments, which equals to the legal appropriation amounts during the employment periods, is recorded in the current period.

12. Income Tax

Income tax expense is the summation of income tax in the current period and deferred income tax and is recorded in the current period income or loss. However, for the current-period and deferred income tax which relate to items recorded in other comprehensive income or items directly recorded in equity, they are recorded in other comprehensive income or directly recorded in equity.

(1) Current-period income tax

The unpaid portion of income tax payable computed based on the taxable income in the current and prior period is recorded as income tax liability; If the tax payment in the current and prior period exceeds the payable amount, then the excess portion is recorded as income tax asset in the current period. The income tax liabilities or assets are measured based on the income tax payable or refundable amount computed in accordance with the effective tax rates and the applicable tax laws by the end of the reporting period.

The un-appropriated earnings, which are subjected to additional income tax, are recorded as income tax expense for the un-appropriated earnings based on the actual condition of earnings distribution passed by the board of shareholders in the year subsequent to the reporting period.

(2) Deferred income tax

Deferred income taxes are recorded based on the temporary differences between the tax basis and book value of the assets and liabilities and are measured according to the effective statutory or substantially statutory tax rates.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, except to the extent that the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets for all deductible temporary differences arising from such investments are recognized only to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised. As for the unused taxation loss, tax credits, and deductible temporary differences, they are recorded as deferred income tax assets to the extent when there will be taxable income and would highly likely be utilized in the future. The book value of deferred income tax assets is reviewed and adjusted by the end of each reporting period.

(e) Main Sources of Uncertainty in Significant Accounting Judgments, Assumptions and Estimates

The Company's financial statements and its financial results are affected by its accounting policies, assumptions, and estimates, and the accounting assumptions and estimates are based on the past experience and other relevant factors and are determined by appropriate professional judgments made by management. The followings are illustrations to the assumptions about the future and the other major sources of information used to assess uncertainties; such assumptions and uncertainties carry significant risks which may lead to material adjustments on the book value of assets and liabilities in the next financial year:

Accounts receivable

During the process of impairment assessment on the accounts receivable, the Company had to use judgement and estimation to measure the credit risks of the accounts receivable for evaluating the expected credit loss. The credit risks are subjected to various factors, such as financial condition of the customers, the Company's internal credit ratings, historical transaction records and other various factors that may affect the credit quality of the customers. The impairment assessment was a reasonable estimation of the expected credit loss based on the situation on the balance sheet date, the actual outcome may differ from the estimation and may result in significant change.

(f) Illustrations to Significant Accounting Items

1. Cash and Cash Equivalents

	December 31, 2021	December 31, 2020
Petty Cash	\$ 722.54	\$ 702.25
Check deposit	45,097.00	21,602.07
Demand Deposit	2,072,375.33	1,886,965.41
Foreign currency deposit	14,006.36	49,646.45
Total	\$ 2,132,201.23	\$ 1,958,916.18

All of the Company's cash and cash equivalents are not in pledge or used as collateral.

2. Notes receivable

	December 31, 2021	December 31, 2020
Notes receivable	\$ 95,645.76	\$ 26,750.65
Less: Allowance for doubtful accounts	(1,166.87)	(1,134.09)
Account receivable net	\$ 94,478.89	\$ 25,616.56

3. Account receivable

	December 31, 2021	December 31, 2020
Account receivable	\$ 2,950,903.30	\$ 1,445,985.62
Less: Allowance for doubtful accounts	(95,454.99)	(92,773.67)
Account receivable net	\$ 2,855,448.31	\$ 1,353,211.95

(1) Change in allowance for uncollectible accounts (including related parties):

	2021	2020
Opening balance	\$ 93,907.76	\$ 167,631.50
Less: Written off	2,714.10	(73,723.74)
Ending balance	\$ 96,621.86	\$ 93,907.76

(2) All of the Company's accounts receivable are not in pledge or used as collateral.

4. Property, plant and equipment

	December 31, 2021	December 31, 2020
Transportation equipment	\$ 42,630.06	\$ 41,432.58
Office equipment	143,286.91	124,395.14
Other equipment	137,769.26	133,899.33
Total cost and revaluation increments	323,686.23	299,727.05
Less: Accumulated depreciation	-	-
	(267,962.10)	(247,379.14)
Total	\$ 55,724.13	\$ 52,347.91

	2021					
Cost and revaluation increments	Beginning of year	Additions	Disposals	Reclassification	exchange effects	End of Year
Transportation equipment	\$ 41,432.58	\$ -	\$ -	\$ -	\$ 1,197.48	\$ 42,630.06
Office equipment	124,395.14	15,296.24	-	-	3,595.53	143,286.91
Other equipment	133,899.33	-	-	-	3,869.93	137,769.26
Total	\$ 299,727.05	\$ 15,296.24	\$ -	\$ -	\$ 8,662.94	\$ 323,686.23

Accumulated depreciation	2021					End of Year
	Beginning of year	Depretion expense	Disposals	Reclassification	exchange effects	
Transportation equipment	\$5,179.11	\$7,024.36	\$ -	\$ -	\$ 230.38	\$ 12,433.85
Office equipment	112,835.04	5,301.84	-	-	3,322.04	121,458.92
Other equipment	129,364.99	954.50	-	-	3,749.84	134,069.33
Total	<u>\$ 247,379.14</u>	<u>\$ 13,280.70</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,302.26</u>	<u>\$ 267,962.10</u>

Cost and revaluation increments	2020					End of Year
	Beginning of year	Additions	Disposals	Impairment	Reclassification	
Transportation equipment	\$ -	\$ 41,432.58	\$ -	\$ -	\$ -	\$ 41,432.58
Office equipment	118,171.75	-	-	-	6,223.39	124,395.14
Other equipment	122,743.76	4,690.84	-	-	6,464.73	133,899.33
Total	<u>\$ 240,915.51</u>	<u>\$ 46,123.42</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,688.12</u>	<u>\$ 299,727.05</u>

Accumulated depreciation	2020					End of Year
	Beginning of year	Depretion expense	Disposals	Reclassification	Exchange effects	
Transportation equipment	\$ -	\$ 5,169.49	\$ -	\$ -	\$9.62	\$ 5,179.11
Office equipment	103,233.69	4,156.45	-	-	5,444.90	112,835.04
Other equipment	114,726.92	8,579.61	-	-	6,058.46	129,364.99
Total	<u>\$217,960.61</u>	<u>\$ 17,905.55</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,512.98</u>	<u>\$ 247,379.14</u>

(1) Capitalized borrowing costs and range of interest rates of property, plant and equipment were zero for both 2021 and 2020.

(2) After careful assessment, the property, plant and equipment are not impaired.

(3) The above property, plant, and equipment are not in pledge or used as collateral.

5. Guarantee deposits paid

	December 31, 2021	December 31, 2020
Freight forwarder guarantee deposits	\$ 227,599.95	\$ 238,761.11
Housing deposits	11,341.04	11,022.47
Others	21,812.86	37,043.54
Total	<u>\$ 260,753.85</u>	<u>\$ 286,827.12</u>

6. Other payable

	December 31, 2021	December 31, 2020
Accrued Payroll	\$ 8,996.21	\$ 9,703.02
Bonus payable and employees compensation	755,486.11	437,631.18
Sales tax payable	-	28,121.56
Accrued pension expense	11,718.28	10,142.84
Labor and health insurance	20,684.83	17,105.13
Accrued professional service fees	8,002.17	2,984.55
Other accrued expenses	36,127.28	117,710.85
Total	<u>\$ 841,014.88</u>	<u>\$ 623,399.13</u>

7. Share Capital

(1) Reconciliations for the number and dollar amounts of the Company's outstanding common shares from beginning to end of the periods are as following:

	2021	
	Number of shares	Amount
Beginning of year	1,000,000	NTD\$ 10,000,000.00
End of Year	1,000,000	NTD\$ 10,000,000.00
Equivalent to		USD\$ 286,575.00

	2020	
	Number of shares	Amount
Beginning of year	1,000,000	NTD\$ 10,000,000.00
End of Year	1,000,000	NTD\$ 10,000,000.00
Equivalent to		USD\$ 286,575.00

(2) As of December 31, 2021, the Company's registered capital is 10,000,000 TWD, which is divided into 1,000,000 shares.

8. Retained earnings

Under the Company's corporate charter, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The remainder, if any, together with unappropriated earnings from prior years, either retained or distributed, shall be resolved by the shareholders' meeting.

Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for issuing stocks or distributing cash to shareholders in proportion to their share ownership is limited to the portion in excess of 25% of the Company's paid-in capital.

The appropriations of 2022 and 2021 quarterly earnings have been approved by the Company's Board of Directors in its meeting, respectively. The appropriations and cash dividends per share were as follows:

	2021	2020
The appropriations cash dividends	NTD\$ 19,705,108.00	USD\$ 690,604.92
Equivalent to	NTD\$ 13,863,671.00	USD\$ 448,502.83

9. Operating revenue

	2021	2020
Freight revenue	\$ 15,976,608.89	\$ 9,638,154.80
Commission revenue	720.66	955.98
Other operating revenue	63,052.18	80,650.09
Total	16,040,381.73	9,719,760.87
Less: freight allowance	(8.43)	(35.05)
<u>Net total</u>	<u>\$ 16,040,373.30</u>	<u>\$ 9,719,725.82</u>

10. Employee benefit, depreciation and amortization expense

	2021		
	Operating cost	Operating expense	Total
Employee benefits expense			
Payroll	\$ -	\$ 1,577,585.93	\$ 1,577,585.93
Labor/health insurance	-	98,935.67	98,935.67
Pension	-	41,082.26	41,082.26
Other personnel benefits	-	13,033.72	13,033.72
Depreciation expense	-	13,280.70	13,280.70
Amortization expense	-	-	-

	2020		
	Operating cost	Operating expense	Total
Employee benefits expense			
Payroll	\$ -	\$ 1,196,586.72	\$ 1,196,586.72
Labor/health insurance	-	91,273.06	91,273.06
Pension	-	37,900.39	37,900.39
Other personnel benefits	-	8,290.84	8,290.84
Depreciation expense	-	18,247.70	18,247.70
Amortization expense	-	-	-

According to the Company's corporate charter, if the Company has profit in a year, it shall allocate 0.01% 0.1% as employees' compensation. But if the Company has accumulated loss, it shall reserve in advance to make up the loss amount. In 2021 and 2020, the recorded employees compensation were \$51,845 and \$24,109, respectively, which were the same as the actual distribution amounts.

11. Other income

	2021	2020
Interest income	\$ 2,687.83	\$ 2,932.04
Other income	45,232.06	23,935.37
Total	\$ 47,919.89	\$ 26,867.41

12. Other gain and losses

	2021	2020
Net foreign exchange gain	\$ 303,082.69	\$ 181,068.02

13. Income tax expense

(1) Income tax recorded in profit/loss

	2021	2020
Deferred income tax relating to temporary tax differences and loss carryforward	\$ 370,005.05	\$ 154,358.52
Additional tax on un-appropriated earnings	-	-
Income tax adjustments from prior years	-	-
Income tax expense recorded in income statement in the current year	\$ 370,005.05	\$ 154,358.52

(2) Income tax expense (benefit) relating to other comprehensive income: Nil

(3) Adjustments from accounting income to income tax expense recorded in profit/loss:

	2021	2020
Earnings before income tax	\$ 1,851,766.01	\$ 844,963.44
Income tax computed based on statutory tax rate on the earnings before tax	\$ 370,353.18	\$ 168,992.73
Effects from items not included when computing taxable income	-	-
Other adjustments	(11.00)	876.81
Income tax effects from operating loss carryover	-	-
Income tax adjustments from prior years	-	-
Additional tax on un-appropriated earnings	-	-
Net change in deferred income tax	(337.13)	(15,511.02)
Income tax expense recorded in profit/loss	\$ 370,005.05	\$ 154,358.52

The applicable tax rate for the Company is 20%. The tax rate applicable to unappropriated earnings is 5%.

(4) Deferred income tax assets or liabilities: Nil

(5) Deductible temporary differences, unused operating loss carryforwards, and unused tax credits for which no deferred tax assets have been recognized in the balance sheets:

	December 31, 2021	December 31, 2020
Deductible temporary differences	\$ 11,797.25	\$ 15,330.69

(6) Unrecognized deferred tax liabilities associated with investments: Nil

(7) The Company's business income tax filings up to year of 2020 had been assessed by the National Taxation Bureau.

(g) Transaction with Related Parties

Material transaction with Related Parties

1. Operating revenue

	2021	2020
Other Related Party	\$ 2,529,353.78	\$ 888,686.15

The prices and payment terms of the Company's above operating revenue are similar to those with non-related parties.

2. Operating cost

	2021	2020
Other Related Party	\$ 1,398,050.08	\$ 745,856.90

The prices and payment terms of the Company's above operating costs are similar to those with non-related parties.

3. Receivables from related parties (excluding lending to related parties)

	Type of related party	December 31, 2021	December 31, 2020
Accounts receivable	Other Related Party	\$ 559,748.37	\$ 271,311.04

4. Payables to related parties (excluding borrowings from related parties)

	Type of related party	December 31, 2021	December 31, 2020
Accounts payable	Other Related Party	\$ 760,997.29	\$ 207,388.32

5. Payables to related parties (excluding borrowings from related parties)

Type of related party	Highest balance	Ending balance	Interest rate	Interest expense
Key management	\$ 391,977.95	\$ 391,977.95	-	\$ -

Type of related party	Highest balance	Ending balance	Interest rate	Interest expense
Key management	\$ 380,965.20	\$ 380,965.20	-	\$ -

(h) Mortgage or pledged assets

The Company provided the following assets as securities for freight forwarder businesses:

	December 31, 2021	December 31, 2020
Guarantee deposits	\$ 227,601.16	\$ 238,764.04

(i) Significant Contingencies and Unrecorded Contractual Commitments:

As of December 31, 2021 and 2020, the Company issued \$1,000,000 (US \$36,127.17) and \$1,115,000 (US \$39,150.28), respectively, of guarantee checks to freight forwarder agents for security purpose.

(j) Material Subsequent event: Nil

(k) Other: Nil

TGF Unique Limited
Registered number 03920217
Annual report and financial statements
31 March 2022

TGF Unique Limited

Annual report and financial statements

Registered number 03920217

Year ended 31 March 2022

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Directors' report

The directors present their directors' report and financial statements for the year ended 31 March 2022.

Principal activities

The principal activity of the Company is that of air cargo, courier and forwarding agent.

Political contributions

The company made no political contributions during the year (2021: £nil).

Results and dividends

The results of the Company for the period are in the profit and loss account on page 7. There was a profit before taxation for the year of £1,426,000 (2021: £697,000) which will be transferred to reserves. The directors have proposed a dividend in the financial year 2022 of £775,500 (2021: £139,000). At 31 March 2022 the Company has net cash funds of £1,910,000 (2021: £1,981,000).

Use of financial instruments

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest any cash assets safely and profitably.

Currency risk

The Company is exposed to transaction and translation foreign exchange risk. In relation to translation risk the proportion of assets held in the foreign currency are matched to an appropriate level of borrowings in the same currency.

Credit Risk

The Company's credit risk is driven by trade receivables. Receivables are monitored closely and provision taken for accounts where the recoverability of cash is considered at risk. The Company has no significant concentration of credit risk as the trade receivables are spread across a large number of customers. If a significant number of customers failed to repay outstanding trade receivables balances this would adversely impact the financial position of the Company.

Future Development

The focus for the business for the next financial year is growth from existing and new customers, customer retention, improving utilisation of our operating base and product, and focus on cost efficiency. Competition in the industry is significant, and the business will focus in area in which it has a strategic advantage, including customised solutions and value added service.

Directors

The directors who held office during the year and up to the date of this report were as follows:

R Lee	
FCW Ha	
PMB Lee	
S Reed	- Resigned 14 November 2022
PM Larsen	
MP Wede	- Resigned 22 June 2021
A Berkshire	- Appointed 28 June 2021

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor's are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor's are aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



Francis Ha
Director
23 November 2022

672 Spur Road
North Feltham Trading Estate
Feltham, Middlesex
TW14 0SL

Statement of directors' responsibilities in respect of the Annual Report and the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent Auditor's report to the members of TGF Unique Limited

Opinion

We have audited the financial statements of TGF Unique Limited ("the Company") for the year ended 31 March 2022 which comprise the profit and loss account and other comprehensive income, the balance sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1. In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2022 and of the profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Independent Auditor's report to the members of TGF Unique Limited (Continued)

Fraud and breaches of laws and regulations - ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that export and import revenue is recorded in the wrong period and the risk that management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

We performed procedures including identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to seldom accounts for sales, those posted to unusual or unrelated accounts for sales, those posted with unexpected cash pairing and journal entries containing specific words in the description.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors (as required by auditing standards) and other management and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company is subject to many other laws, we did not identify any others where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Independent Auditor's report to the members of TGF Unique Limited (Continued)

Fraud and breaches of laws and regulations - ability to detect (Continued)

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Directors' report

The directors are responsible for the Directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Independent Auditor's report to the members of TGF Unique Limited (Continued)

Directors' responsibilities

As explained more fully in their statement set out on page 2, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

/s/ Terri Coughlan

(Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

2 Forbury Place

33 Forbury Road

Reading, Berkshire

RG1 3AD

Date: 23 November 2022

A copy of the audit report is filed and available at the Company's House.

Profit and Loss Account and Other Comprehensive Income
for the year ended 31 March 2022

	<i>Note</i>	31 March 2022	31 March 2021
		£000	£000
Turnover	2	18,643	10,520
Cost of Sales		(16,131)	(9,083)
Gross Profit		2,512	1,437
Administrative Expenses	3 - 5	(1,086)	(740)
Profit before taxation		1,426	697
Tax on profit	6	(270)	(66)
Profit for the year		1,156	631

There was no other comprehensive income in either year.

The notes on pages 10 to 17 form part of these financial statements.

Balance Sheet
at 31 March 2022

	<u>Note</u>	<u>2022</u> £000	<u>2022</u> £000	<u>2021</u> £000	<u>2021</u> £000
Fixed assets	12		3		-
Tangible assets					
Current Assets					
Debtors	7	4,034		2,681	
Cash at bank and in hand		<u>1,910</u>		<u>1,981</u>	
		5,944		4,662	
Creditors: amounts falling due within one year	8	<u>(3,835)</u>		<u>(2,930)</u>	
Net current assets			<u>2,109</u>		<u>1,732</u>
Net Assets			<u>2,112</u>		<u>1,732</u>
Capital and reserves					
Called up share capital	9		200		200
Profit and loss account			<u>1,912</u>		<u>1,532</u>
Total shareholders' fund - equity interests			<u>2,112</u>		<u>1,732</u>

The notes on pages 10 to 17 form part of these financial statements.

These financial statements were approved by the board of directors on 23 November 2022 and were signed on its behalf by:



Francis Ha

Director

Statement of Changes in Equity for the year ended 31st March 2022

	<u>Called up Share Capital</u>	<u>Profit and loss account</u>	<u>Total</u>
	£000	£000	£000
Balance at 31 March 2020	200	1,040	1,240
Profit for the year	-	631	631
Total comprehensive income for the year	-	631	631
Dividends	-	(139)	(139)
Balance at 31 March 2021	200	1,532	1,732
Profit for the year	-	1,156	1,156
Total comprehensive income for the year	-	1,156	1,156
Dividends	-	(776)	(776)
Balance at 31 March 2022	200	1,912	2,112

The notes on pages 10 to 17 form part of these financial statements.

Notes
(forming part of the financial statements)

1 Accounting policies

TGF Unique Limited (the “Company”) is a private company incorporated, domiciled and registered in England in the UK. The registered number is 03920217 and the registered address is 672 Spur Road, North Feltham Trading Estate, Feltham, England, TW14 0SL.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (“FRS 101”).

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the UK (“Adopted IFRSs”), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company’s ultimate parent undertaking, Japan Post Holdings Co., Ltd., a company incorporated in Japan, includes the Company in its consolidated financial statements. The consolidated financial statements of Japan Post Holdings Co are prepared in accordance with Japanese GAAP which is recognised as equivalent to IFRS. The financial statements are available to the public and may be obtained from Japan Post Holdings Co., Ltd., 1-3-2 Kasumigaseki, Chiyoda-ku, Tokyo 100-8798.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A cashflow statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets, and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel;

As the consolidated financial statements of Japan Post Holdings Co., Ltd. include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Notes (continued)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

1.1 Measure convention

The financial statements are prepared on the historical cost basis

1.2 Basis of preparation

The directors have a reasonable expectation that the company adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

The financial statements have been prepared on the going concern basis, with net current assets of £2,109,000 and a cash balance of £1,910,000 as at 31 March 2022, which the directors believe to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for the period up to March 2024 in order to assess going concern which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds to meet its liabilities as they fall due during the going concern assessment period.

There are no plans to fundamentally change the nature of the entity or cease its operations as part of the Toll group of companies. There are no plans to liquidate this entity within the next 12 months and therefore have prepared the financial statements on a going concern basis.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

1.4 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

1.5 Classification of financial instruments issued by the Company

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Notes (continued)

1.6 Non-derivative financial instruments

Non-derivative financial instruments comprise investment in equity, trade and other debtors, cash and cash equivalents, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

1.7 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.8 Accounting estimates and judgements

There are no judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements or estimates with a significant risk of material adjustment in the next year.

1.9 Tangible fixed assets

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

- computer equipment 3-4 years

1.10 Expected Credit Loss

IFRS 9 replaced the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. This requires considerable judgement about how changes in economic factors affect ECLs, which are determined on a probability-weighted basis. A provision for expected credit loss is formed based on historic client delinquencies which the management adjust for based on changes in the macro economic environment, operational reasons and client portfolio.

1.11 Turnover

The principal operation of the Company is the provision of a freight forwarding service, the turnover of which is all generated from the UK.

Revenue is recognised as follows:

- Date of departure for export shipments and consolidated jobs.
- Arrive date for import shipments and consolidated jobs, including domestic.
- Where international freight is part of an import shipment, this will be recognised at departure.

Revenue shall be recognised when or as performance obligations are satisfied by transferring control of a promised service to the customer. Control either transfers over time or at a point in time.

Notes (continued)

2 Turnover

	31 March	31 March
	2022	2021
	£000	£000
Provision of services	18,643	10,520
Sales by geographic market:		
United Kingdom	18,643	10,520

3 Expenses and auditor's remuneration

Profit before tax is stated after charging:

	31 March	31 March
	2022	2021
	£000	£000
Foreign exchange losses / (gain) (net)	35	(31)
Audit of these financial statements	16	10

4 Remuneration of directors

	31 March	31 March
	2022	2021
	£000	£000
Director's remuneration	189	147
Company contributions to money purchase pension plans	5	4

Retirement benefits are accruing to 1 (2021: 1) directors under defined contribution pension schemes.

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £189,000 (2021: £147,000) and company pension contributions of £5,000 (2021: £4,000) were made to a money purchase scheme on his behalf.

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	31 March	31 March
	2022	2021
Administration staff	10	10

The aggregate payroll costs of these persons were as follows:

	31 March	31 March
	2022	2021
	£000	£000
Wages and salaries	859	615
Social security costs	64	50
Other Pension costs (see note 10)	25	21
	948	686

Notes (continued)

6 Taxation

Recognised in the profit and loss account	31 March	31 March
	2022	2021
	£000	£000
<i>UK corporation tax</i>		
Current tax on income for the year	270	66
Total current tax credit	270	66

The current tax charge for the year is lower (2021: lower) than the standard rate of corporation tax in the UK (19%, 2021: 19%). The differences are explained below.

Reconciliation of effective tax rate	31 March	31 March
	2022	2021
	£000	£000
Profit for the year	1,156	631
Total tax expense	270	66
Profit before tax	1,426	697
Tax at 19% (2021: 19%) on profit on ordinary activities before tax Effects of:	271	132
Income not taxable	(1)	-
Expenses not deductible for tax purposes	-	-
Consortium relief claimed	-	(66)
Total tax expense	270	66

Factors that may affect future current and total tax charges

The standard rate of tax applied to reported profit on ordinary activities is 19% (2020: 19%). The March 2021 Budget announced an increase in corporation tax rate to 25% from 1 April 2023 which was substantively enacted on 24 May 2021.

7 Debtors

	31 March	31 March
	2022	2021
	£000	£000
Trade Debtors	3,336	2,487
Amounts falling due from other related parties (see note 13)	24	51
Other debtors	204	22
VAT receivable	-	5
Prepayments and accrued income	470	116
	4,034	2,681

Notes (continued)

8 Creditors: amounts falling due within one year

	31 March	31 March
	2022	2021
	£000	£000
Trade creditors	252	371
Amounts due to group undertakings (see note 13)	633	572
Amounts due to other related parties (see note 13)	1,351	827
VAT payable	10	1
Corporation tax	50	1
Accruals and deferred income	1,539	1,158
	3,835	2,930

Amounts due to group undertakings are interest free, unsecured and repayable on demand.

9 Called upon share capital

	31 March	31 March
	2022	2021
	£000	£000
<i>Allotted, called up and fully paid</i>		
200,000 ordinary shares of £1 each	200	200

10 Employee Benefits

Defined contribution plans

During the year to 31 March 2022 the Company operated a defined contribution pension scheme. This scheme covers the majority of the employees. The pension cost of £25,000 (2021: £21,000) in respect of the defined contribution pension scheme represents the contributions payable to the pension scheme in respect of the accounting year.

11 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary of Toll Global Forwarding Group (UK) Limited. The directors consider the ultimate parent undertaking to be Japan Post Holdings Co., Ltd., a public company incorporated in Japan and listed in the Tokyo Stock Exchange.

The smallest group for which financial statements are prepared, and of which the Company is a member of is Toll Global Forwarding Limited and consolidated financial statements can be obtained from Toll Global Forwarding Limited, 30/F. Tower Two, Enterprise Square Five, 38 Wang Chiu Road, Kowloon Bay, Kowloon Hong Kong.

The largest group for which financial statements are prepared, and of which the Company is a member of is Japan Post Holdings Co., Ltd. and consolidated financial statements can be obtained from Japan Post Holdings Co., Ltd., 1-3-2 Kasumigaseki, Chiyoda-ku, Tokyo 100-8798.

Notes (continued)

12 Tangible fixed assets

	Computer Equipment
	£000
Cost	
At beginning of year	-
Additions	4
Disposals	-
Transfers	-
At end of year	4
Depreciation	
At beginning of year	-
Charge for year	(1)
Disposals	-
At end of year	(1)
Net book value	
At 31 March 2022	3
At 31 March 2021	-

Notes (continued)

13 Related parties

Related party transactions during the year comprised sales and purchase of services with Other Group companies for use of relevant networks to deliver customer contracts. There were also an amount owed by the Company to Toll Global Forwarding Group (UK) Limited for other operational services (custom duties and port charges).

	Receivables outstanding 31 March 2022	Creditors outstanding 31 March 2022	Receivables outstanding 31 March 2021	Creditors outstanding 31 March 2021
	£000	£000	£000	£000
Shenzhen Unique Logistics Int’L Ltd	10	420	1	302
Uli (South China) Limited	-	372	-	197
Uli International Co Ltd	-	5	-	15
Uli North And East China Co Ltd	-	12	-	30
Unique Freight Solutions (Thailand) Co Ltd	-	3	-	7
Unique Logistics International Philippines Inc	0	-	-	1
Unique Logistics International (Hk) Ltd.	8	248	29	103
Unique Logistics International (Nyc) Llc	-	177	12	111
Unique Logistics International (Nyc), Llc	2	-	3	-
Unique Logistics International Llc	-	0	0	-
Unique Logistics International(Nyc)	-	0	0	0
Unique Logistics International(Xiamen) Ltd.	-	59	-	24
Unique Logistics Intl	-	1	-	1
Unique Logistics Intl (Atl) Llc	0	-	0	-
Unique Logistics Intl (Bos)	1	0	3	-
Unique Logistics Intl (India) Pvt	-	2	-	2
Unique Logistics Intl (India) Pvt Ltd	-	2	-	-
Unique Logistics Intl (South China) Ltd	-	49	2	29
Unique Logistics Intl(India)Pvt Ltd	0	-	-	-
Unique Logistics Korea Co. Ltd.	3	-	-	5
Pt. Unique Logistics International Indonesia	-	-	-	1
Unique Logistics International (India) Private Ltd	-	-	-	12
Unique Logistics International (India) Pvt Limited	-	-	3	-
	24	1,351	51	827
<i>Toll Global Forwarding Group UK Transactions</i>				
	Receivables outstanding 31 March 2022	Creditors outstanding 31 March 2022	Receivables outstanding 31 March 2021	Creditors outstanding 31 March 2021
	£000	£000	£000	£000
Toll Global Forwarding Group UK Limited	-	633	-	572
	-	633	-	572

14 Commitments

The company did not enter into a contract to purchase property, plant and equipment during the year ended 31 March 2022.

15 Contingencies

The company have not granted any guarantees for any beneficiary.

UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED

Regd. Office: 34, Allenby Road, Bhowanipore, Kolkata - 700 020

CIN: U62200WB2010FTC145954; Phone: 033-4036-9977; Fax: 033-4036-9988; Email:sanjeev.ambasta.del@unique-logistics.com

DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting their 12th Annual Report and Audited Financial Statements on the business and operations of the Company for the year ended 31st March, 2022:

FINANCIAL RESULTS:

(Figures in '000 Rs.)	2021-22	2020-21
Income from services	56,13,830	21,18,465
Less: Total Operating Expenditure excluding Depreciation and Finance Cost	55,55,611	21,03,584
Operating Profit	58,219	14,881
Add: Misc. income	3,868	1,768
Profit before Interest, Depreciation and Taxation	62,087	16,649
Less: Finance Cost	181	392
Profit before Depreciation and Taxation	61,906	16,257
Less: Depreciation	2,443	1,720
Profit before Taxation	59,463	14,537
Less: Provision for Taxation — Current Tax	15,078	4,061
- Deferred Tax	(2,315)	551
Net Profit after Taxes	46,700	9,925
Add: Surplus brought forward from previous year	69,035	59,110
Surplus carried to Balance Sheet	1,15,735	69,035

REVIEW OF OPERATIONS:

Financial year 2021-22 was an exceptional year for the Company. Income from logistics services increased by 164% to Rs. 56,138 Lakh from Rs. 21,185 Lakh in the previous year. There is no doubt that some of this increase came from exceptionally high freight rates prevailing throughout the financial year which are expected to decrease in the future. However, much of the increase was also driven by business growth, particularly in export logistics services, as the Company successfully secured business awards from major United States based companies that are increasing their buying from India.

The Company successfully managed cost containment despite the burgeoning business levels. The steps taken by the Company ensured that profit before tax registered an increase of 309% to Rs. 594.63 Lakh compared to Rs. 145.37 Lakh in the previous year. The Company reports an increased profit after tax at Rs. 466.99 Lakh compared to Rs. 99.23 Lakh in the previous year; an upturn of 370%.

FUTURE PROSPECTS / STATE OF COMPANY'S AFFAIRS:

The Company expects that freight rates will gradually decline over the next financial year. Freight rates were abnormally high in the post pandemic recovery period. In addition, the Company remains concerned about geopolitical factors, including elevated fuel prices, that will likely result in a global slowdown.

The Company is preparing for such market conditions by continuously increasing its customer base, even as individual customers, likely, reduce their shipping.

Continuous efforts to contain costs will help maintain and build profitability, even as revenues from logistics services decrease due to freight prices declining.

DIVIDEND:

The Board considers it prudent to conserve working capital resources for the growth and expansion of the Company and accordingly does not recommend payment of any dividend on the Equity Shares for the year under report.

TRANSFER TO RESERVES:

The Board of Directors does not propose to transfer any amount of profit after tax to any Reserves.

CAPITAL EXPENDITURES:

As of 31st March, 2022, the gross fixed assets stood at Rs. 214.50 Lacs as compared to Rs. 193.28 Lacs in the previous year. The net fixed assets as at the close of the financial year were Rs. 54.79 Lakh. Additions during the year amounted to Rs. 35.61 Lacs and assets worth Rs. 15.75 Lakh (most of which were old and unusable furniture / fixtures and office equipments) were disposed off.

COVID-19 IMPACT:

As the Indian and global economy boomed after pandemic lockdowns were lifted, the Company's business returned to normalcy and operations resumed in line with Government of India as well as local government directives.

However, the Company is cognizant of the threat that COVID-19 still presents and has systems in place to monitor and react to the continuing threats of emerging variants of the virus. The Company has taken all necessary steps and precautionary measures to ensure smooth functioning of its operations/business and most importantly, the health and safety of its employees. The Company is ready with rapid response action plans in the event of further health crises that may emerge.

PUBLIC DEPOSITS:

The Company has not invited and / or accepted any deposits from the public during the year under report. There were no unclaimed or unpaid deposits as on the financial year-end date. Since there was no deposit covered under Chapter V of the Act, the question of any default in repayment of deposits or payment of interest thereon during the year does not arise at all and as such, the details required to be given pursuant to the provisions of Rule 8(5)(v) of the Companies (Accounts) Rules, 2014 are not applicable to the Company.

MATERIAL CHANGES & COMMITMENTS:

There was no material change or commitments affecting financial position of the Company occurring between the date of Financial Statements and the Board's Report.

NOTE ON HOLDING, SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANIES:

The Company is a subsidiary of Unique Logistics Holdings Limited, Hongkong. It is engaged in the business of logistics services in India and abroad. The Company has no Subsidiary, Associate or Joint Venture Company anywhere.

BOARD OF DIRECTORS:

There was no change in the composition of the Board of Directors since its last report. As per Articles of Association of the Company none of the Directors are liable to retire by rotation. None of the Directors of the Company are disqualified under Section 164(2) of the Companies Act, 2013.

DISCLOSURE ON COMMITTEES OF THE BOARD:

The Board of Directors does not have any Committee and it was not required to form any Committee also as per various provisions of the Act.

KEY MANAGERIAL PERSONNEL

The Company, being a Private Limited Company, was not required to have any Key Managerial Personnel.

NUMBER OF MEETINGS OF THE BOARD:

During the financial year FOUR (4) Meetings of the Board of Directors were convened and held. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 read with the Rules made thereunder. Dates of Board Meetings indicating the attendance by each Director is given below:

BOARD MEETING AND ATTENDANCE RECORDS:

<u>Name of Directors</u>	<u>Dates of Board Meetings and Attendance</u>				<u>Summary of No. of meetings attended</u>
	<u>[P = Present, A = Absent]</u>				
	<u>24.05.2021</u>	<u>28.06.2021</u>	<u>10.09.2021</u>	<u>06.01.2022</u>	
Mr. Sudershan Sharma	P	A	A	A	1
Mr. Sunandan Ray	P	A	A	A	1
Mr. Richard Chi Tak Lee	p	p	p	p	4
Mr. Ping Hong Tam	p	p	p	p	4
Mr. Patrick Man Bun Lee	p	p	p	p	4
Mr. Thomas To Wong	p	p	p	p	4

DIRECTORS' RESPONSIBILITY STATEMENT:

The Company is in compliance with various accounting and financial reporting requirements in respect of the financial statements for the year under review. Pursuant to Section 134(5) of the Companies Act, 2013 and in respect of the Annual Accounts for the year under review, the Directors hereby confirm that:

- i. in the preparation of the annual accounts, the applicable accounting standards had been followed with proper explanation relating to material departures, if any;

- ii. the directors had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit of the Company for the year;
- iii. the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. the directors had prepared the annual accounts on a going concern basis; and
- v. the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDITORS:

M/s. B M Chatrath & Co. LLP, Chartered Accountants, [FRN: 301011E /E300025] being the retiring Auditors, hold office until the conclusion of the ensuing 12th Annual General Meeting of the Company for the Financial Year ending 31st March 2022. The Board of Directors has recommended for the approval of the Members, the re-appointment of M/s. B. M. Chatrath & Co. LLP, Chartered Accountants, [FRN: 301011E / E300025] as the Statutory Auditors of the Company for a further period of five consecutive years, in accordance with the provisions of Section 139(1) of the Companies Act, 2013 to hold office till the conclusion of the 17th Annual General Meeting to be held for the Financial Year ending 31st March, 2027. M/s. B. M. Chatrath & Co. LLP, Chartered Accountants, have also confirmed their eligibility, willingness and qualification to be re-appointed as Statutory Auditors of the Company.

AUDIT OBSERVATIONS:

No qualification, reservation, adverse remark or disclaimer has been made by the Auditors in their report. The observations of the Auditors read with Notes to Accounts are self-explanatory and do not warrant any further clarification or comment.

MAINTENANCE OF COST RECORDS AND COST AUDIT:

The Central Government has not mandated maintenance of cost records in respect of products / services of the Company under sub-section (1) of section 148 of the Companies Act, 2013 and accordingly such accounts and records are not required to be made or maintained. Accordingly Cost Audit is also not applicable.

SECRETARIAL AUDIT:

Secretarial Audit is not applicable.

ADHERENCE TO SECRETARIAL STANDARDS:

The Directors state that applicable Secretarial Standards issued by The Institute of Company Secretaries of India and approved by the Central Government under Section 118(10) of the Companies Act, 2013 have been adhered to by the Company.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

The Company has not granted any loan or made any investments or given guarantees or provided securities covered under section 186 of the Companies Act, 2013.

RELATED PARTY DISCLOSURES:

All related party transactions entered into during the financial year were on arm's length basis in the ordinary course of business and the same have been disclosed in Notes to Accounts.

The Company being a private limited company, pursuant to Notification F. No. 1/1/14-CL.V dated 05.06.2015, its holding Company and other companies which are subsidiaries of its holding company are not treated as related party for the purposes of Section 188. Hence transactions entered into by the Company with its Holding Company and other fellow subsidiaries are not treated as related party transactions.

Accordingly, there is nothing to report pursuant to section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 in Form AOC-2.

ANNUAL RETURN:

In terms of the provisions of sections 92(3) and 134(3)(a) of the Companies Act, 2013 it is stated that the Annual Return as on 31st March, 2021 has not been placed on any web since the Company, being a private limited company, is not required to host or maintain any web address to serve its investors/shareholders.

INTERNAL FINANCIAL CONTROL:

As required under Section 134(3)(q) of the Companies Act, 2013 read with Rule 8(5)(viii) of Companies (Accounts) Rules, 2014 the Company has in place proper and adequate internal financial control system commensurate with the size, scale, complexity and nature of its business operations. The Board has adopted the policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial disclosures.

The internal financial control systems of the Company are monitored and evaluated periodically by the Directors with senior management, deviations are regularly identified and corrective actions are taken wherever necessary. The Company's management has assessed the effectiveness of the Company's internal financial control over financial reporting as of March 31, 2022. The statutory auditors of the company have, in their report on Internal Financial Control, certified that the same are adequate in all material respects.

Present internal financial control measures are tested over time and no reportable material weakness in the design or operation was observed.

RISK MANAGEMENT:

Risks are events, situations or circumstances which may lead to negative consequences on the Company's businesses. Risk management is the process of identifying, quantifying and managing the risks that an organization faces.

The Company has in place a Risk Management Policy which is designed to enable risks to be identified, assessed and mitigated appropriately. The Company fulfills its legal requirements as per the Rules/Acts laid down in the statute and improving work place safety continues to be the top priority. As of now the Directors do not envisage any element of risk which may threaten the existence of the company.

EMPLOYEE RELATIONS / HUMAN RESOURCE DEVELOPMENT:

The Company places great value on the well being of its employees. Our services and our technology are delivered and utilized by our staff. It remains the Company's highest priority to maintain excellent and cordial personnel relations.

At the end of an exceptional financial year, the Directors express their appreciation and gratitude to the entire team of employees for their incredible dedication and commitment to achieving the goals of the Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Information as per Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are given as below:

A. Conservation of Energy

The Company does not carry out any manufacturing activities requiring consumption of energy.

B. Technology Absorption:

- i) Efforts made towards technology absorption: The company has invested heavily in technology infrastructure to create differentiated delivery capabilities, quality services and customized solutions for clients.
- ii) Benefits derived from product improvement, cost reduction, product development or import substitution: Not applicable
- iii) In case of imported technology: The Company has not imported any technology during the year.
- iv) The expenditure incurred in Research and Development: Absorbed in direct expenses and not separately measured.

C. Foreign exchange earnings & outgo:

FOREX details	2021-22	2020-21
	InRs.'000	InRs.'000
Earnings:		
a) Sale- Freight	28,90,289	4,37,124
Outgo:		
a) Payment - Freight	4,59,158	1,84,662

PARTICULARS OF EMPLOYEES

None of the employees of the Company drew remuneration in excess of the limits laid down in Rule 5(2) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 and hence there is nothing to report on this matter.

CORPORATE SOCIAL RESPONSIBILITY:

The Company did not come under the ambit of the Corporate Social Responsibility, as defined under the provision of Section 135 of the Companies Act, 2013, during the financial year under report.

CONSTITUTION OF INTERNAL COMPLAINTS COMMITTEE:

The Directors state that the Company has constituted an Internal Complaints Committee in accordance with the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder. The Order constituting such Committee and the penal consequences of sexual harassment has been conspicuously displayed at all the workplaces of the Company. During the year under review, no cases have been filed before the said Committee,

GENERAL:

The Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

- a) No loan has been granted to any employee for purchase of Company's shares under any scheme.
- b) The Company has not issued any equity shares with differential rights as to dividend, voting or otherwise.
- c) There was no issue of shares (including sweat equity shares / ESOP / ESPS) to employees of the Company under any scheme.
- d) Since the Company does not have any subsidiary, the matter of receiving any remuneration or commission by the Directors / Managing Director(s) from subsidiaries does not arise at all.
- e) No fraud has been committed by the Company or by any of its officers or employees and the Auditors have not reported any fraud to the Board of Directors or to the Central Government pursuant to Section 143(12) of the Companies Act, 2013.
- f) No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
- g) No application was made against the company, or no proceedings are pending under the Insolvency and Bankruptcy Code, 2016 as at the end of the financial year.
- h) There was no settlement of any loan by the Company with any Bank or Financial Institution and hence providing reasons of difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the Banks or Financial Institutions does not arise.

ACKNOWLEDGEMENT:

The Board of Directors wish to place on record its sincere appreciation for the encouragement, assistance and co-operation received from members, government authorities, banks, customers, suppliers, creditors and other business associates and for the trust reposed in the management. The Board also wishes to thank all employees for their commitment, contribution and support extended to the Company.

For and on behalf of the Board of Directors

Place: Hongkong

Dated: 27-07- 2022

/s/ Patrick Man Bun Lee
(Patrick Man Bun Lee)
Director
DIN: 06728542

/s/ Ping Hong Tam
(Ping Hong Tam)
Director
DIN: 06709767

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED

Report on the Audit of the Financial Statements Opinion

We have audited the accompanying financial statements of **UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Accounting Principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, the Profit and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report but does not include the financial statements and our Auditor's Report thereon. The other information as identified above is expected to be made available to us after the date of this Auditor's Report.



NOIDA :- D-26, 2nd Floor, Sector - 3, Noida - 201301 (Uttar Pradesh), Ph. No. - 0120-4593360, 0120-4593361
DELHI :- Flat No. - 9B, 45 Friends Colony East, New Delhi 110065
MUMBAI :- 104, Building No. B69, Nitin Shanti Nagar CHSL, Shanti Nagar, Sector -1, Mira Road East, Dist. - Thane, Mumbai - 401107
HYDERABAD :- Mangalgiiri Vinaygar Apartments, Flat No. - 202, 8-2-616/3/E/2, Road No. 10 Banjara Hills, Pin - 500034
JAIPUR :- B-269, Janta Colony, Jaipur-302004, Ph. : 0141-2601727

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 (As Amended).

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in

- (i) planning the scope of our audit work and in evaluating the results of our work; and
- (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in **Annexure 'A'** our report on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, based on our audit we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
 - (c) The Balance Sheet, the Statement of Profit and Loss and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account and with the returns received from the branches not visited by us.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on March 31, 2022, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022, from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the company and the operating effectiveness of such controls, refer to our separate report in **Annexure 'B'**. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to financial statements.
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

This is a Private Limited Company hence the provisions of section 197 are not applicable to the Company.
 - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i) The Company does not have any pending litigations as on 31st March, 2022, hence there is no impact of pending litigations on its financial position in its financial statement on that date.
 - ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year.
 - iv) (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.



(b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v) The Company has neither proposed nor paid any dividend for the financial year, hence this sub-rule is not applicable.

/s/ B M Chatrath & Co LLP
Chartered Accountants
FRN: 301011E/E300025



Place: Kolkata
Date: 27th July, 2022



Priya Aga
Partner
Membership Number 303874
UDIN: 22303874AOCRJT1785

'ANNEXURE - A' TO THE AUDITORS REPORT

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the financial statements for the year ended March 31, 2022, we report that:

- i. In respect of the Company's Property, Plant and Equipment and Intangible Assets:
 - a. (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
(B) The Company has maintained proper records showing full particulars of intangible assets.
 - b. The Company has a program of physical verification of Property, Plant and Equipment and right-of-use assets so to cover all the assets once every years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain Property, Plant and Equipment were due for verification during the year and were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - c. The Company does not held any Immovable Property as on 31st March 2022 and hence reporting under clause 3(i)(c) of the Order is not applicable.
 - d. The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.
 - e. No proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- ii.
 - a. The Company does not have any inventory as on 31st March 2022 and hence reporting under clause 3(ii)(a) of the Order is not applicable.
 - b. The Company has not been sanctioned working capital limits in excess of 5 crore, in aggregate, at any points of time during the year, from banks or financial institutions on the basis of security of current assets and hence reporting under clause 3(ii)(b) of the Order is not applicable.
- iii. The company has not made any investments in, provided any guarantee or security, or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships, or any other parties, hence, reporting under clause 3(iii) of the Order is not applicable.
- iv. The Company has not granted any loan or made investment or provided guarantees or securities, as applicable, as mentioned in the provisions of Sections 185 and 186 of the Companies Act, 2013. Hence, reporting under clause 3(iv) of the Order is not applicable.
- V. The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause 3(v) of the Order is not applicable.
- vi. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company. Thus, reporting under clause 3(vi) of the order is not applicable to the Company.



vii.

- a. According to the information and explanations given to us and on the basis of examination of the records of the Company examined by us, in our opinion, the Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-tax, Sales-tax, Service tax, Goods and Service Tax, Customs duty, Excise duty, Value added tax, cess and other material statutory dues as applicable, with the appropriate authorities.

According to the information and explanations are given to us, no undisputed amounts payable in respect of the above items were in arrears as at 31 March, 2022 for a period exceeding six months from the date they became payable.

- b. According to the information and explanation given to us and the records of the Company examined by us, there are no dues of Income-Tax, Sales Tax, Service Tax, Goods and Service Tax, Customs Duty, Excise duty, Value added tax as at March 31, 2022, which have not been deposited on account of dispute.

viii. As per the information and explanations given to us there were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

ix.

- a. The company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- b. The company has not been declared a willful defaulter by any bank or financial institution or other lenders.
- c. The term loans were applied for the purpose for which the loans were obtained, and there was no diversion of the amount of loan and the purpose for which it was used.
- d. Funds raised on short term basis, have not been utilized for the long-term purposes.
- e. The company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates, or joint ventures, hence, the clause 3(ix)(e) is not applicable.
- f. The company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures, or associate companies, hence, the clause 3(ix)(f) is not applicable.

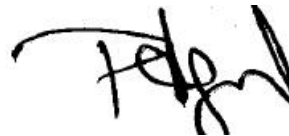
x.

- a. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.
- b. During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.



- xi.
- a. No fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
 - b. No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
 - c. No whistleblower complaints were received by the Company during the year and upto the date of this report.
- xii. The Company is not a Nidhi Company and hence, reporting under clause (xii) of the Order is not applicable.
- xiii. In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties, and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv.
- a. In our opinion the Company has an internal audit system commensurate with the size and the nature of its business.
 - b. We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- xv. In our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors, and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi.
- a. In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable.
 - b. the company has not conducted any Non-Banking Financial or Housing Finance activities, hence, reporting under clause 3(xvi)(b) of the Order is not applicable.
 - c. In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly, reporting under clause 3(xvi)(c & d) of the Order is not applicable.
- xvii. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors of the Company during the year.
- xix. On the basis of the financial ratios, aging and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of the balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. The company is not covered by the Section 135 of the Companies Act, 2013, hence reporting under clause 3(xx) of the Order is not applicable.

/s/ B M Chatrath & Co LLP
Chartered Accountants
FRN: 301011E/E300025



Place: Kolkata
Date: 27th July, 2022



Priya Agarwal
Partner
Membership Number 303874
UDIN - 22303874AOCRJT178

‘ANNEXURE - B’ TO THE INDEPENDENT AUDITOR’S REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting **UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED** (“the Company”) as of March 31, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.



Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

/s/ B M Chatrath & Co LLP
Chartered Accountants
FRN: 301011E/E300025



Place: Kolkata
Date: 27th July, 2022



Priya Agarwal
Partner
Membership Number 303874
UDIN - 22303874AOCRJT1785

UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED
BALANCE SHEET AS AT 31 MARCH 2022

	Note No.	As at 31st March, 2022 Amount (Rs.'000)	As at 31st March, 2021 Amount (Rs.'000)
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital	2	13,086	13,086
(b) Reserves and Surplus	3	1,23,918	77,218
		1,37,004	90,304
2. Non-Current Liabilities			
(b) Long-Term Borrowings	4	1,231	421
(b) Long-Term Provisions	5	22,141	16,816
		23,372	17,237
3. Current Liabilities			
(a) Short-Term Borrowings	6	860	331
(b) Trade Payables	7	8,74,349	2,96,025
(c) Other Current Liabilities	8	11,142	8,433
(d) Short-Term Provisions	9	33,265	21,810
		9,19,616	3,26,599
		10,79,992	4,34,140
II. ASSETS			
1. Non-Current Assets			
(a) Property, Plant & Equipment & Intangible Assets			
(i) Property, Plant & Equipment		5,479	4,344
(ii) Intangible Assets	10	-	1
(iii) Capital Work in Progress		-	-
		5,479	4,345
(c) Deferred Tax Assets (net)	11	4,313	1,997
(d) Long-Term Loans and Advances	12	30,512	34,730
		34,825	36,727
2. Current Assets			
(a) Trade Receivables	13	8,69,657	3,64,546
(b) Cash and Cash Equivalents	14	1,00,512	4,351
(c) Short-Term Loans and Advances	15	993	424
(d) Other Current Asset	16	68,526	23,747
		10,39,688	3,93,068
		10,79,992	4,34,140
Significant Accounting Policies	1	1	1

The accompanying notes are an integral part of the financial statements.

In terms of our report attached

For B M CHATRATH & CO LLP
CHARTERED ACCOUNTANTS
Firm Registration No. 301011E/E300025

For UNIQUE LOGISTICS INTERNATIONAL
(INDIA) PRIVATE LIMITED





Priya Agarwal
Partner
Membership Number 303874
Place: KOLKATA
Date: 27.07.2022

PATRICK MAN BUN LEE
Director
DIN: 06728542

PING HONG TAM
Director
DIN: 06709767
Place: HONGKONG
Date: 27.07.2022

UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2022

	Note No.	For the year ended 31st March, 2022 Amount (Rs.'000)	For the year ended 31st March, 2021 Amount (Rs.'000)
I. INCOME			
(a) Revenue from Operations (Gross)	17	56,13,830	21,18,465
(b) Other Income	18	3,868	1,768
Total Income		56,17,698	21,20,233
II. EXPENSES			
(a) Operating Expenses	19	53,34,117	19,10,059
(b) Employee Benefits Expense	20	1,79,459	1,54,278
(c) Finance Cost	21	181	392
(d) Depreciation and Amortisation Expense	22	2,443	1,720
(e) Other Expenses	23	42,035	39,247
Total Expenses		55,58,235	21,05,696
III. Profit Before Exceptional and Extraordinary Items and Tax (I-II)		59,463	14,537
Exceptional Items		-	-
IV. Profit Before Extraordinary Items and Tax		59,463	14,537
Extraordinary Items		-	-
V. Profit Before Tax		59,463	14,537
VI. Tax Expense:			
(a) Current Tax	24	15,078	4,061
(b) Deferred Tax Expense / (Income)	25	(2,315)	551
		12,763	4,612
VH. Profit After Taxation (V-VI)		46,700	9,925
Basic and diluted Earning per Share (in Rs.)	26	35.69	7.58
Significant Accounting Policies	1		

The accompanying notes are an integral part of the financial statements.

In terms of our report attached

For B M CHATRATH & CO LLP
 CHARTERED ACCOUNTANTS
 Firm Registration No. 301011E/E300025

For UNIQUE LOGISTICS INTERNATIONAL
 (INDIA) PRIVATE LIMITED





Priya Agarwal
 Partner
 Membership Number 303874
 Place: KOLKATA
 Date: 27.07.2022

PATRICK MAN BUN LEE
 Director
 DIN: 06728542

PING HONG TAM
 Director
 DIN:06709767
 Place: HONGKONG
 Date: 27.07.2022

UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED
STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST MARCH 2022

Particulars	For the year ended 31st March, 2022 Amount (Rs.'000)	For the year ended 31st March, 2021 Amount (Rs.'000)
I. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before exceptional items and tax as per statement of profit and loss	59,463	14,537
Adjustment for: Depreciation and amortisation expenses	2,443	1,720
Fixed Asset Written off	4	-
Finance cost	181	-
Provision for Bad and Doubtful debts	1,200	-
Interest Income	(721)	-
Liabilities no longer required written back	(1,062)	-
Operating Profit before working capital changes	61,509	16,256
Adjustment for: (Increase) / Decrease in Trade Receivables	(5,06,310)	(61,408)
(Increase) / Decrease in Short-Term Loans and Advances	(569)	4,110
(Increase) / Decrease in Long term loans & advances	(382)	489
(Increase) / Decrease in TDS Receivable	-	(4,864)
(Increase) / Decrease in Other Current Assets	(609)	2,685
Increase / (Decrease) in Trade Payables	5,79,387	57,644
Increase / (Decrease) in Other Current Liabilities	2,709	(10,938)
Increase / (Decrease) in Long-Term Provisions	1,264	8,272
Increase / (Decrease) in Short-Term Provisions	437	(8,479)
Cash generated from operation	1,37,436	3,768
Less: Income tax paid (net of refund)	(39,332)	-
Net cash flows generated from operating activities after exceptional items	98,104	3,768
II. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, Plant & Equipment	(3,697)	(2,645)
Sale of Property, plant & equipment	115	-
Investment in Fixed Deposits	(15,500)	-
Interest Income	480	-
Net cash used in investing activities	(18,602)	(2,645)
III. CASH FLOW FROM FINANCING ACTIVITIES		
Increased / (Decrease) in Long Term Borrowings	810	(331)
Increased / (Decrease) in Short Term Borrowings	530	-
Finance Cost paid	(181)	-
Net cash used in financing activities	1,159	(331)
NET INCREASE / (DECREASE) IN CASH AND BANK BALANCE (I+H+HI)	80,661	792
Add: Cash and equivalent at the beginning	4,351	3,559
Cash and equivalent at the end of the year	85,012	4,351
Cash and cash equivalent as per above comprises of the following		
Cash Balances	51	6
Bank Balances	44,961	4,345
In deposit accounts with original maturity of less than 3 months	40,000	-
Balance as per statement of cash flow	85,012	4,351
Significant Accounting Policies (Note -1)		

The accompanying notes are an integral part of the financial statements.

In terms of our report attached

For B M CHATRATH & CO LLP
 CHARTERED ACCOUNTANTS
 Firm Registration No. 301011E/E300025

For UNIQUE LOGISTICS INTERNATIONAL
 (INDIA) PRIVATE LIMITED





Priya Agarwal
 Partner

PATRICK MAN BUN LEE
 Director

PING HONG TAM
 Director

Membership Number 303874
Place: KOLKATA
Date: 27.07.2022

DIN: 06728542

DIN:06709767
Place: HONGKONG
Date: 27.07.2022

UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

NOTE - 1: SIGNIFICANT OF ACCOUNTING POLICIES

A Basis of Preparation

The Financial Statements of **UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED** have been prepared in conformity with Generally Accepted Accounting Principles, to comply in all material respects with the Accounting Standards notified by the Companies (Accounting Standards) Rules, 2015 (as amended) and the relevant provisions of the Companies Act, 2013. The Financial Statements have been prepared under the historical cost convention and on Accrual Basis. The accounting policies have been constantly applied by the Company and are consistent with those used in the previous years.

B Property, Plant & Equipment & Intangible Assets

Property, Plant & Equipment have been stated at cost of acquisition less accumulated depreciation. The cost includes all expenses incurred to bring the asset to its working condition for the intended use.

Intangible Assets are stated at cost of acquisition less accumulated amortisation. The cost includes all expenses incurred to bring the asset to its working condition for the intended use.

C Depreciation

Depreciation on own assets is provided on Written Down Value Method at the following rates prescribed under Schedule II of the Companies Act, 2013. Disclosure of useful life:

a) Motor Vehicle	8 Years
b) Computer	3 Years
c) Office Equipment	5 Years
d) Furniture & Fixture	10 Years

The depreciation of assets provided during the year has been charged on pro-rata basis as per Rate Prescribed Act under Schedule II of the Companies Act, 2013.

Intangible assets is amortised across a period not exceeding 5 years based on estimated useful life of the asset.

D Use of Estimates

The preparation of Financial Statements requires management to make estimates and assumptions that affect the reported amounts of Assets and Liabilities and disclosure of contingent liabilities at the date of Financial Statements and results of operations during the reporting year end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

E Revenue Recognition

Revenue from transactions is usually recognized at the completion of service on an accrual basis. This is consistent with the "Completed Service Contract Method" as mentioned in Para 7.1 (ii) of Accounting Standard 9, issued by the Institute of Chartered Accountants of India.

F Trade Receivable

Where ever necessary provision has been taken on Trade Receivables by the Company.



UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

NOTE -1: SIGNIFICANT OF ACCOUNTING POLICIES

G Foreign Currency Transactions

Transactions in Foreign Currencies are initially recorded at their respective functional currency (i.e. Indian Rupee) spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates if exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognized in the statement of profit and loss.

Non-monetary items are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the initial transactions.

Exchange differences arising on translation / settlement of foreign currency monetary items are recognized as income or expenses in the period in which they arise.

H Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past of future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated in the Cash Flow Statement.

I Employee Benefits (Defined Employee Benefit Plans under AS 15)

(i) Short-term employee benefits

Employee benefits payable wholly within twelve months of availing employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. The undiscounted amount of short term employee benefits such as salaries and wages, bonus and ex-gratia to be paid in exchange of employee services are recognized in the period in which the employee renders the related service.

(ii) Post-employee benefits

Defined contribution plans:

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The company makes specified monthly contribution towards Provident Fund and Employees State Insurance Corporation (ESIC). The contribution is recognized as an expense in the Statement of Profit and Loss during the period in which employee renders the related service. There are no other obligations other than the contribution payable to the Provident Fund and Employee State Insurance Scheme.

Defined benefit plan:

Gratuity liability, wherever applicable, is provided for on the basis of an actuarial valuation done as per projected unit credit method, carried out by an independent actuary at the end of the year. The Company's gratuity benefit scheme is a defined benefit plan.



UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

NOTE - 1: SIGNIFICANT OF ACCOUNTING POLICIES

J Tax Expenses

Tax Expenses Comprises Convert & Deferred Taxes. Convert Taxes are determined based on respective Taxable Income of each Taxable Entity & Tax Rules applicable for respective Tax Jurisdictions.

Deferred Tax is recognized on timing difference being the difference between Taxable Income & Accounting Income the originate in one period & are capable of reversal in one or more subsequent periods.

Deferred Tax Assets & Liabilities are measured based on Tax Rates that are expected to apply in the period when asset is realized or the liability is settled, based on Tax Rates & Tax Laws that have been enacted by the Balance Sheet date.

K Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

L Earnings per Share

Basic earnings per share are calculated by dividing net profit for the year attributable to ordinary equity shares by the number of Equity Shares.

M Contingent Liabilities

A contingent liability is a possible obligation that arises from the past events whose existence will be confirmed by the occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extreme rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognized a contingent liability but discloses its existence in the Financial Statements.

For B M CHATRATH & CO LLP
CHARTERED ACCOUNTANTS
Firm Registration No. 301011E/E300025

For UNIQUE LOGISTICS INTERNATIONAL
(INDIA) PRIVATE LIMITED



Priya Agarwal
Partner
Membership Number 303874
Place: KOLKATA
Date: 27.07.2022

PATRICK MAN BUN LEE
Director
DIN: 06728542

PING HONG TAM
Director
DIN:06709767
Place: HONGKONG
Date: 27.07.2022

UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS AS AT 31ST MARCH, 2022

Note - 2: Share Capital

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	Number of shares	Amount (Rs.'000)	Number of shares	Amount (Rs.'000)
A. Authorised Capital				
2000000 Equity Shares of Rs.10/- each	2000000	20,000	2000000	20,000
B. Issued , Subscribed and Paid up Capital				
Opening Balance at the beginning of the year	1308631	13,086	1308631	13,086
Add: Addition during the year	-	-	-	-
Closing Balance (1308631 number of Equity Shares @ Rs. 10/- each)	1308631	13,086	1308631	13,086
Total	1308631	13,086	1308631	13,086

2 (a) The Company has one class of Shares having par value of Rs. 10/- each. Each Equity Shareholder is eligible for 1 vote per share held. In the event of liquidation the equity shareholders are eligible to receive the remaining assets of the Company.

2 (b) Reconciliation of Shares Outstanding:

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	Number of shares	Amount (Rs.'000)	Number of shares	Amount (Rs.'000)
Equity Shares outstanding at the beginning of the Period	1308631	13,086	1308631	13,086
Equity Shares outstanding at the end of the Period	1308631	13,086	1308631	13,086

2 (c) Equity Shares held by the Holding Company. The detail is given below:

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	Number of shares	Percentage (%)	Number of shares	Percentage (%)
Unique Logistics Holdings Limited	850261	65	850261	65

2 (d) Disclosure of Shareholders holding more than 5 percent share in the Company:

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	Number of shares	Percentage (%)	Number of shares	Percentage (%)
Unique Logistics Holdings Limited	850261	65	850261	65
Frangipani Trade Services, INC., USA	458370	35	458370	35

2 (e) Equity Shares held by the Promoters. The detail is given below:

Particulars	As at 31st March, 2022		As at 31st March, 2021		Change during the year Percentage (%)
	Number of shares	Percentage (%)	Number of shares	Percentage (%)	
Unique Logistics Holdings Limited	850261	65	850261	65	-
Frangipani Trade Services, INC., USA	458370	35	458370	35	-

2 (f) No Shares have been reserved for issue under Option and Contracts/ Commitments for the sale of shares/ Disinvestment as at the Balance Sheet date.

2 (g) No Shares have been allotted by way of Bonus share or pursuant to contracts or has been bought back by the Company during the period of five years preceding the date at which the Balance Sheet is prepared.

2 (h) No convertible securities have been issued by the Company during the year.

2 (i) No calls are unpaid by any Director, an Officer of the Company during the year.



UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS AS AT 31ST MARCH, 2022

Note - 3: Reserves and Surplus

Particulars	As at 31st March, 2022 Amount (Rs.'000)	As at 31st March, 2021 Amount (Rs.'000)
(a) Securities Premium Reserve		
Balance Brought Forward	8,183	8,183
Closing Balance	8,183	8,183
(b) Surplus in the Statement of Profit and Loss		
Opening Balance as per Statement	69,035	59,110
Add: Profit / (Loss) during the year	46,700	9,925
Closing Balance	1,15,735	69,035
Total (a+b)	1,23,918	77,218

Note - 4: Long Term Borrowings

Particulars	As at 31st March, 2022 Amount (Rs.'000)	As at 31st March, 2021 Amount (Rs.'000)
Secured Loan		
HDFC Bank Car Loan - Secured against Hypothecation of Car, repayable in 3 years from date of purchase	2091	752
Less: Current maturity of HDFC Car Loan, repayable within 12 months	860	331
Total	1,231	421

Note - 5: Long-Term Provisions

Particulars	As at 31st March, 2022 Amount (Rs.'000)	As at 31st March, 2021 Amount (Rs.'000)
Provision for Employee Benefits:		
Provision for Gratuity	10,804	9,540
Other Provision:		
Provision for Taxation	11,337	7,276
Total	22,141	16,816

Note - 6: Short Term Borrowings

Particulars	As at 31st March, 2022 Amount (Rs.'000)	As at 31st March, 2021 Amount (Rs.'000)
Current Maturity Of Car Loan		
HDFC Bank Car Loan - Secured against Hypothecation of Car, repayable in 3 years from date of purchase	860	331
Total	860	331

Note - 7: Trade Payables

Particulars	As at 31st March, 2022 Amount (Rs.'000)	As at 31st March, 2021 Amount (Rs.'000)
Dues to Micro, Medium and Small Enterprises		
Trade Payables (Not being covered under Micro, Small & Medium Enterprises Development Act, 2006):		
-Related Parties	1,36,300	88,154
-Others	7,38,049	2,07,871
Total	8,74,349	2,96,025

In absence of any specific information available with the Company' from suppliers regarding their status under the Micro Small and Medium Enterprise Development Act, 2006, no disclosure have been considered necessary in this regard as at 31 st March, 2022.



UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS AS AT 31 ST MARCH, 2022

7 (a) Trade Payables ageing schedule 2021-22:

Particulars	Outstanding for following period from the date of the Transaction(Rs.'000]				
	Less than 1 year	1-2 Years	2-3 Years	More than 3 Years	Total
MSME	-	-	-	-	-
Others	8,67,757	5,381	179	1,032	8,74,349
Disputed Dues-MSME	-	-	-	-	-
Disputed Dues-Others	-	-	-	-	-

7 (b) Trade Payables ageing schedule 2020-21:

Particulars	Outstanding for following period from the date of the Transaction (Rs.'000)				
	Less than 1 year	1-2 Years	2-3 Years	More than 3 Years	Total
MSME	-	-	-	-	-
Others	2,85,702	8,961	1,362	-	2,96,025
Disputed Dues-MSME	-	-	-	-	-
Disputed Dues-Others	-	-	-	-	-

Note - 8: Other Current Liabilities

Particulars	As at 31st March, 2022 Amount (Rs.'000)	As at 31st March, 2021 Amount (Rs.'000)
Statutory Liabilities		
Statutory Dues	10,671	7,975
Outstanding liability		
Audit Fees	471	458
Total	11,142	8,433

Note - 9: Short-Term Provisions

Particulars	As at 31st March, 2022 Amount (Rs.'000)	As at 31st March, 2021 Amount (Rs.'000)
Provision for Income Tax:		
Provision for Income Tax Current year	15,078	4,061
Provision for Employee Benefits:		
Gratuity	1,167	2,102
Leave Encashment	2,054	-
Bonus & Ex-Gratia	4,849	4,560
LTA	459	733
Salaries	8,486	8,889
Medical Reimbursement	537	872
Other Provision:		
Others	635	593
Total	33,265	21,810

UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS AS AT 31ST MARCH, 2022

Note - 10: Property, Plant & Enuipment & Intangible Assets

Description of assets	Original Cost(Rs.'000)			Depreciation/Amortisation(Rs.'000)			Net Block(Rs.'000)			
	Balance As At 1st April, 2022	Additions During The Period	Sold/ Written-off During The Period	Balance As At 31st March, 2022	Balance As At 1st April,2022	For The Period	Depreciation for Assets Sold/Written off During The Period	Balance As At 31st March, 2022	Balance As At 31st March, 2022	Balance As At 31st March, 2021
PROPERTY PLANT & EOVIPIENT										
Motor Vehicle	3,628	2,069	1,410	4,287	2,639	509	1,295	1,854	2,433	988
Computer	9,205	1,332	138	10,399	8,054	1,158	137	9,075	1,324	1,150
Office Equipment	1,972	120	28	2,065	1,404	286	24	1,666	398	568
Furniture & Fixture	4,272	147	-	4,419	2,635	460	-	3,095	1,324	1,637
Total	19,076	3,668	1,575	21,169	14,733	2,414	1,456	15,690	5,479	4,344
INTANGIBLE ASSETS										
Software Internet Security	252	29	-	281	251	30	-	281	0	1
Total	19,328	3,697	1,575	21,450	14,984	2,443	1,456	15,971	5,479	4,344
Previous Year Figure	16,770	2,778	220	19,328	13,351	1,720	86	14,984	4,344	3,419

Note: The Company does not hold any Benami Property and does not have any proceedings initiated or pending for holding benami property under the Benami Transactions (Prohibitions) Act, 1988 (45 of 1988).

UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS AS AT 31ST MARCH, 2022

Note - 11: Deferred Tax Assets

Particulars	As at 31st March, 2022 Amount (Rs.'000)	As at 31st March, 2021 Amount (Rs.'000)
Deferred Tax Assets on		
Bonus		1,147
Gratuity	3,012	529
Provision for Doubtful Debts	326	302
Depreciations	975	19
Net Deferred Tax Asset / (Liability)	4,313	1,997

Note - 12: Long-Term Loans and Advances

Particulars	As at 31st March, 2022 Amount (Rs.'000)	As at 31st March, 2021 Amount (Rs.'000)
Unsecured considered Good		
Security Deposit	5,463	5,081
TDS Receivable	25,049	29,649
Total	30,512	34,730

Note - 13: Trade receivables

Particulars	As at 31st March, 2022 Amount (Rs.'000)	As at 31st March, 2021 Amount (Rs.'000)
Trade Receivables		
Unsecured Considered Good *	8,69,657	3,64,546
Unsecured Considered Doubtful	1,296	1,259
Less: Provision for Doubtful Debts	1,296	1,259
Total	8,69,657	3,64,546

*(includes Rs. 488,929 Thousand in 2021-22 and Rs. 67,022 Thousand in 2020-21 due to related parties)

13 (a) Trade Receivables ageing schedule: (FY: 2021-22)

Particulars	Outstanding for following period from the date of the Transaction(Rs.'000)					Total
	6 Months		1-2		More Than	
	Less than 6 Months	to 1 Year	Years	2-3 Years	3 Years	
i) Undisputed Trade Receivables - Considered Good.	2,01,788	6,67,737	122	10	-	8,69,657
ii) Undisputed Trade Receivables - Considered doubtful.	8	783	461	45	-	1,296
ii) Disputed Trade Receivables - Considered Good.						
ii) Disputed Trade Receivables - Considered doubtful.						
Total	2,01,796	6,68,520	583	55	-	8,70,953
Less: Provision for Doubtful Debts						1,296
Total Trade Receivables						8,69,657

13 (bi) Trade Receivables ageing schedule: (FY: 2020-21)

Particulars	Outstanding for following period from the date of the Transaction(Rs.'000)					Total
	6 Months		1-2		More Than	
	Less than 6 Months	to 1 Year	Years	2-3 Years	3 Years	
i) Undisputed Trade Receivables - Considered Good.	3,63,435	1,111		-	-	3,64,546
ii) Undisputed Trade Receivables - Considered doubtful.		737	522		-	1,259
ii) Disputed Trade Receivables - Considered Good.		0				
ii) Disputed Trade Receivables - Considered doubtful.						
Total	3,63,435	1,848	522	-	-	3,65,805
Less: Provision for Doubtful Debts						1,259
Total Trade Receivables						3,64,546



UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS AS AT 31ST MARCH, 2022

Note - 14: Cash and Cash Equivalents

Particulars	As at 31st March, 2022 Amount (Rs.'000)	As at 31st March, 2021 Amount (Rs.'000)
Cash and Bank Balances		
Balances with Banks		
In current accounts	42,270	4,345
In deposit accounts with original maturity of less than 3 months	40,000	-
Cheque in hand	2,691	
Cash in hand	51	6
Others Bank Balances		
Bank deposit with original maturity of more than 3 months	15,500	-
Total	1,00,512	4,351

Note - 15: Short-Term Loans and Advances

Particulars	As at 31st March, 2022 Amount (Rs.'000)	As at 31st March, 2021 Amount (Rs.'000)
(Unsecured, Considered Good)		
Staff Advance	993	424
Total	993	424

Note - 16: Other Current Asset

Particulars	As at 31st March, 2022 Amount (Rs.'000)	As at 31st March, 2021 Amount (Rs.'000)
(Unsecured, Considered Good)		
Interest accrued on Bank deposit	241	-
Prepaid Expenses	1,183	1,061
Amount receivable from Government Authorities	65,068	18,402
Advance Paid to Suppliers	2,035	4,284
Total	68,527	23,747



UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

Note -17: Revenue from Operations

Particulars	For the year ended 31st March, 2022 Amount (Rs.'000)	For the year ended 31st March, 2021 Amount (Rs.'000)
Services		
Logistic Services provided to customer	56,13,830	21,18,465
Total	56,13,830	21,18,465

Note - 18: Other Income

Particulars	For the year ended 31st March, 2022 Amount (Rs.'000)	For the year ended 31st March, 2021 Amount (Rs.'000)
Interest Income		
Interest on Income Tax Refund	480	1,113
Bank Interest Income	241	-
Other Non-Operating Income		
Other Income	1,062	655
Foreign Exchange Difference (Net)	2,085	-
Total	3,868	1,768

Note -19: Operating Expenses

Particulars	For the year ended 31st March, 2022 Amount (Rs.'000)	For the year ended 31st March, 2021 Amount (Rs.'000)
Direct Expenses	53,34,117	19,10,059
Total	5334,117	19,10,059

Note - 20: Employee Benefits Expense

Particulars	For the year ended 31st March, 2022 Amount (Rs.'000)	For the year ended 31st March, 2021 Amount (Rs.'000)
Salaries & Wages	1,67,773	1,35,359
Contribution to Gratuity	2,421	10,605
Contribution to Provident Fund & ESI	7,513	7,286
Staff Welfare Expenses	1,752	1,028
Total	1,79,459	1,54,278

Note - 21: Finance Cost

Particulars	For the year ended 31st March, 2022 Amount (Rs.'000)	For the year ended 31st March, 2021 Amount (Rs.'000)
Interest on HSBC Bank Over Draft	95	312
Interest A/C -Company Car loan	86	80
Total	181	392

Note - 22: Depreciation & Amortisation Expense

Particulars	For the year ended 31st March, 2022 Amount (Rs.'000)	For the year ended 31st March, 2021 Amount (Rs.'000)
Depreciation for the year	2,443	1,720
Total	2,443	1,720



UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

Note - 23: Other Expenses

Particulars	For the year ended 31st March, 2022 Amount (Rs.'000)	For the year ended 31st March, 2021 Amount (Rs.'000)
Advertising	55	7
Audit Fees	471	685
Bank Charges	1,866	886
Provision for Bad and Doubtful debts	1,200	1,200
Brokerage and Commission	-	140
Asset Written off	4	128
Business Promotion	349	22
Car Hire Charges	156	10
Cleaning	1,130	991
Consultancy	650	1,598
Conveyance	1,218	825
Courier	573	634
Subscriptions	702	661
Electricity	2,370	2,025
Entertainment	103	136
Employee Fuel Expenses Reimbursement	3,245	2,961
Foreign Exchange Difference (Net)	-	93
Insurance	180	182
Insurance Overseas	655	682
Penalty	7	-
Legal & professional Fees	1,040	978
Office Expenses	491	451
Printing & Stationary	1,827	1,819
Professional Tax (Company)	28	16
Rent	16,775	14,080
Repairs & Maintenance - Computer Maintenance	1,344	1,072
Repairs & Maintenance - Others	3,267	3,896
Integrated GST Expenses	-	319
Taxes / Licenses	25	16
Telephone and Internet	1,527	1,568
Training	-	59
Travelling Expenses	768	332
Misc. Expenses	9	13
Manpower Supply service	-	440
Interest & Penalty-GST	-	322
Total	42,035	39,247

Note - 24: Current Tax

Particulars	For the year ended 31st March, 2022 Amount (Rs.'000)	For the year ended 31st March, 2021 Amount (Rs.'000)
Provision for Taxation	15,078	4,061
Total	15,078	4,061

Note - 25: Deferred Tax Expense / (Income)

Particulars	For the year ended 31st March, 2022 Amount (Rs.'000)	For the year ended 31st March, 2021 Amount (Rs.'000)
Deferred Tax Expense / (Income)	(2,315)	551
Total	(2,315)	551

Note - 26: Earning Per Share

Particulars	For the year ended 31st March, 2022 Amount (Rs.'000)	For the year ended 31st March, 2021 Amount (Rs.'000)
Basic		
(i) Weighted average number of Equity Shares of Rs. 10 each outstanding during the period	13,08,631	13,08,631
(ii) Net Profit/(Loss) for the year	46,700	9,925
(iii) Basic Earnings per Share [(ii) / (i)]	35.69	7.58



UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

Note - 27: Micro, Small & Medium Enterprise

As per the information and records available with the Company there is no micro, small & medium enterprises as defined in the Micro, Small & Medium Enterprises Development Act, 2006, to whom the Company owes any amount of principal together with interest. Therefore, no additional disclosure is made.

Note - 28: Related Party Disclosure under Accounting Standard — 18

List of Related Parties

(a) Key Managerial Personnel	Sudhershana Sharma
(b) Holding Company	Unique Logistics Holdings Limited
(*c) Fellow Subsidiaries	Unique Logistics International (H.K.) Limited PT Unique Logistics International Indonesia TGF Unique Limited Unique Logistics International (SIN) Pte Ltd Unique Logistics International (NYC), LLC - Charlotte Branch Unique International Logistics (M) Sdn Bhd Unique Logistics International (ATL), LLC ULI (North & East China) Co. Ltd. - Shanghai Unique Logistics International (BOS), INC Unique Logistics Inti (NYC) LLC - Houston Branch Unique Logistics (Korea) Co. Ltd. Unique Logistics International (Vietnam) Co. Ltd. Unique Freight Solutions (Thailand) Co. Ltd. Shenzhen Unique Logistics International Limited Unique Logistics Inti (South China) Ltd-Xiamen Branch Unique Logistics International (Shanghai) Co., Ltd ULI International Company Limited Unique Logistics International (NYC) LLC. Unique Logistics International (NYC) LLC-Chicago Unique Logistics International (NYC), LLC - Los Angeles Unique Logistics International (LAX) Inc.



UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

Details of Transactions with Related Parties

Name of Related Party	Nature of Transactions/Balances	As at /Year ended 31st March 2022('000)	As at /Year ended 31st March 2021('000)
	Purchase	-	-
	Sales	2,805	1,911
SHENZHEN UNIQUE LOGISTICS INT'L LTD.	AR Outstanding at the end of the year		
	Dr./ (Cr.)	443	295
	AP Outstanding at the end of the year		
	Dr./ (Cr.)	-	-
	Purchase	1,539	1,044
	Sales	5,256	3,447
TGF UNIQUE LIMITED	Trade Receivable as at the end of the year	1,654	2,059
	Trade Payable as at the end of the year	42	-
	Purchase	4,279	1,234
	Sales	47	33
ULI INTERNATIONAL COMPANY LIMITED	Trade Receivable as at the end of the year	25	16
	Trade Payable as at the end of the year	247	994
	Purchase	4,950	1,536
	Sales	1	56,969
UU (NORTH & EAST CHINA) CO LTD	Trade Receivable as at the end of the year	-	2
	Trade Payable as at the end of the year	3,249	168
	Purchase	455	1,956
	Sales	-	10
UNIQUE FREIGHT SOLUTIONS (THAILAND) CO., LTD.	Trade Receivable as at the end of the year	10	10
	Trade Payable as at the end of the year	412	387
	Purchase	366	271
	Sales	469	83
UNIQUE LOGISTICS INTERNATIONAL (SIN) PTE. LTD.	Trade Receivable as at the end of the year	91	-34
	Trade Payable as at the end of the year	46	79
	Purchase	2	310
	Sales	21	43
UNIQUE INTL LOGISTICS (M) SDN. BHD. - KUL	Trade Receivable as at the end of the year	21	16
	Trade Payable as at the end of the year	-	103
	Purchase	-	3,048
	Sales	35,756	-
UNIQUE LOGISTICS INTL (NYC), LLC - ATLANTA BRANCH	Trade Receivable as at the end of the year	34,740	13,143
	Trade Payable as at the end of the year	-	3,048
	Purchase	184	3
	Sales	96,581	10,371
UNIQUE LOGISTICS INTL (NYC), LLC - BOS BRANCH	Trade Receivable as at the end of the year	91,389	20,855
	Trade Payable as at the end of the year	-	-
	Purchase	-	42
	Sales	32,382	4,769
UNIQUE LOGISTICS INTL (NYC), LLC - CHARLOTTE BRANCH	Trade Receivable as at the end of the year	31,162	124
	Trade Payable as at the end of the year	-	-
	Purchase	3,985	-
	Sales	-	-
UNIQUE LOGISTICS HOLDINGS LIMITED - GMT / OC	Trade Receivable as at the end of the year	-	-
	Trade Payable as at the end of the year	890	242
	Purchase	6,030	13,888
	Sales	1,395	23,492
UNIQUE LOGISTICS INTL (H.K.) LTD	Trade Receivable as at the end of the year	1	47
	Trade Payable as at the end of the year	1,181	1,107
	Purchase	-	-
	Sales	312	-
UNIQUE LOGISTICS INTL (NYC) LLC - HOUSTON BRANCH	Trade Receivable as at the end of the year	312	-
	Trade Payable as at the end of the year	-	-
	Purchase	299	2,014
	Sales	1,841	-
PT. UNIQUE LOGISTICS INTERNATIONAL INDONESIA	Trade Receivable as at the end of the year	-	1,308
	Trade Payable as at the end of the year	-	1,893

	Purchase	-	1,183
	Sales	63,186	33
UNIQUE LOGISTICS INTL (LAX) INC	Trade Receivable as at the end of the year	-	-
	Trade Payable as at the end of the year	-	-
	Purchase	2,241	297
	Sales	58,029	98
UNIQUE LOGISTICS INTERNATIONAL (NYC), LLC - LOS ANGELES	Trade Receivable as at the end of the year	51,257	16,334
	Trade Payable as at the end of the year	1,990	152
	Purchase	72,945	38,904
	Sales	22,14,801	1,47,614
UNIQUE LOGISTICS INTL (NYC), LLC	Trade Receivable as at the end of the year	1,77,841	40,018
	Trade Payable as at the end of the year	1,27,944	77,963
	Purchase	1,147	1,668
	Sales	1,24,771	1,332
UNIQUE LOGISTICS INTL (NYC), LLC - CHICAGO BRANCH	Trade Receivable as at the end of the year	99,766	48,289
	Trade Payable as at the end of the year	286	1,189
	Purchase	782	1,224
	Sales	-	24,318
UNIQUE LOGISTICS (KOREA) CO., LTD.	Trade Receivable as at the end of the year	-	-
	Trade Payable as at the end of the year	-	781
	Purchase	-	456
	Sales	83	17,934
UNIQUE LOGISTICS INTERNATIONAL (VIETNAM) CO., LTD.	Trade Receivable as at the end of the year	36	-
	Trade Payable as at the end of the year	-	-
	Purchase	258	-
	Sales	8,762	-
UNIQUE LOGISTICS INTERNATIONAL (SHANGHAI) CO., LTD	Trade Receivable as at the end of the year	184	4,576
	Trade Payable as at the end of the year	13	12
	Purchase	329	553
	Sales	-	3
UNIQUE LOGISTICS INTL (SOUTH CHINA) LTD-XIAMEN BRANCH	Trade Receivable as at the end of the year	-	-
	Trade Payable as at the end of the year	-	37
SUDHERSHAN SHARMA	Salary	4,521.1	3,875

Note-29: Transactions in Foreign Currency (in, Rs. '000)

Nature	FY2021-22	FY2020-21
Sale - Freight	28,90,290	4,37,124
Payment - Freight	4,59,158	1,84,662



UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

Note - 30: Gratuity

(i) The Company offers its employees, defined benefit plans in the form of Gratuity. A Gratuity scheme cover all employees as statutorily required under payment of Gratuity Act, 1972. The actuarial valuation is done based on Projected Unit Credit Method. Under this Rationale, each Individual's up to valuation date Gratuity at valuation date, based on service up to valuation date and projected salary has been worked out year by year from current age to Superannuation age.

(ii) Actuarial Valuation Details of Gratuity as on 31.03.2022:

Table showing changes in Present Value of Obligations

Particulars	As at 31st March, 2022 Amount (Rs.'000)	As at 31st March, 2021 Amount (Rs.'000)
Present Value of Obligation as at 31 st March 2021	11,642	9,628
(+) Interest Cost	781	668
(-) Past Service Cost	-	-
(+) Current Service Cost	1,549	1,689
(-) Benefits Paid	(2,093)	(88)
(+) Actuarial Gain/Loss on Obligation	92	(255)
Present Value of Obligation as on 31st March 2022	11,970	11,642

Gratuity Plan

Particulars	As of March 31,(Amount in Rs.'000)				
	2022	2021	2020	2019	2018
Obligations at year end	11,970	11,642	9,628	7,464	6,262
Plan Assets at year end, at fair value	-	-	-	-	-
Funded Status	-	-	-	-	-
Gain /(Loss)	92	(255)	798	138	(29)
Experience Adjustments on plan liabilities					
Experience Adjustments on plan assets					

Table showing Expense recognised in statement of profit & Loss

Particulars	Amount (Rs.'000)
Current service Cost	1,549
(-) Past Service Cost	-
(+) Interest Cost	781
(+) Actuarial Gain/Loss recognised in the year	92
Expense recognised in Statement of Profit & Loss	2,421

Table showing Actuarial Assumptions as at 31st March, 2022

Mortality Table	IALM 2012-2014
Superannuation Age	60
	10 PER THOUSAND P. A
Early Retirement & Disablement	6 above age 45
	3 between 29 and 45
	1 below age 29
Discount Rate	7.37%
Inflation Rate	4.00%
Return on Asset	N/A
Remaining Working Life	18 YEARS
FORMULA USED	PROJECTED UNIT

(iii) Company's Leave Policy suggests that no leave days are carried forward to the next Fiscal Year. Therefore, this qualifies as a "Short Term Employee Benefit". As per Para 8 and 9 of the AS 15 (Revised, 2005) "no actuarial assumptions are required to measure the obligation or the cost and there is no possibility of any actuarial gain or loss. Moreover, short-term employee benefit obligations are measured on an undiscounted basis.

(iv) The Company has Contributed Rs 6,972,608 towards employers provident fund during the Financial year ended 31st March 2022 (Rs. 7,015,385 during the financial year ended 31st March 2021).

Note - 31: Segment Reporting

Geographical Segment

	Turnover (Rs.'000)
A. Logistic Services	56,13,830
B. Logistics Services (Segment Revenue)	
Within India(Rs)	27,23,540
Outside India(Rs)	28,90,290

Note - 32: Auditor Remuneration:

Nature	FY2021-22 (Rs.'000)	FY2020-21 (Rs.'000)
As Auditor:		
- Statutory	269	204
- Transfer Pricing	159	159
- Tax Audit	43	43
-GST	0	227
- Other Matter	0	52
Total	471	685



UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

Note - 33: Ratios

Particulars	Numerator	Denominator	As at March 31,		Variance (in %)	Reason for Variance
			2022	2021		
Current ratio	Current assets	Current liabilities	1.13	1.20	-6%	
Debt - Equity ratio	Total debt	Shareholder's equity	0.02	0.01	83%	
Debt service coverage ratio	Earnings available for debt service	Debt service	27.32	14.55	88%	
Return on Equity (ROE)	Net profits after taxes	Average shareholder's equity	0.41	0.12	253%	Due to increase in profits during the year as last year profit was low due to COVID 19 outbreak and lockdowns.
Trade receivables turnover ratio	Revenue	Average trade receivable	9.10	6.35	43%	
Trade payables turnover ratio	Purchases of services and other expenses	Average trade payables	9.12	7.21	26%	
Net capital turnover ratio	Revenue	Working capital	46.75	31.87	47%	
Net profit ratio	Net profit	Revenue	0.01	0.01	-54%	
Return on Capital Employed (ROCE)	Earning before interest and taxes	Capital Employed	0.37	0.14	168%	
Return on Investment (ROI)	Income generated from investments	Cost of Investment	N/A	N/A	N/A	

Note - 34:

The Company has assessed the impact of COVID-19 on its financial statements based on the internal and external information up to the date of approval of these financial statements. The Company will continue to monitor the future economic conditions and update its assessment.

Note - 35:

Relationship with struck off companies: The Company does not have any transactions or relationships with any companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956.

Note - 36:

There are no transactions that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 which have not been recorded in the books of account.

Note - 37:

Previous year's figures have been rearranged/ regrouped wherever deemed necessary to make them comparable with the current year.

For B M CHATRATH & CO LLP
CHARTERED ACCOUNTANTS
Firm Registration No. 301011E/E300025

For UNIQUE LOGISTICS INTERNATIONAL
(INDIA) PRIVATE LIMITED





Priya Agarwal
Partner
 Membership Number 303874
 Place: KOLKATA
 Date: 27.07.2022

PATRICK MAN BUN LEE
Director
 DIN: 06728542

PING HONG TAM Director
 DIN:06709767
 Place: HONGKONG
 Date: 27.07.2022

RECONCILIATION OF FINANCIAL STATEMENTS TO US GAAP

To: Unique Logistics International Inc.

Re: Unique Logistics International (INDIA) Pvt. Ltd. Reconciliation of Financial Statements to United States Generally Accepted Accounting Principles

We have audited the Financial Statements of Unique Logistics International (INDIA) Pvt. Ltd., as of March 31, 2022, which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss, including the Statement of other comprehensive income, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

The below mentioned reconciliation statement of the Indian GAAP financial statements to United States generally accepted accounting principles (U.S. GAAP) as at 31st March, 2022, has been prepared following the same accounting policies and methods of computation as the reconciliation of the consolidated financial statements to U.S. GAAP for the year ended March 31, 2022. The disclosures provided below are incremental to those included with the financial statements and the reconciliation of those financial statements to U.S. GAAP.

The significant differences between Indian generally accepted accounting principles (IGAAP) as they apply to Unique Logistics are as follows:

1. As per ASC 606, the core principle is that a vendor should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the vendor expects to be entitled in exchange for those goods or services. The revenue recognition is on the basis of allocation of the transaction price over the performance obligation and fulfillment of performance obligation.

As per Indian GAAP revenue recognition criteria depend on the category of revenue transaction. In general criteria includes no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods/rendering of services.

The reporting entity (Unique Logistics International (India) Pvt. Ltd.) broadly recognize revenue which is in principal similar to US GAAP revenue recognition criteria. The revenue is recognized on the basis of performance obligation as defined in the service contract.

2. As per ASC 842 there is a requirement that lessee to record operating leases on the balance sheet. As a result, lease liability will be recorded at the present value of future lease obligations and Right of Use (ROU) asset, which represents lease right to use the underlying asset, are recorded at commencement date. Rental charges for operating leases shall be straight lined over the period of the agreement considering the escalation prices and the net activity in lease liability and ROU asset is essentially rent equalization reserve and same shall be created for USD 20,143 as on 31st March 2022.
 3. ASC 830 states that, a reporting entity must use a “functional-currency approach” in which all transactions are first measured in the currency of the primary economic environment in which the reporting entity operates (i.e., the functional currency) and then translated into the reporting currency. **Statement of Profit and Loss** has been translated from Indian Rupees (INR) to United States Dollar (USD) using average rate of **1USD = INR 74.427**. **Balance Sheet** has been translated from Indian Rupees (INR) to United States Dollar (USD) using closing rate of **1USD = INR 75.807**. Impact of Increase (Decrease) in financial position due to creation of rent equalization reserve has been translated using average rate.
-

The application of U.S. GAAP would have the following effect on the financial statements:

Particulars	Year Ended March 31,2022	
	INR	USD
Revenue from Operations	5,61,38,30,132	7,54,27,232
Cost of Revenue	5,33,41,17,194	7,16,69,018
Operating Expenses:		
Depreciation and amortization	24,43,441	32,830
Employee benefit expense	17,94,58,384	24,11,197
Other Expense	4,20,35,416	5,64,786
Total Operating expenses	22,39,37,241	30,08,813
Income from operations	5,57,75,697	7,49,400
Other (Income) Expenses:		
Interest Expenses	1,81,097	2,433
Other Income	38,68,486	51,977
Total Other(Income) Expenses	36,87,389	49,544
Income (loss) before income taxes	5,94,63,085	7,98,944
Tax expense (benefit)	1,27,63,667	1,71,492
Net income (loss) for the period, as reported	4,66,99,418	6,27,452
Adjustments:		
Rent equalisation reserve	14,99,203	20,143
Net income – U.S. GAAP	4,52,00,215	6,07,309
Foreign Currency Translation Reserve	0	0
Comprehensive income – U.S. GAAP	4,52,00,215	6,07,309

*Financial statements have been translated from Indian Rupees (INR) to United States Dollar (USD) using average rate of 1USD = INR 74.427 for Income Statement.

As at March 31, 2022

	As Reported		Increase (Decrease)		US GAAP	
	INR	USD	INR	USD	INR	USD
Asset						
Current Assets:						
Cash and cash equivalents	10,05,12,446	13,25,898	-	-	10,05,12,446	13,25,898
Accounts receivable, net	86,96,56,122	1,14,71,961	-	-	86,96,56,122	1,14,71,961
Prepayments and other current assets	6,95,19,000	9,17,051	-	-	6,95,19,000	9,17,051
Total current assets	1,03,96,87,568	1,37,14,910	-	-	1,03,96,87,568	1,37,14,910
Property and equipment, net	54,78,946	72,275	-	-	54,78,946	72,275
Intangible assets, net	-	-	-	-	-	-
Other long term assets	3,05,11,609	4,02,490	1,08,09,294	1,42,589	4,13,20,903	5,45,080
Deferred Tax Asset	43,12,855	56,892	-	-	43,12,855	56,892
Total Assets	1,07,99,90,978	1,42,46,568	1,08,09,294	1,42,589	1,09,08,00,273	1,43,89,157
Liabilities and stockholders' equity						
Current liabilities:						
Accounts payable	87,43,49,128	1,15,33,869	-	-	87,43,49,128	1,15,33,869
Accrued expenses and other liabilities	4,52,67,000	5,97,134	-	-	4,52,67,000	5,97,134
Total current liabilities	91,96,16,128	1,21,31,003	-	-	91,96,16,128	1,21,31,003
Other long-term liabilities	2,33,71,380	3,08,301	1,23,08,498	1,62,366	3,56,79,878	4,70,667
Total liabilities	94,29,87,508	1,24,39,303	1,23,08,498	1,62,366	95,52,96,006	1,26,01,669
Stockholders' equity						
Common Stock	1,30,86,310	1,72,626	-	-	1,30,86,310	1,72,626
Reserve and Surplus	12,39,17,160	16,34,638	-14,99,203	-19,777	12,24,17,957	16,14,861
Total liabilities and stockholders' equity	1,07,99,90,978	1,42,46,568	1,08,09,295	1,42,589	1,09,08,00,273	1,43,89,157

*Financial statements have been translated from Indian Rupees (INR) to United States Dollar (USD) using closing rate of 1USD = INR 75.807 for Financial Positions. Increase (Decrease) in financial position is occurring due to creation of rent equalization reserve which has been translated at average rate.

** Other long term assets include Right of Use (ROU) assets and other long term liabilities include lease liability created for the lease term as per ASC 842.

**For B M CHATRATH & CO LLP
CHARTERED ACCOUNTANTS**

Firm Registration No. 301011E/E300025

Partner
Membership No.:
Place:
Date:

**UNIQUE LOGISTICS INTERNATIONAL
(VIETNAM) CO., LTD.**

Audited reconciliation of financial statements to
Unites States Generally Accepted Accounting Principle
(US. GAAP)
for the year ended 31 December 2021

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REPORT OF DIRECTOR

Director of Unique Logistics International (Vietnam) Co., Ltd. (“The Company”) has the pleasure in presenting this report and the Company’s audited reconciliation of financial statements to US. GAAP for the year ended 31 December 2021.

1. General information

Unique Logistics International (Vietnam) Co., Ltd. is limited liability company with two or more members incorporated in Vietnam pursuant to the Business Registration Certificate No. 0310403753 on 11 October 2010 and the next amendments with the latest amendments registered on the 4th amendment issued on 23 July 2020 issued by the Planning and Investment Department of Ho Chi Minh City regarding the changes of owners’ equity.

Operating duration of the Company is 20 years since 11 October 2010.

The Company’s head office

- Address : No. 181, Dien Bien Phu Street, Da Kao Ward, District 1, Ho Chi Minh City
- Telephone : 028 3822 2352
- Fax : 028 3829 5440

The Company has a branch in Hanoi operated according to the first Registration Certificate No, 0310403753-001 on 24 June 2011 and the next amendments with the latest amendments registered on the fifth amendment on 03 August 2020 issued by the Planning and Investment Department of Hanoi City.

The branch office is located at Floor 5, Han Viet Building, 203 Minh Khai Street, Minh Khai Ward, Hai Ba Trung District, Ha Noi City.

According to the third amendment Investment Registration Certificate dated 28 October 2020, the principal activities of the Company are to provide forwarding services.

In 2021, the main activities of the Company are to provide forwarding services.

2. The member of Member Council and Director

Members of Member Council and Director during the financial year and at the date of this report are:

Member Council

Full name	Nationality	Position
Mr. Lee, Patrick Man Bun	Canadian	Chairman
Mr. Tran Duy Hoa	Vietnamese	Member

Director

Full name	Position
Mr. Tran Duy Hoa	Director

Legal representative

The legal representative of the Company during the financial year and at the date of this report is

Mr. Tran Duy Hoa Director

3. Events since the balance sheet date

There have been no significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the financial statements.

REPORT OF DIRECTOR

4. Auditors

AFC Vietnam Auditing Company Limited has been appointed to perform the audit for the year ended 31 December 2021.

5. Publication of the financial statements

Director does hereby publish that the accompanying reconciliation of financial statements to US GAAP which gives a true and fair view of the financial position of the Company as at 31 December 2021 and the results of its operations of the Company for the year then ended in accordance with the Unites States Generally Accepted Accounting Principle (US GAAP) and the statutory requirements relevant to preparation and presentation of the financial statements.

/s/ TRAN DUY HOA

TRAN DUY HOA

Director

Ho Chi Minh City, 28 February 2023

INDEPENDENT AUDITORS' REPORT

**To: The members of Member Council and Director
Unique Logistics International (Vietnam) Co., Ltd.**

We have audited the accompanying reconciliation of financial statements to US GAAP of Unique Logistics International (Vietnam) Co., Ltd. prepared on 28 February 2023 and set out from pages from 5 to 17, which comprise the balance sheet as at 31 December 2021, and the statement of operations for the year then ended and Note to the financial statements thereto.

Director's Responsibility for the Financial Statements

Director is responsible for the preparation and fair presentation of these financial statements in accordance with the Unites States Generally Accepted Accounting Principle and comply with relevant statutory requirements to preparation and presentation of the financial statements and for such internal control as Director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Director, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for audit opinion.

Auditor's opinion

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the reconciliation of financial statements of Unique Logistics International (Vietnam) Co., Ltd. as at 31 December 2021 included balance sheets and statement of operations for the year then ended in accordance with the Unites States Generally Accepted Accounting Principles and the statutory requirements relevant to preparation and presentation of the financial statements.

Limitation

Without qualifying our above opinion, we would like to note that the financial statements are prepared for the purpose of internal management of Unique Logistics International (Vietnam) Co., Ltd. Therefore, this report may not be appropriate for any other purpose. Our audit report is only for Unique Logistics International (Vietnam) Co., Ltd. and its partners. It is not available to any other parties than Unique Logistics International (Vietnam) Co., Ltd.

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INDEPENDENT AUDITORS' REPORT

(Cont.)

Other matters

Unique Logistics International (Vietnam) Co., Ltd, has prepared other financial statements for the purpose of its tax finalization for the financial year-ended 31 December 2021 in accordance with Vietnamese Accounting Standards and Vietnamese Accounting System relating to preparation and presentation of the financial statements. These financial statements have been audited by another Auditor.

Unique Logistics International (Vietnam) Co., Ltd, has prepared other financial statements for the purpose of internal management for the financial year ended 31 December 2021 in accordance with Vietnamese Accounting Standards and Vietnamese Accounting System (VAS) relating to preparation and presentation of the financial statements dated 15 March 2022.

/s/ PHAM THI NGOC LIEN

PHAM THI NGOC LIEN

Deputy General Director

Audit Practicing Registration Certificate

No. 1180-2023-009-1

AFC VIETNAM AUDITING COMPANY LIMITED

Ho Chi Minh City, 28 February 2023

/s/ NGUYEN NGOC ANH TRUC

NGUYEN NGOC ANH TRUC

Auditor

Audit Practicing Registration Certificate

No, 5517-2021-009-1

UNIQUE LOGISTICS INTERNATIONAL (VIETNAM) CO., LTD
 181 Dien Bien Phu Street, Da Kao Ward, District 1, Ho Chi Minh City
STATEMENT OF OPERATIONS
For the financial year ended 31 December 2021

	2021	2020
	USD	USD
Net service sales	59,590,002.65	30,858,740.07
Total net sales	59,590,002.65	30,858,740.07
Cost of service sales	46,655,463.05	27,688,906.80
Total cost of sales	46,655,463.05	27,688,906.80
Gross profit/(loss)	12,934,539.60	3,169,833.27
Selling, general and administrative expenses	3,273,450.25	1,083,749.18
Income from operations	9,661,089.35	2,086,084.09
Interest and others, net	(435,956.08)	(200,637.64)
Income before income taxes	9,225,133.27	1,885,446.45
Income tax expense	1,855,355.43	397,943.59
Net income	7,369,797.84	1,487,502.86

/s/ LE THI NGOC AI

LE THI NGOC AI

Preparer

/s/ LE THI NGOC AI

LE THI NGOC AI

Chief Accountant

/s/ TRAN DUY HOA

TRAN DUY HOA

Director

Ho Chi Minh City, 28 February 2023

UNIQUE LOGISTICS INTERNATIONAL (VIETNAM) CO., LTD
 181 Dien Bien Phu Street, Da Kao Ward, District 1, Ho Chi Minh City
STATEMENT OF OTHER COMPREHENSIVE INCOME
For the financial year ended 31 December 2021

	2021 USD	2020 USD
Net income	7,369,797.84	1,487,502.86
Foreign currency translation, net of taxes:		
Gain (loss) on foreign currency translation and effective portion of hedges	218,189.66	47,033.61
Total comprehensive income, net of taxes	7,587,987.50	1,534,536.47

/s/ LE THI NGOC AI

LE THI NGOC AI
 Preparer

/s/ LE THI NGOC AI

LE THI NGOC AI
 Chief Accountant

/s/ TRAN DUY HOA

TRAN DUY HOA
 Director
 Ho Chi Minh City, 28 February 2023

UNIQUE LOGISTICS INTERNATIONAL (VIETNAM) CO., LTD
 181 Dien Bien Phu Street, Da Kao Ward, District 1, Ho Chi Minh City
STATEMENT OF OWNER'S EQUITY
As at 31 December 2021

	Owner's equity	Contributed equity	Rate	Retained earnings	Accumulated	Total
	USD	USD	%	USD	USD	USD
As at 01/01/2020	160,650.00			996,252.97	-	1,156,902.97
<i>In which:</i>						
<i>Unique Logistics Holding Limited</i>		109,242.00	68%			
<i>Tran Duy Hoa</i>		51,408.00	32%			
Profit in year	-			1,487,502.86	47,033.61	1,534,536.47
Distributing in year	-			(583,845.18)	-	(583,845.18)
As at 31/12/2020	<u>160,650.00</u>			<u>1,899,910.65</u>	<u>47,033.61</u>	<u>2,107,594.26</u>
As at 01/01/2021	160,650.00			1,899,910.65	47,033.61	2,107,594.26
<i>In which:</i>						
<i>Unique Logistics Holding Limited</i>		109,242.00	68%			
<i>Tran Duy Hoa</i>		51,408.00	32%			
Profit in year	-			7,369,797.84	218.189.66	7,587,987.50
Distributing in year	-			(1,997,398.61)	-	(1,997,398.61)
As at 31/12/2021	<u>160,650.00</u>			<u>7,272,309.88</u>	<u>265,223.27</u>	<u>7,698,183.15</u>

/s/ LE THI NGOC AI

LE THI NGOC AI
Preparer

/s/ LE THI NGOC AI

LE THI NGOC AI
Chief Accountant

TRAN DUY HOA

Director
 Ho Chi Minh City, 28 February 2023

BALANCE SHEET
As at 31 December 2021

	Reported USD	Increase/ (Decrease) USD	US. GAAP USD
CURRENT ASSETS	21,010,354.29	12,496.45	21,022,850.74
Cash and cash equivalents	1,399,900.98	-	1,399,900.98
Current trade receivables	16,844,141.51	2,733,397.75	19,577,539.26
Other current receivables	2,733,838.28	(2,730,240.13)	3,598.15
Current advances to supplies	18,982.65	(18,982.65)	-
Work in progress	2,803.50	-	2,803.50
Other current assets	3,157.62	(3,157.62)	-
Current prepaid expenses	7,529.75	31,479.10	39,008.85
NON-CURRENT ASSETS	75,683.40	(12,496.45)	63,186.95
Other non-current receivables	61,215.25	-	61,215.25
Tangible fixed assets	1,971.70	-	1,971.70
Non-current prepaid expenses	12,496.45	(12,496.45)	-
TOTAL ASSETS	21,086,037.69	0.00	21,086,037.69
LIABILITIES	13,387,854.54	0.00	13,387,854.54
Current liabilities	13,282,389.02	0.00	13,282,389.02
Current account payables (Obligation in Operating cycles)	8,851,031.28	4,095,159.50	12,946,190.78
Current advance from customers	5,588.21	(5,588.21)	-
Taxes and obligation payable to the State	2,176,153.26	(2,176,153.26)	-
Payable to employees	1,582,563.59	(1,582,563.59)	-
Current accrued expenses	330,854.44	(330,854.44)	-
Current loan and finance lease	336,198.24	-	336,198.24
Long-term liabilities	105,465.52	-	105,465.52
Non-current obligation in Operating cycles	5,465.52	»	5,465.52
Non-current loans and finance lease	100,000.00	-	100,000.00
OWNER'S EQUITY	7,698,183.15	-	7,698,183.15
Owners' invested equity	145,677.93	14,972.07	160,650.00
Retained earnings	7,552,505.22	(14,972.07)	7,537,533.15
TOTAL RESOURCES	21,086,037.69	0.00	21,086,037.69

/s/ LE THI NGOC AI

LE THI NGOC AI
 Preparer

/s/ LE THI NGOC AI

LE THI NGOC AI
 Chief Accountant

/s/ TRAN DUY HOA

TRAN DUY HOA
 Director

Ho Chi Minh City, 28 February 2023

BALANCE SHEET
As at 31 December 2020

	Reported USD	Increase/ (Decrease) USD	US GAAP USD
CURRENT ASSETS	8,152,603.09	12,784.57	8,165,387.66
Cash and cash equivalents	516,501.72	-	516,501.72
Current account receivables	7,623,365.54	-	7,623,365.54
Other current receivables	-	1,239.87	1,239.87
Current advances to supplies	30.35	(30.35)	-
Other current assets	1,239.87	(1,239.87)	-
Current prepaid expenses	11,465.61	12,814.92	24,280.53
NON-CURRENT ASSETS	49,344.55	(12,784.57)	36,559.98
Other non-current receivables	36,559.98	-	36,559.98
Non-current prepaid expenses	12,784.57	(12,784.57)	-
TOTAL ASSETS	8,201,947.64	-	8,201,947.64
LIABILITIES	6,016,328.85	78,024.53	6,094,353.38
Current liabilities	5,913,761.84	78,024.52	5,991,786.36
Current account payables (Obligation in Operating cycles)	2,804,022.60	1,674,284.99	4,478,307.59
Current advance from customers	3,032.95	(3,032.95)	-
Taxes and obligation payable to the State	624,198.10	(624,198.10)	-
Payable to employees	222,548.16	(222,548.16)	-
Current accrued expenses	98,599.98	(98,599.98)	-
Other current liability	1,023,630.33	(647,881.28)	375,749.05
Current loan and finance lease	1,137,729.72	-	1,137,729.72
Non-current liabilities	102,567.01	0.01	102,567.02
Non-current obligation in Operating cycles	-	2,502.32	2,502.32
Non-current accrued expenses	2,416.05	(2,416.05)	-
Other non-current liabilities	86.26	(86.26)	-
Non-current loans and finance lease	100,064.70	-	100,064.70
OWNER'S EQUITY	2,185,618.79	(78,024.53)	2,107,594.26
Owners' invested equity	143,754.06	16,895.94	160,650.00
Retained earnings	2,041,864.73	(94,920.47)	1,946,944.26
TOTAL RESOURCES	8,201,947.64	0.00	8,201,947.64

There notes form an integral part of and should be read in conjunction with the accompanying financial statements.

/s/ LE THI NGOC AI
LE THI NGOC AI
Preparer

/s/ LE THI NGOC AI
LE THI NGOC AI
Chief Accountant

/s/ TRAN DUY HOA
TRAN DUY HOA
Director
Ho Chi Minh City, 28 February 2023

1. BUSINESS HIGHLIGHT

1.1 Ownership structure

Unique Logistics International (Vietnam) Co., Ltd. (“the Company”) is limited liability company with two or more members incorporated in Vietnam pursuant to the Business Registration Certificate No. 0310403753 on 11 October 2010 and the next amendments with the latest amendments registered on the 4th amendment issued on 23 July 2020 issued by the Planning and Investment Department of Ho Chi Minh City regarding the changes of owners’ equity.

1.2 Scope of business activities

The scope of business activities is to provide forwarding services.

1.3 The principal activities

According to the third amendment Investment Registration Certificate dated 28 October 2020, the Company’s principal activities are to provide forwarding services.

In 2021, the main activities of the Company are to provide forwarding services.

1.4 Normal business cycle

The normal business cycle of the Company is not exceeding 12 months.

1.5 Statement of comparative presentation of information in the financial statements

The figures are presented in the financial statements for the financial year ended 31 December 2021 compared with the corresponding figures of previous year.

1.6 The number of employees

The number of the Company’s employees as at 31 December 2021 was 77 (as at 31 December 2020 the number of employees was 53).

2. FINANCIAL YEAR, ACCOUNTING CURRENCY ACCOUNTING

2.1 Financial year

The Company’s financial year starts from 01 January and ends at 31 December annual.

2.2 Accounting currency

The Company maintains its accounting records in Viet Nam Dong (“VND”).

3. ACCOUNTING STANDARDS AND SYSTEM

As at 31 December 2021 and for the financial year ended 31 December 2021 (audited)

The reconciliation of the audited financial statements to Unites States generally accepted accounting principles (U.S. GAAP) as at 31 December 2021 and for the financial year ended 31 December 2021, has been prepared following the same accounting policies and methods of computation as the reconciliation of the financial statements to U.S. GAAP for the year ended 31 December 2020. The disclosures provided below are incremental to those included with the annual financial statements and the reconciliation of those financial statements to U.S. GAAP.

The reconciliation of the audited financial statements to U.S. GAAP should be read in conjunction with the financial statements and the reconciliation of the financial statements to U.S. GAAP for the year ended 31 December 2021.

The significant differences between Vietnamese Accounting Standards and Vietnamese Accounting Systems as they apply to Unique Logistics International (Vietnam) Co., Ltd. are as follows:

- a. According to ASC 606 Revenue from Contracts with Customers, revenue is recognised when control of the promised good and service is transfers to the Company's customers. In an amount that reflects the consideration, the Company expects to receive in exchange of service. The Company recognizes revenue upon meeting each performance obligations based on the allocated amount of the total consideration of the contract to each specific performance obligations.

According to VAS 14 Revenue and other income, the revenue of transaction related to the services is recorded when the result of the transaction can be measured reliably. In case that the services are to be provided in many accounting periods, the determination of sales in each period is done on the basis of the service completion rate as of the balance sheet date. Revenue is recognized upon completion of services provided when satisfy all four conditions:

- Revenue can be measured reliably;
- It is possible to obtain economic benefits from the service provision transaction;
- The work volume finished on the date of making the accounting balance sheet can be determined;
- The costs incurred from the service provision transaction and the costs of its completion can be determined.

There is no any difference relating to the revenue recognition policies between US, GAAP and VAS. Therefore, no need to make any adjustment with the Company's revenue.

- b. In 2021, the Company recognized an additional bonus expense for sales staff in 2020 with the amount of USD 80,230.70. The adjustment to increase expenses in 2020 does not reduce the CIT expense in 2020 because this expense is an expense that is not deductible when calculating CIT. It makes profit after tax in 2020 decrease USD 80,230.70. Under US. GAAP, any error in the financial statement statements of 2020 discovered after the financial statements are issued or available to be issued in 2021 shall be reported as an error correction by restating the financial year 2020.
- c. Under US. GAAP, prepaid expenses include insurance, interest, rents, taxes, unused royalties, current paid advertising service not yet received, operating supplies and paid in advance. Current advances to suppliers in VAS classified as current prepaid expenses.
- d. Under US. GAAP, other assets include: cash and claims to cash that are restricted as to withdrawal or use for other than current operations, as designated for expenditure in the acquisition or construction of noncurrent assets, or are segregated for the liquidation of long-term debts; investments in securities or advances that have been made for the purpose of control, affiliation, or other continuing business advantage; receivables arising from unusual transactions that are not expected to be collected with in 12 months; cash surrender value of life insurance policies; land and other natural resources; depreciable assets... VAT deductibles, which classified as other current assets in VAS, classified as other current receivables.
- e. Under US. GAAP, prepaid expenses are not current assets in the sense that they will be converted into cash but in the sense that, if not paid in advance, they would require the use of current assets during operating cycle. Non-current prepaid expenses in VAS classified as current prepaid expenses.

NOTE TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

- f. Under US. GAAP, obligations in the operating cycle include: payables incurred in the acquisition of materials and supplies to be used in the production of good or in providing services to be offered for sales; collection received in advance of the delivery of goods or performance of service; debts that arise from operation directly related to the operating cycles, such as accrual for wage, salaries, commission, rentals, royalties, and income and other taxes. Current advance from customers, Statutory obligations, payables to employees, current/ non-current accrued expenses, payables due to paying on behalf in VAS classified as Obligation in the operating cycle.
- g. According to Note 2.2, the Company maintains its accounting records in Viet Nam Dong. Financial statements prepared in VND are translated to USD for publishing with relating parties under bellowing principles:
- For all items which is reclassifying as assets, the buying exchange at 31 December 2021 of HSBC Bank (Vietnam) Ltd. - Ho Chi Minh City branch shall be used with the amount VND 22,700/ USD;
 - For ail items which is reclassifying as assets, the buying exchange at 31 December 2021 of HSBC Bank (Vietnam) Ltd. - Ho Chi Minh City branch shall be used with the amount VND 22,880/ USD;
 - For owner’s equity which is contributed by owners, the exchange rate at the investment date shall be used;
 - For all items in Statement of Operations, the approximate exchange rate in 2021 shall be used.

Translation adjustment result from the process of translating that entity’s financial statements into the reporting currency. Translation adjustments shall not be included in determining net income but shall be reported in other comprehensive income.

4. OTHER INFORMATION

4.1 Transactions and balances with key management members, the individuals involved with key management members

The key management members include members of the Member Council and Director. Individuals associated with key management members are close members in the family of key management members.

Transactions with key management members, the individuals involved with key management members

The Company has other transactions with key management member and individuals related to key management members as below

	<u>Year 2021</u> USD	<u>Year 2020</u> USD
Mr. Tran Duy Hoa		
Dividend	615,064.87	187,906.95

Liabilities to key management members and individuals related to key management members

NOTE TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

Liabilities to key management members and individuals related to key management members are as following:

	<u>31/12/2021</u>	<u>31/12/2020</u>
	USD	USD
Mr. Tran Duy Hoa		
Other payable - Dividend	-	76,569.46
Non-current loans	32,000.00	32,020.70

The remuneration of the Member Council and Director

	<u>Year 2021</u>	<u>Year 2020</u>
	USD	USD
Income	55,463.50	62,269.53
	<u>55,463.50</u>	<u>62,269.53</u>

4.2 Significant transactions with related parties during the year

The transactions with related parties are as follows:

<u>Related parties</u>	<u>Transaction</u>	<u>Year 2021</u>	<u>Year 2020</u>
		USD	USD
Green Trident Logistics (Hangzhou) Ltd.	Providing services	123.12	57.34
PT. Unique Logistics International Indonesia	Providing services	1,491.24	-
	Purchasing services	50.81	73.59
Shenzhen Unique Logistics International Limited	Providing services	2,503.81	1,353.32
	Purchasing services	15,831.59	11,795.48
TGF Unique Limited	Providing services	788.85	-
	Purchasing services	509.19	2,646.58
ULI (North & East China) Co., Ltd.	Providing services	175,795.35	5,565.88
	Purchasing services	260,146.78	17,475.91
ULI (South China) Limited	Providing services	52.77	-
	Purchasing services	5,560.69	3,465.07
ULI International Company Limited	Providing services	2,284.99	994.59
	Purchasing services	44.05	55.94
	Paying on behalf		106,074.93
Unique Freight Solutions (Thailand) Co., Ltd.	Purchasing services	2,215.15	1,539.53
Unique International Logistics (M) Sdn. Bhd.	Providing services	-	6,783.82
	Purchasing services	2,817.11	3,319.12
	Paying on behalf		180.45
Unique Logistics (Korea) Co., Ltd.	Providing services	49,960.25	44,427.33
	Purchasing services	8,518.70	3,423.46
Unique Logistics Holdings Limited	Providing services	1,049.25	-
	Purchasing services	120,800.65	83,441.35
	Corporation fee	497,803.84	-
	Other paying	12,420.36	47,086.50
	Dividend	1,307,012.84	563,720.84
Unique Logistics International (ATL), LLC	Providing services	-	14,303.56
Unique Logistics International (BOS), Inc,	Providing services	5,273.81	24,003.09
	Purchasing services	-	1,054.35

Related parties	Transaction	Year 2021 USD	Year 2020 USD
Unique Logistics International (H.K.) Limited	Providing services	13,002.90	4,101.53
	Purchasing services	10,166.44	24,053.66
	Receiving on behalf	-	13,888,938.09
	Paying on behalf	342,460.58	15,375,733.49
Unique Logistics International (India) Private Limited	Providing services	-	7,889.03
	Purchasing services	626.16	15,377.46
Unique Logistics International (LAX) Inc.	Providing services	-	9,517.58
	Purchasing services	-	5,463.01
Unique Logistics International (NYC), LLC	Providing services	36,109,020.83	21,404,823.36
	Purchasing services	6,242,075.21	2,071,677.27
Unique Logistics International (Shanghai), Co., Ltd.	Providing services	-	64.89
Unique Logistics International (SIN) Pte. Ltd.	Providing services	1,728.86	1,136.22
	Purchasing services	36,595.82	23,806.99
Unique Logistics International (South China) Limited	Providing services	34.93	81.97
	Purchasing services	147.12	45.19
Uniquorn international Logistics(Shenzhen) Co., Ltd.	Providing services	654.86	-
	Purchasing services	10,481.23	3,802.52

Liability balances with related parties

The balances of receivable/ (payable) with the related parties are as follows:

Related parties		31/12/2021 USD	31/12/2020 USD
Green Trident Logistics (Hangzhou) Ltd.	Account receivables	54.25	8.99
PT. Unique Logistics International Indonesia	Account receivables	1,476.48	-
	Obligation in Operating cycles	(26.05)	(78.53)
Shenzhen Unique Logistics international Limited	Obligation in Operating cycles	(1,849.42)	(977.10)
TGF Unique Limited	Account receivables	796.98	-
	Obligation in Operating cycles	(510.39)	(2,646.12)
ULI (North & East China) Company Limited	Account receivables	24,861.50	2,608.14
	Obligation in Operating cycles	(87,464.28)	(8,855.20)
ULI (South China) Limited	Obligation in Operating cycles	(542.40)	-
ULI International Company Limited	Account receivables	25.79	6.23
	Obligation in Operating cycles	-	(5.01)
	Account receivables	-	113.57

Related parties		31/12/2021	31/12/2020
		USD	USD
Unique International Logistics (M) Sdn. Bhd.	Obligation in Operating cycles	(2,058.29)	(626.79)
Unique Logistics (Korea) Co., Ltd.	Account receivables	2,292.65	7,391.92
	Obligation in Operating cycles	(3,043.55)	(118.99)
Unique Logistics Holdings Limited	Obligation in Operating cycles	(110,393.10)	(34,881.16)
	Other current payables	-	(273,127.89)
	Long-term loans	(68,000.00)	(68,043.99)
Unique Freight Solutions (Thailand) Co., Ltd.	Obligation in Operating cycles	(1,183.92)	-
Unique Logistics International (BOS), Inc.	Account receivables	2,485.46	-
Unique Logistics International (H.K.) Limited	Obligation in Operating cycles	2,733,578.07	408.18
	Account receivables	(11,278.60)	(670,662.55)
Unique Logistics International (India) Private Limited	Account receivables	-	1,324.82
	Obligation in Operating cycles	-	(44.06)
Unique Logistics International (NYC), LLC	Account receivables	14,782,381.95	7,051,675.12
	Obligation in Operating cycles	(3,779,400.44)	(2,336.03)
Unique Logistics International (SIN) Pte. Ltd.	Account receivables	-	258.68
	Obligation in Operating cycles	(36,259.04)	(7,627.24)
Unique Logistics International (South China) Limited	Account receivables	8.44	-
	Obligation in Operating cycles	(9.97)	(5.02)
Uniquorn International Logistics (Shenzhen) Co., Ltd.	Account receivables	100.70	-
	Obligation in Operating cycles	(2,120.94)	(1,148.65)

4.3 Other information

Unique Logistics International (Vietnam) Co., Ltd. has prepared other financial statements for the purpose of its tax finalization for the year ended 31 December 2021 in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System and statutory requirement relevant to preparation and presentation of the financial statements.

Unique Logistics International (Vietnam) Co., Ltd. has prepared other financial statements for the purpose of internal management for the financial year ended 31 December 2021 in accordance with Vietnamese Accounting Standards and Vietnamese Accounting System relating to preparation and presentation of the financial statements dated 15 March 2022.

/s/ LE THI NGOC AI

LE THI NGOC AI

Preparer

/s/ LE THI NGOC AI

LE THI NGOC AI

Chief Accountant

/s/ TRAN DUY HOA

TRAN DUY HOA

Director

Ho Chi Minh City, 28 February 2023

**UNIQUE LOGISTICS INTERNATIONAL
(VIETNAM) CO., LTD.**

Audited financial statements
for the year ended 31 December 2021

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REPORT OF DIRECTOR

Director of Unique Logistics International (Vietnam) Co., Ltd. (“The Company”) has the pleasure in presenting this report and the Company’s audited financial statements for the year ended 31 December 2021.

1. General information

Unique Logistics International (Vietnam) Co., Ltd. is limited liability company with two or more members incorporated in Vietnam pursuant to the Business Registration Certificate No. 0310403753 on 11 October 2010 and the next amendments with the latest amendments registered on the 4th amendment issued on 23 July 2020 issued by the Planning and Investment Department of Ho Chi Minh City regarding the changes of owners’ equity.

Operating duration of the Company is 20 years since 11 October 2010

The Company’s head office

- Address : No, 181, Dien Bien Phu Street, Da Kao Ward, District 1, Ho Chi Minh City

- Telephone: 028 3822 2352

- Fax: 028 3829 5440

The Company has a branch in Hanoi operated according to the first Registration Certificate No. 0310403753-001 on 24 June 2011 and the next amendments with the latest amendments registered on the 5th amendment on 03 August 2020 issued by the Planning and Investment Department of Hanoi City.

The branch office is located at Floor 5, Han Viet Building, 203 Minh Khai Street, Minh Khai Ward, Hai Ba Trung District, Ha Noi City.

According to the first Investment Registration Certificate dated 11 October 2010, the principal activities of the Company are to provide forwarding services

In 2021, the main activities of the Company are to provide forwarding services.

2. The member of Member Council and Director

Members of Member Council and Director during the financial year and at the date of this report are:

Member Council

Full name	Nationality	Position
Mr, Lee, Patrick Man Bun	Canadian	Chairman
Mr, Tran Duy Hoa	Vietnamese	Member

Director

Full name	Position
Mr, Tran Duy Hoa	Director

Legal representative

The legal representative of the Company during the financial year and at the date of this report is

Mr. Tran Duy Hoa Director

3. The Company’s financial position and operating results

The Company’s financial position as at 31 December 2021 and its operating results for the year then ended are reflected in the accompanying financial statements.

UNIQUE LOGISTICS INTERNATIONAL (VIETNAM) CO., LTD.
No. 181, Dien Bien Phu Street, Da Kao Ward, District 1, Ho Chi Minh City

REPORT OF DIRECTOR

4. Events since the balance sheet date

There have been no significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the financial statements.

5. Auditors

AFC Vietnam Auditing Company Limited has been appointed to perform the audit for the year ended 31 December 2021.

6. Director's statement of responsibility in respect of the financial statements

Director is responsible for the financial statements for the year ended 31 December 2021 which give a true and fair view of the state of affair of the Company and of its results and cash flows for the year then ended. In preparing these financial statements, Director is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basic unless it is inappropriate to presume that the Company will continue in business; and
- Design, implement and maintain the Company's internal control for prevention and detection of fraud and error,

Director is responsible for ensuring that the proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Company and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Director confirmed that the Company has complied with the above requirements in preparing the financial statements.

7. Publication of the financial statements

Director does hereby publish that the accompanying financial statements which give a true and fair view of the financial position of the Company as at 31 December 2021 and the results of its operations and cash flows of the Company for the year then ended in accordance with the Vietnamese Accounting Standards, Vietnamese Accounting System and the statutory requirements relevant to preparation and presentation of the financial statements.

/s/ TRAN DUY HOA

TRAN DUY HOA

Director

Ho Chi Minh City, 15 March 2022



No. 45/2022/BCKT-HCM.00802

INDEPENDENT AUDITORS' REPORT

**To: The members of Member Council and Director
Unique Logistics International (Vietnam) Co., Ltd.**

We have audited the accompanying financial statements of Unique Logistics International (Vietnam) Co., Ltd. prepared on 15 March 2022 and set out from pages from 5 to 26, which comprise the balance sheet as at 31 December 2021, and the income statement, cash flow statement for the year then ended and notes to the financial statements thereto.

Director's Responsibility for the Financial Statements

Director is responsible for the preparation and fair presentation of these financial statements in accordance with the Vietnamese Accounting Standards and Vietnamese Accounting System and comply with relevant statutory requirements to preparation and presentation of the financial statements and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Director, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for audit opinion.

Auditor's opinion

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of Unique Logistics International (Vietnam) Co., Ltd. as at 31 December 2021 and of the results of its operations and its cash flows for the year then ended in accordance with the Vietnamese Accounting Standards and Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of the financial statements.

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PKF - AFC Vietnam Auditing Co., Ltd. is a member firm of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

INDEPENDENT AUDITORS' REPORT**Limitation**

Without qualifying our above opinion, we would like to note that the financial statements are prepared for the purpose of internal management of Unique Logistics International (Vietnam) Co., Ltd. Therefore, this report may not be appropriate for any other purpose. Our audit report is only for Unique Logistics International (Vietnam) Co., Ltd. and its partners. It is not available to any other parties than Unique Logistics International (Vietnam) Co., Ltd.

Other matters

Unique Logistics International (Vietnam) Co., Ltd. has prepared other financial statements for the purpose of its tax finalization for the fiscal year-ended 31 December 2021 in accordance with Vietnamese Accounting Standards and Vietnamese Accounting System relating to preparation and presentation of the financial statements. These financial statements have been audited by another

/s/ DANG THI MY VAN

DANG THI MY VAN

General Director

Audit Practicing Registration Certificate

No, 0173-2018-009-1

AFC VIETNAM AUDITING COMPANY LIMITED

Ho Chi Minh City, 15 March 2022

/s/ NGUYEN NGOC ANH TRUC

NGUYEN NGOC ANH TRUC

Auditor

Audit Practicing Registration Certificate

No, 5517-2021-009-1

UNIQUE LOGISTICS INTERNATIONAL (VIETNAM) CO., LTD.
181 Dien Bien Phu Street, Da Kao Ward, District 1, Ho Chi Minh City

BALANCE SHEET

As at 31 December 2021

	Code	Note	31/12/2021 VND	01/01/2021 VND
ASSETS				
CURRENT ASSETS	100		476,935,042,265	187,550,634,267
Cash and cash equivalents	110	5.1	31,777,752,243	11,882,122,081
Cash	111		31,777,752,243	11,882,122,081
Cash equivalents	112		-	-
Short-term investments	120		-	-
Short-term receivables	130		444,851,047,249	175,376,222,424
Short-term trade receivables	131	5.2	382,362,012,234	175,375,524,324
Short-term advances to suppliers	132		430,906,090	698,100
Short-term borrowings receivables	135		-	-
Other short-term receivables	136	5.3.1	62,058,128,925	-
Inventories	140		63,639,350	-
Other current assets	150		242,603,423	292,289,762
Short-term prepaid expenses	151	5.4.1	170,925,421	263,766,461
Value added tax deductibles	152		71,678,002	28,523,301
Taxes and other receivable from State	153		-	-
Other current assets	155		-	-
ASSETS				
NON-CURRENT ASSETS	200		1,718,013,140	1,135,171,349
Long-term receivables	210		1,389,586,250	841,062,250
Long-term trade receivables	211		-	-
Long-term advances to suppliers	212		-	-
Other long-term receivables	216	5.3.2	1,389,586,250	841,062,250
Provision for doubtful LT receivables	219		-	-
Fixed assets	220		44,757,576	-
Tangible fixed assets	221	5.5	44,757,576	-
Cost	222		46,036,364	-
Accumulated depreciation	223		(1,278,788)	-
Finance leasehold assets	224		-	-
Intangible fixed assets	227		-	-
Cost	228	5.6	136,500,000	136,500,000
Accumulated amortisation	229		(136,500,000)	(136,500,000)
Investment Property	230		-	-
Long-term assets in progress	240		-	-
Long-term financial investments	250		-	-
Other long-term assets	260		283,669,314	294,109,099
Long-term prepaid expenses	261	5.4.2	283,669,314	294,109,099
Long-term tools, supplies and spare parts	263		-	-
Other long-term assets	268		-	-
TOTAL ASSETS	270		478,653,055,405	188,685,805,616

UNIQUE LOGISTICS INTERNATIONAL (VIETNAM) CO., LTD.
181 Dien Biert Phu Street, Da Kao Ward, District 1, Ho Chi Minh City

BALANCE SHEET

As at 31 December 2021

	Code	Note	31/12/2021 VND	01/01/2021 VND
RESOURCES				
LIABILITIES	300		306,314,111,470	139,488,584,515
Current liabilities	310		303,901,060,293	137,110,568,338
Short-term trade payables	311	5.7	202,511,595,407	65,011,263,868
Short-term advance from customers	312		127,858,093	70,318,986
Statutory obligations	313	5.8	49,790,386,556	14,472,032,927
Payable to employees	314	5.9	36,209,054,841	5,159,779,101
Short-term accrued expenses	315	5.10.1	7,569,949,621	2,286,040,604
Short-term unrealised revenues	318		-	-
Other short-term payables	319	5.11	-	23,732,869,307
Short-term loan and finance lease	320	5.12.1	7,692,215,775	26,378,263,545
Short-term provision	321		-	-
Government bonds trading	324		-	-
Long-term liabilities	330		2,413,051,177	2,378,016,177
Long-term trade payables	331		-	-
Long-term advance from customers	332		-	-
Long-term accrued expenses	333	5.10.2	125,051,177	56,016,177
Long-term internal payables	335		-	-
Long-term unearned revenues	336		-	-
Other long-term liabilities	337		-	2,000,000
Long-term loans and finance lease	338	5.12.2	2,288,000,000	2,320,000,000
Convertible bonds	339		-	-
Preferred shares	340		-	-
Deferred tax liabilities	341		-	-
Long-term provisions	342		-	-

UNIQUE LOGISTICS INTERNATIONAL (VIETNAM) CO., LTD.
181 Dien Biert Phu Street, Da Kao Ward, District 1, Ho Chi Minh City

BALANCE SHEET

As at 31 December 2021

	Code	Note	31/12/2021 VND	01/01/2021 VND
RESOURCES				
OWNER'S EQUITY	400		172,338,943,935	49,197,221,101
Capital	410	5.13	172,338,943,935	49,197,221,101
Owners' invested equity	411		3,320,000,000	3,320,000,000
Surplus of stock capital	412		-	-
Convertible bonds option	413		-	-
Other owners' capital	414		-	-
Treasury shares	415		-	-
Asset revaluation reserve	416		-	-
Foreign exchange differences reserve	417		-	-
Investment and development fund	418		-	-
Enterprise re-organisation support fund	419		-	-
Other funds belonging to owners' equity	420		-	-
Retained earnings	421		169,018,943,935	45,877,221,101
Accumulated retained earnings of previous year	421a		-	9,535,589,533
Retained earnings of this year	421b		169,018,943,935	36,341,631,568
Fund for capital expenditure	422		-	-
Other capital, funds	430		-	-
Subsidized funds	431		-	-
Fund for fixed assets in use	432		-	-
TOTAL RESOURCES	440		478,653,055,405	188,685,805,616

/s/ LE THI NGOC AI

LE THI NGOC AI

Preparer

/s/ LE THI NGOC AI

LE THI NGOC AI

Chief Accountant

/s/ TRAN DUY HOA

TRAN DUY HOA

Director

Ho Chi Minh City, 15 March 2022

UNIQUE LOGISTICS INTERNATIONAL (VIETNAM) CO., LTD.
No.181, Dien Bien Phu Street, Da Kao Ward, District 1, Ho Chi Minh City

INCOME STATEMENT

For the year ended 31 December 2021

	Code	Note	2021 VND	2020 VND
Gross sales of merchandise and services	01		1,366,637,120,825	715,336,453,476
Less deduction	02		-	-
Net sales	10	6.1	1,366,637,120,825	715,336,453,476
Cost of sales	11	6.2	1,069,996,389,548	641,856,548,634
Gross profit/(loss)	20		296,640,731,277	73,479,904,842
Financial income	21	6.3	1,434,179,409	431,539,419
Financial expenses	22	6.4	11,404,646,015	5,177,932,322
<i>In which: Interest expenses</i>	23		325,302,218	700,477,594
Selling expenses	24	6.5	5,902,711,983	6,875,148,195
General and administrative expenses	25	6.6	69,170,596,082	16,387,413,621
Operating profit/(loss)	30		211,596,956,606	45,470,950,123
Other income	31		72,447,334	149,726,799
Other expenses	32		100,197,356	54,315,015
Other profit/(loss)	40		(27,750,022)	95,411,784
Profit/(loss) before tax	50		211,569,206,584	45,566,361,907
Current corporate income tax expense	51	6.7	42,550,262,649	9,224,730,339
Deferred corporate income tax expense	52		-	-
Net profit/(loss) after tax	60		169,018,943,935	36,341,631,568

/s/ LE THI NGOC AI

LE THI NGOC AI
Preparer

/s/ LE THI NGOC AI

LE THI NGOC AI
Chief Accountant

/s/ TRAN DUY HOA

TRAN DUY HOA
Director
Ho Chi Minh City, 15 March 2022

UNIQUE LOGISTICS INTERNATIONAL (VIETNAM) CO., LTD.
No.181, Dien Bien Phu Street, Da Kao Ward, District 1, Ho Chi Minh City

CASH FLOW STATEMENT

(Indirect method)

For the year ended 31 December 2021

	Code	2021 VND	2020 VND
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit before tax	01	211,569,206,584	45,566,361,907
Adjustments for:			
Depreciation and amortisation	02	1,278,788	-
Provisions	03	-	-
(Gains)/losses from foreign exchange difference on revaluation of monetary items	04	952,451,471	681,623,602
(Profits)/losses from investing activities	05	(15,910,433)	(7,294,907)
Interest expense	06	325,302,218	700,477,594
<i>Operating income before changes in working capital</i>	08	212,832,328,628	46,941,168,196
(Increase)/decrease in receivables	09	(272,998,198,064)	(132,444,974,353)
(Increase)/decrease in inventories	10	(63,639,350)	-
Increase/(decrease) in payables	11	156,651,021,114	73,532,670,896
(Increase)/decrease in prepaid expenses	12	103,280,825	(267,873,076)
Interest paid	14	(160,274,701)	(595,863,733)
Corporate income tax paid	15	(7,313,639,385)	(1,041,312,544)
Other cash inflow from operating activities	16	-	-
Other cash outflow from operating activities	17	-	-
Net cash flow from operating activities	20	89,050,879,067	(13,876,184,614)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets and other long term assets	21	(46,036,364)	-
Interest and dividends received	27	15,910,433	7,294,907
Net cash flow from investing activities	30	(30,125,931)	7,294,907
CASH FLOW FROM FINANCIAL ACTIVITIES			
Proceeds from borrowings	33	7,692,215,775	42,908,623,023
Repayments of borrowings	34	(26,378,263,545)	(16,530,359,478)
Dividends paid	36	(52,188,663,081)	(9,315,750,776)
Net cash flow from financing activities	40	(70,874,710,851)	17,062,512,769
Net increase/decrease in cash	50	18,146,042,285	3,193,623,062
Cash and cash equivalents at beginning of year	60	11,882,122,081	7,531,456,662
Impact of exchange rate fluctuation	61	1,749,587,877	1,157,042,357
Cash and cash equivalents at the end of year	70	31,777,752,243	11,882,122,081

/s/ LE THI NGOC AI

LE THI NGOC AI

Preparer

/s/ LE THI NGOC AI

LE THI NGOC AI

Chief Accountant

/s/ TRAN DUY HOA

TRAN DUY HOA

Director

Ho Chi Minh City, 15 March 2022

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. BUSINESS HIGHLIGHT

1.1 Ownership structure

Unique Logistics International (Vietnam) Co., Ltd, is limited liability company with two or more members incorporated in Vietnam pursuant to the Business Registration Certificate No. 0310403753 on 11 October 2010 and the next amendments with the latest amendments registered on the 4th amendment issued on 23 July 2020 issued by the Planning and Investment Department of Ho Chi Minh City regarding the changes of owners' equity.

1.2 Scope of business activities

The scope of business activities is to provide forwarding services.

1.3 The principal activities

According to the first Business Registration Certificate dated 11 October 2010, the Company's principal activities are to provide forwarding services.

In 2021, the main activities of the Company are to provide forwarding services.

1.4 Normal business cycle

The normal business cycle of the Company is not exceeding 12 months.

1.5 Statement of comparative presentation of information in the financial statements

The figures are presented in the financial statements for the financial year ended 31 December 2021 compared with the corresponding figures of previous year.

1.6 The number of employees

The number of the Company's employees as at 31 December 2021 was 72 (as at 31 December 2020 the number of employees was 53).

2. FINANCIAL YEAR, ACCOUNTING CURRENCY ACCOUNTING

2.1 Financial year

The Company's financial year starts from 01 January and ends at 31 December annual,

2.2 Accounting currency

The Company maintains its accounting records in Viet Nam Dong ("VND").

3. ACCOUNTING STANDARDS AND SYSTEM

3.1 Applicable Accounting Standards and System

The Company's financial statements comply with Vietnamese Accounting Standards, Vietnamese Accounting System for enterprises in accordance with Circular 200/2014/TT-BTC on 22 December 2014 issued by the Ministry of Finance regarding the accounting system and the Circulars giving the guidance on preparation and presentation of financial statements.

3.2 Statement of compliance with the Vietnamese Accounting Standards and Vietnamese Accounting System

Director ensures that the Company complied with the Vietnamese Accounting Standards and Vietnamese Accounting System for enterprise in accordance with Circular 200/2014-BTC and the Circulars giving the guidance on the preparation and presentation of financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of preparation

The financial statements are prepared on the accrual basis (except for information relating to cash flows).

4.2 Foreign currency transactions

Transactions in currencies other than VND during the year have been translated into VND at exchange rates ruling at the date of the transaction.

Exchange differences arising from transactions in foreign currencies are recognized in the financial income or financial expense. Exchange differences arising from revaluation of monetary items denominated in foreign currencies at the balance sheet date after offsetting the differences is recognized in the financial income or financial expense.

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at actual rates of exchange ruling at the balance sheet date. The actual rates of exchange applied to retranslate monetary items denominated in foreign currency at reporting date are determined as follows:

- For foreign currency accounts in banks: purchasing foreign exchange rate of the bank where the Company opened the foreign currency account as at 31 December 2021.
- For cash and monetary assets: the foreign currency buying rate at the reporting date quoted by HSBC Bank as at 31 December 2021,
- For monetary liabilities: the foreign currency selling rate at reporting date quoted by HSBC Bank as at 31 December 2021.

4.3 Cash and cash equivalents

Cash comprises cash on hand and cash in banks. Cash equivalents are short-term highly liquid investments with an original maturity of less than three months since the investment date that are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value at reporting date.

4.4 Receivables

Trade and other receivables are presented at cost less provision for doubtful debts.

The classification of receivables is trade receivables and other receivables, which is complied with the following principles:

- Trade receivables reflect the nature of the receivables arising from commercial transactions with purchase – sale between the Company and an independent purchaser.
 - Other receivables reflect the nature of the receivables arising from non-commercial transactions, and to be related to the purchase – sale transactions.
-

The provision for doubtful debts presents the estimated loss due to non-payment arising on receivables that were outstanding at the balance sheet date, Increases and decreases to the provision balance are recognised as general and administration expense in the income statement

4.5 Long-term prepaid expenses

Prepaid expenses are used to record expenses actually incurred but they are related to operation of many accounting periods, Prepaid expenses mainly include office equipment and other expenses. They are amortised to the income statement over the period for which the amount are paid or the period in which economic benefit are generated in relation to these expenses less than 3 years.

4.6 Intangible fixed assets

Intangible fixed assets determined at the initial costs less amortization.

The initial cost of an intangible fixed asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Costs relating to intangible assets incurred after initial recognition are recognized to the income statement, except for costs which are related to the specific intangible assets and increase benefits economic from these assets.

When assets are sold or liquidated, their cost and accumulated amortisation are removed from the balance sheet and any gain or loss resulting from their disposal is included in the income statement

Intangible assets are depreciated on a straight-line over the estimated useful life of these assets as follows:

Software	3 years
----------	---------

4.7 Payables and accruals

Accounts payable and accrued expenses are recognized for amounts to be paid in the future, which related to receive the goods and services. Accrued expenses are recorded based on reasonable estimates payment.

The classification of liabilities is payable to suppliers, accrued expenses, internal payables and other payables, which complied with the following principles:

- Trade payables reflect the nature of the payables arising from commercial transactions with purchase of goods, services, property between the Company and an independent seller.
 - Accrued expenses reflect the payables for goods and services received from the seller or provided with the purchaser but have not been paid until having invoices or having insufficient billing records, accounting records, and payables to employees including salary, production costs, and sales must accruals. Any difference between accrued account and actual expenses shall be recognised.
 - Other payables reflect the nature of the payables of non-commercial, not related to the purchase, sale, rendering of service transactions.
-

4.8 Revenue and income

Revenue from rendering of services

The revenue of transaction related to the services is recorded when the result of the transaction can be measured reliably. In case that the services are to be provided in many accounting periods, the determination of sales in each period is done on the basis of the service completion rate as of the balance sheet date. Revenue is recognized upon completion of services provided when satisfy all four conditions:

- Revenue can be measured reliably;
- It is possible to obtain economic benefits from the service provision transaction;
- The work volume finished on the date of making the accounting balance sheet can be determined;
- The costs incurred from the service provision transaction and the costs of its completion can be determined.

Interest income

Interest is recognised on an accrual basis, are determined on the balance of cash in bank and the actual interest rate unless uncollectible is in doubt.

4.9 Corporate income tax (“CIT”)

Corporate income tax for the year comprises current and deferred tax, income tax is recognised in the income statement except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current corporate Income tax

Current tax is the expected tax payable on the taxable income for the year, using tax rate enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous year.

Deferred tax

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amounts of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

According to Circular No, 78/2014/ TT-BTC on 18 June 2014 issued by the Ministry of Finance, the Company is obligated to pay corporate income tax at the rate of 20% tax rate on taxable income from 01 January 2016.

Tax returns of the Company are subjected to examination by the Tax Authorities. Because the application of tax laws and regulations on taxes on many types of transactions is susceptible to varying interpretations, amounts reported in the financial statements could be changed at a later date upon final determination by the tax authorities.

4.10 Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, Parties are also considered to be related if they are subject to common control or common significant influence by the same third party.

UNIQUE LOGISTICS INTERNATIONAL (VIETNAM) CO., LTD.
 No.181, Dien Bien Phu Street, Da Kao Ward, District 1, Ho Chi Minh City
NOTES TO THE FINANCIAL STATEMENTS
 For the financial year ended 31 December 2021

The following parties are known as the Company's related parties:

Company	Relationship
Unique Logistics Holdings Limited	Parent Company
Green Trident Logistics (Hangzhou) Ltd.	Inter-company
PT. Unique Logistics international Indonesia	Inter-company
Shenzhen Unique Logistics International Limited	Inter-company
TGF Unique Limited	Inter-company
ULI (North & East China) Company Limited	Inter-company
ULI (South China) Limited	Inter-company
ULI International Company Limited	Inter-company
Unique Freight Solutions (Thailand) Co., Ltd.	Inter-company
Unique International Logistics (M) Sdn. Bhd.	Inter-company
Unique Logistics (Korea) Co., Ltd.	Inter-company
Unique Logistics International (BOS), Inc.	Inter-company
Unique Logistics International (H.K.) Limited	Inter-company
Unique Logistics International (India) Private Limited	Inter-company
Unique Logistics International (NYC), LLC	Inter-company
Unique Logistics International (SIN) Pte, Ltd,	Inter-company
Unique Logistics International (South China) Limited	Inter-company
Uniquorn International Logistics (Shenzhen) Co., Ltd.	Inter-company

5. ADDITIONAL INFORMATION TO ITEMS IN THE BALANCE SHEET

5.1 Cash and cash equivalents

	31/12/2021	01/01/2021
	VND	VND
Cash on hand		
+ VND	125,432,574	381,332,742
Cash in bank		
+ VND	27,705,054,578	8,905,146,679
+ USD	3,947,265,091	2,595,642,660
	31,777,752,243	11,882,122,081

Details of cash balance in foreign currencies as at 31 December 2021 are as follow:

	Original amount	Equivalent to VND
Cash in bank - USD	173,888.33	3,947,265,091
	173,888.33	3,947,265,091

UNIQUE LOGISTICS INTERNATIONAL (VIETNAM) CO., LTD.
No.181, Dien Bien Phu Street, Da Kao Ward, District 1, Ho Chi Minh City

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

5.2 Short-term trade receivables

	31/12/2021 VND	01/01/2021 VND
Trade receivables - Related parties		
Green Trident Logistics (Hangzhou) Ltd.	1,231,467	206,907
TGF Unique Limited	18,091,488	-
ULI (North & East China) Company Limited	564,356,000	60,000,177
ULI International Company Limited	585,384	143,329
Unique International Logistics (M) Sdn. Bhd,	-	2,612,680
Unique Logistics (Korea) Co., Ltd.	52,043,120	170,051,200
Unique Logistics International (South China)Limited	191,520	-
Unique Logistics International (BOS), Inc.	56,420,000	-
Unique Logistics International (H.K.) Limited	4,093,204	9,390,263
Unique Logistics International (India) Private Limited	-	30,477,494
Unique Logistics International (NYC), LLC	335,560,070,212	162,223,786,148
PT. Unique Logistics International Indonesia	33,516,000	-
Unique Logistics International (SIN) Pte. Ltd.	-	5,951,040
Uniquorn International Logistics (Shenzhen) Co.,Ltd.	2,286,000	-
Trade receivables – Other organizations and individuals		
Fond Express Int'l (SFO) Inc.	8,880,722,529	6,778,049
Hansae Co. Ltd.	5,238,599,946	1,204,164,365
NNR Global Logistics France	-	4,797,189,900
Yakjin Trading Corporation	33,231,825	1,442,219,780
Air Sea America, INC	4,707,327,880	-
LGX Logistics GMBH & CO. KG	5,325,368,963	-
UNIK Freight International Inc,	4,219,325,644	-
SAE-A Trading Co., Ltd	5,463,371,322	279,960,897
Others	12,201,179,730	5,142,592,095
	382,362,012,234	175,375,524,324

As at 31 December 2021, the balances of trade receivables in foreign currency are:

	Foreign currency	Equivalent VND
Account receivables - USD	16,474,422.23	381,931,600,931
		381,931,606,931

5.3 Other receivables

5.3.1 Other short-term receivables

	Amount VND	31/12/2021 Provision VND	Amount VND	01/01/2021 Provision VND
Other short-term receivables - Related parties				
Unique Logistics International (H.K.) Limited – Receipt and payment on behalf	62,048,128,925	-	-	-
Other short-term receivables - Third parties				
Other receivables	10,000,000	-	-	-
	62,058,128,925	-	-	-

5.3.2 Other long-term receivables

	Amount VND	31/12/2021 Provision VND	Amount VND	01/01/2021 Provision VND
Long-term deposit – Third parties				
Deposit for office rental	304,636,250	-	276,112,250	-
Warehouse rental deposit	701,300,000	-	301,300,000	-
Export service deposit	347,000,000	-	227,000,000	-
Others	36,650,000	-	36,650,000	-
	1,389,586,250	-	841,062,250	-

5.4 Prepaid expenses

5.4.1 Short-term prepaid expenses

	31/12/2021 VND	01/01/2021 VND
Tools and equipment	10,127,438	22,175,449
Other expenses	160,797,983	241,591,012
	170,925,421	263,766,461

5.4.2 Long-term prepaid expenses

	31/12/2021 VND	01/01/2021 VND
Tools and supplies	260,489,314	277,523,271
Other expenses	23,180,000	16,585,828
	283,669,314	294,109,099

5.5 Tangible fixed assets

	Office equipment VND	Total VND
Cost	-	-
As at 01/01/2021	46,036,364	46,036,364
Increasing in year	46,036,364	46,036,364
As at 31/12/2021		
Accumulated depreciation		
As at 01/01/2021	-	-
Depreciation in year	1,278,788	1,278,788
As at 31/12/2021	1,278,788	1,278,788
Net book value		
As at 01/01/2021	-	-
As at 31/12/2021	44,757,576	44,757,576

5.6 Intangible fixed assets

The cost of intangible fixed assets (accounting software) which was fully depreciated but is still in use is VND 136,500,000.

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5.7 Short-term trade payables

	31/12/2021 VND	01/01/2021 VND
Account payables - related parties		
PT. Unique Logistics International Indonesia	596,134	1,820,782
Shenzhen Unique Logistics International Limited	42,314,646	22,654,130
TGF Unique Limited	11,677,720	61,350,333
ULI (North & East China) Co. Ltd.	2,001,182,634	205,307,832
ULI (South China) Limited	12,410,100	8,362,800
ULI International Company Limited	-	116,150
Unique International Logistics (M) Sdn. Bhd,	47,093,644	14,532,238
Unique Logistics (Korea) Co., Ltd.	69,636,512	2,758,795
Unique Logistics Holdings Limited	2,525,794,130	808,719,785
Unique Logistics International (H.K.) Limited	258,054,461	528,183,748
Unique Logistics International (NYC), LLC	86,472,682,053	54,160,926
Unique Logistics International (SIN) Pte. Ltd.	829,606,905	176,837,486
Unique Logistics International (South China) Limited	228,000	116,350
Unique Logistics Inti (India) Pvt. Ltd.	-	1,021,460
Uniquorn International Logistics (Shenzhen) Co., Ltd.	48,527,100	26,631,550
Unique Freight Solutions (Thailand) Co., Ltd.	27,088,080	-
Account payables - third parties		
Viettel Post Joint Stock Corporation	2,980,570	-
Viva Cargo International Logistics Company Limited	-	6,008,610,468
Hanlog Logistics Trading Company Limited	41,014,176,244	9,371,806,315
Harvest Global Forwarding (Viet Nam) Company Limited	-	5,537,254,870
Partners & Brothers Logistics Company Limited	-	6,198,677,967
Korean Airlines representative in Viet Nam at Ha Noi	1,358,894,649	8,763,316,819
Aviation Solutions Services Company Limited	-	1,835,457,988
Hapag-Lloyd (Viet Nam) Company Limited	947,368	1,998,205,510
Indochina Air Cargo Agency Company Limited	-	2,959,480,547
Prime Cargo Company Limited	-	1,275,870,733
Sea & Air Freight International (SAFI)	7,756,106,997	11,928,678,804
Globe Air Cargo	4,707,946,235	-
Ngoc Quang Service - Production - Trade Co., Ltd	16,980,637,722	-
Trust Cargo Service Co., Ltd,	13,257,896,596	-
Universal Air Logistics Service Hanoi Vietnam Co, Ltd	4,783,120,625	-
Other suppliers	20,301,996,282	7,221,329,482
	202,511,595,407	65,011,263,868

As at 31 December 2021, the balances of trade payables in foreign currency are as following:

	Foreign currency	Equivalent VND
Account payables – USD	4,200,292.55	96,745,994,383
Account payables – GBP	361.67	11,677,720
Account payables – EUR	1,080.00	28,205,280
		96,785,877,383

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5.8 Taxes and obligation payable to the State

	<u>01/01/2021</u>	<u>Incurring in year</u>		<u>31/12/2021</u>
	Payable VND	Increase VND	Paid/Deducted VND	Payable VND
VAT payables	-	1,485,247,262	(1,485,247,262)	-
Corporate income tax	14,229,472,020	42,550,262,649	(7,313,639,385)	49,466,095,284
Personal income tax	242,560,907	2,279,155,273	(2,197,424,908)	324,291,272
License tax	-	3,000,000	(3,000,000)	-
	<u>14,472,032,927</u>	<u>46,317,665,184</u>	<u>(10,999,311,555)</u>	<u>49,790,386,556</u>

5.9 Payables to employees

	<u>31/12/2021</u>	<u>01/01/2021</u>
	VND	VND
Salary for seasonal staff	-	96,850,000
Bonus for employees	36,209,054,841	5,062,929,101
	<u>36,209,054,841</u>	<u>5,159,779,101</u>

5.10 Accrued expenses

5.10.1 Short-term accrued expenses

	<u>31/12/2021</u>	<u>01/01/2021</u>
	VND	VND
Year-end party	300,000,000	200,000,000
Interest expenses	39,976,340	206,009,948
Corporation fee	6,409,135,995	1,682,926,389
Others	820,837,286	197,104,267
	<u>7,569,949,621</u>	<u>2,286,040,604</u>

5.10.2 Long-term accrued expenses

	<u>31/12/2021</u>	<u>01/01/2021</u>
	VND	VND
Interest expenses	125,051,177	56,016,177
	<u>125,051,177</u>	<u>56,016,177</u>

5.11 Other short-term payables

	<u>31/12/2021</u>	<u>01/01/2021</u>
	VND	VND
Other payables – Related parties		
Unique Logistics International (H.K.) Limited – Paying on behalf	-	15,021,127,448
Unique Logistics Holdings Limited – Dividend	-	6,332,470,090
Mr Tran Duy Hoa – Dividend	-	1,775,262,855
Other payables – Third parties		
Other payables	-	604,008,914
	<u>-</u>	<u>23,732,869,307</u>

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5.12 Loans and finance lease

5.12.1 Short-term loans and finance lease

	Amount VND	31/12/2021 Payment capacity VND	Amount VND	01/01/2021 Payment capacity VND
Short-term loan from third parties				
HSBC (Viet Nam) bank (a)	7,692,215,775	7,692,215,775	26,378,263,545	26,378,263,545
	7,692,215,775	7,692,215,775	26,378,263,545	26,378,263,545

- (a) This is a short-term loan of HSBC (Viet Nam) Bank according to General Facility No. VNM 153657 dated 18 September 2018 and Amendment agreement – No. 2 No. VNM 160251 dated 14 October 2020 with an amount of VND 45,500,000,000, interest rate specify in each accommodation letter. Loan duration is 90 days for each loan. The Company uses these loans to carry out the investment projects in the forwarding industry. This loan is guaranteed by Company Guarantee from Unique Logistics Holdings Limited with the value of USD 1,000,000,00 and by a Hold Cover Guarantee from HSBC bank – Singapore branch with the value of USD 1,000,000,00.

Details of short-term loans are as follows:

	01/01/2021 VND	Receipt VND	Payment VND	31/12/2021 VND
Third parties				
HSBC Bank (Viet Nam)	26,378,263,545	7,692,215,775	(26,378,263,545)	7,692,215,775
	26,378,263,545	7,692,215,775	(26,378,263,545)	7,692,215,775

5.12.2 Long-term loans and finance lease

	Amount VND	31/12/2021 Payment capacity VND	Amount VND	01/01/2021 Payment capacity VND
Long-term loan from related parties				
Unique Logistics Holdings Limited (1)	1,555,840,000	1,555,840,000	1,577,600,000	1,577,600,000
Mr. Tran Duy Hoa (2)	732,160,000	732,160,000	742,400,000	742,400,000
	2,288,000,000	2,288,000,000	2,320,000,000	2,320,000,000

- (1) Loans from the Parent Company according to Loan agreement No. 40605-002HK/293020 dated 22 January 2011, the appendix signed on 21 January 2020 with a total value of USD 68,000,00, its interest rate 3%/year. Loan term: up to 21 January 2023, the Company uses the loan to carry out the investment project in the forwarding industry.
- (2) This is a short-term loan according to the Agreement No. 2018-01-VJ dated 24 April 2018 and the appendix dated 24 April 2020 with an amount of VND 743,840,000 (equivalent to USD 32,000,00) from Mr. Tran Duy Hoa. The interest rate is 3% / year. Term of the loan up to 23 April 2023. The Company uses these loans to carry out the investment projects in the forwarding industry.

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Details of short-term loans are as follows:

	01/01/2021 VND	Receipt VND	Exchange difference VND	31/12/2021 VND
Related parties				
Unique Logistics Holdings Limited	1,577,600,000	-	(21,760,000)	1,555,840,000
Mr. Tran Duy Hoa	742,400,000	-	(10,240,000)	732,160,000
	2,320,000,000	-	(32,000,000)	2,288,000,000

5.13 Owner's equity

5.13.1 Increase/Decrease in owner's equity

	Owners' equity VND	Retained earnings VND	Total VND
Balance at 01/01/2020	3,320,000,000	26,959,073,254	30,279,073,254
Distributing in year	-	(17,423,483,721)	(17,423,483,721)
Profit for the year	-	36,341,631,568	36,341,631,568
Balance at 31/12/2020	3,320,000,000	45,877,221,101	49,197,221,101
Balance at 01/01/2021	3,320,000,000	45,877,221,101	49,197,221,101
Distributing in year	-	(44,080,930,136)	(44,080,930,136)
Other decreasing	-	(1,796,290,965)	(1,796,290,965)
Profit for the year	-	169,018,943,935	169,018,943,935
Balance at 31/12/2021	3,320,000,000	169,018,943,935	172,338,943,935

5.13.2 Details of owners' capital

Up to 31 December 2021, the members has fully contributed the charter capital of VND 3,320,000,000 under the 3rd amended Business Registration Certificate dated 14 November 2018.

	Contributed capital as at 31/12/2021 VND	Ratio	Contributed capital as at 01/01/2021 VND	Ratio
Unique Logistics Holdings Limited	2,257,600,000	68%	2,257,600,000	68%
Mr. Tran Duy Hoa	1,062,400,000	32%	1,062,400,000	32%
	3,320,000,000	100%	3,320,000,000	100%

5.14 Off balance sheet items

	31/12/2021	01/01/2021
USD	173,888.33	112,755.98

6. ADDITIONAL INFORMATION FOR ITEMS SHOWN IN THE INCOME STATEMENT

6.1 Revenue from rendering of services

6.1.1 Revenue

	Year 2021 VND	Year 2020 VND
Revenue from rendering of services	1,366,637,120,825	715,336,453,476
	1,366,637,120,825	715,336,453,476

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6.1.2 Rendering of services due to related parties

	Year 2021 VND	Year 2020 VND
Green Trident Logistics (Hangzhou) Ltd.	2,823,650	1,329,236
PT. Unique Logistics International Indonesia	34,200,000	-
Shenzhen Unique Logistics International Limited	57,422,491	31,371,250
TGF Unique Limited	18,091,488	-
ULI (North & East China) Co., Ltd.	4,031,690,454	129,022,759
ULI (South China) Limited	1,210,300	-
ULI International Company Limited	52,403,943	23,055,589
Unique International Logistics (M) Sdn. Bhd.	-	157,255,693
Unique Logistics (Korea) Co., Ltd.	1,145,788,407	1,029,869,861
Unique Logistics Holdings Limited	24,063,518	-
Unique Logistics International (ATL), LLC	-	331,570,894
Unique Logistics International (BOS), Inc.	120,949,467	556,415,545
Unique Logistics International (H.K.) Limited	298,208,555	95,077,536
Unique Logistics International (India) Private Limited	-	182,875,607
Unique Logistics International (LAX) Inc.	-	220,627,106
Unique Logistics International (NYC), LLC	828,124,283,731	496,185,210,361
Unique Logistics International (Shanghai) Co., Ltd.	-	1,504,218
Unique Logistics International (SIN) Pte. Ltd.	39,649,570	26,338,743
Unique Logistics International (South China) Limited	801,110	1,900,049
Uniquorn International Logistics (Shenzhen) Co., Ltd.	15,018,500	-
	833,966,605,084	498,973,424,447

6.2 Cost of sales

	Year 2021 VND	Year 2020 VND
Cost of services	1,069,996,389,548	641,856,548,634
	1,069,996,389,548	641,856,548,634

6.3 Financial income

	Year 2021 VND	Year 2020 VND
Term bank interest	15,910,433	7,294,907
Realized foreign exchange gains	1,418,268,976	424,244,512
	1,434,179,409	431,539,419

6.4 Financial expenses

	Year 2021 VND	Year 2020 VND
Loan interest	325,302,218	700,477,594
Realized foreign exchange losses	10,126,892,326	3,795,831,126
Foreign exchange losses arising from revaluation of monetary items	952,451,471	681,623,602
	11,404,646,015	5,177,932,322

6.5 Selling expenses

	Year 2021 VND	Year 2020 VND
Staff cost	5,550,887,255	6,532,549,240
Others	351,824,728	342,598,955
	5,902,711,983	6,875,148,195

6.6 General and administrative expenses

	Year 2021 VND	Year 2020 VND
Salaries	52,432,054,715	10,303,471,040
Office supplies and stationery	322,442,968	199,926,224
Tax and fee expenses	3,000,000	3,000,000
Office rental	1,265,862,072	1,110,603,317
Corporation fees	11,416,633,274	2,543,790,451
Others	3,730,603,053	2,226,622,589
	69,170,596,082	16,387,413,621

6.7 Current corporate income tax expenses

	Year 2021 VND	Year 2020 VND
Accounting net profit before tax	211,569,206,584	45,566,361,907
Adjustment to increase/(decrease) profit Exchange difference losses	1,182,106,661	557,289,786
Taxable income	212,751,313,245	46,123,651,693
Tax rate	20%	20%
Current corporate income tax expenses	42,550,262,649	9,224,730,339

6.8 Production cost according to factors

	Year 2021 VND	Year 2020 VND
Office tools	322,442,968	199,926,224
Staff cost	57,982,941,970	16,836,020,280
Depreciation expense	1,278,788	-
External services rendered	1,086,529,971,752	647,927,683,754
Other expenses	296,701,485	155,480,192
	1,145,133,336,963	665,119,110,450

7 OTHER INFORMATION

7.1 Transactions and balances with key management members, the individuals involved with key management members

The key management members include members of the Management Board and Director. Individuals associated with key management members are close members in the family of key management members.

Transactions with key management members, the individuals involved with key management members

The Company had no incurred sales and services rendered transactions as well as other transactions with key management member and individuals related to key management members.

Liabilities to key management members and individuals related to key management members

Liabilities to key management members and individuals related to key management members are presented in the Notes in item 5.11 and 5.12.

The remuneration of the Board of Management and Director

	Year 2021 VND	Year 2020 VND
Income	1,272,000,000	1,443,470,000
	<u>1,272,000,000</u>	<u>1,443,470,000</u>

7.2 Significant transactions with related parties during the year

The transactions with related parties are as follows:

Related parties	Transaction	Year 2021 VND	Year 2020 VND
Green Trident Logistics (Hangzhou) Ltd.	Providing services	2,823,550	1,329,236
PT, Unique Logistics International Indonesia	Providing services	34,200,000	-
	Purchasing services	1,165,184	1,705,832
Shenzhen Unique Logistics International Limited	Providing services	57,422,491	31,371,250
	Purchasing services	363,081,642	273,431,053
TGF Unique Limited	Providing services	18,091,488	-
	Purchasing services	11,677,720	61,350,333
ULI (North & East China) Co., Ltd.	Providing services	4,031,690,454	129,022,759
	Purchasing services	5,966,206,138	405,109,184
ULI (South China) Limited	Providing services	1,210,300	-
	Purchasing services	127,528,950	80,323,748
ULI International Company Limited	Providing services	52,403,943	23,055,589
	Purchasing services	1,010,255	1,296,812
	Paying on behalf	-	2,458,922,903
Unique Freight Solutions (Thailand) Co., Ltd.	Purchasing services	50,802,203	35,687,879
Unique International Logistics (M) Sdn. Bhd.	Providing services	-	157,255,693
	Purchasing services	64,607,694	76,940,577
	Paying on behalf	-	4,183,060
Unique Logistics (Korea) Co., Ltd.	Providing services	1,145,788,407	1,029,869,861
	Purchasing services	195,367,884	79,359,138

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Related parties	Transaction	Year 2021	Year 2020
		VND	VND
Unique Logistics Holdings Limited	Providing services	24,063,518	-
	Purchasing services	2,770,442,195	1,934,253,946
	Corporation fee	11,416,633,274	2,543,790,451
	Other paying	284,848,496	1,091,512,136
	Dividend	38,177,515,109	5,398,899,528
Unique Logistics International (ATL), LLC	Providing services	-	331,570,894
Unique Logistics International (BOS), Inc.	Providing services	120,949,467	556,415,545
	Purchasing services	-	24,440,861
Unique Logistics international (H.K.) Limited	Providing services	298,208,555	95,077,536
	Purchasing services	233,157,152	557,587,795
	Receiving on behalf	-	321,959,473,897
	Paying on behalf	7,853,990,937	356,424,877,920
Unique Logistics International (India) Private Limited	Providing services	-	182,875,607
	Purchasing services	14,360,440	356,464,958
Unique Logistics International (LAX) Inc,	Providing services	-	220,627,106
	Purchasing services	-	126,637,988
Unique Logistics International (NYC), LLC	Providing services	828,124,283,731	496,185,210,361
	Purchasing services	143,155,752,934	48,023,550,742
Unique Logistics international (Shanghai), Co., Ltd.	Providing services	-	1,504,218
Unique Logistics International (SIN) Pte. Ltd,	Providing services	39,649,570	26,338,743
	Purchasing services	839,288,463	551,869,794
Unique Logistics International (South China) Limited	Providing services	801,110	1,900,049
	Purchasing services	3,374,110	1,047,625
Uniquorn International Logistics (Shenzhen) Co., Ltd.	Providing services	15,018,500	-
	Purchasing services	240,376,425	88,146,200

Liability balances with related parties

The balances of receivable/ (payable) with the related parties are as follows:

Related parties		31/12/2021	01/01/2021
		VND	VND
Green Trident Logistics (Hangzhou) Ltd.	Account receivables (Note 5.2)	1,231,467	206,907
PT. Unique Logistics International Indonesia	Account receivables (Note 5.2)	33,516,000	-
	Account payables (Note 5.7)	(596,134)	(1,820,782)
Shenzhen Unique Logistics International Limited	Account payables (Note 5.7)	(42,314,646)	(22,654,130)
TGF Unique Limited	Account receivables (Note 5.2)	18,091,488	-
	Account payables (Note 5.7)	(11,677,720)	(61,350,333)

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Related parties		31/12/2021	01/01/2021
		VND	VND
ULI (North & East China) Company Limited	Account receivables (Note 5.2)	564,356,000	60,000,177
	Account payables (Note 5.7)	(2,001,182,634)	(205,307,832)
ULI (South China) Limited	Account payables (Note 5.7)	(12,410,100)	(8,362,800)
ULI International Company Limited	Account receivables (Note 5.2)	585,384	143,329
	Account payables (Note 5.7)	-	(116,150)
Unique International Logistics (M) Sdn. Bhd.	Account receivables (Note 5.2)	-	2,612,680
	Account payables (Note 5.7)	(47,093,644)	(14,532,238)
Unique Logistics (Korea) Co., Ltd.	Account receivables (Note 5.2)	52,043,120	170,051,200
	Account payables (Note 5.7)	(69,636,512)	(2,758,795)
Unique Logistics Holdings Limited	Account payables (Note 5.7)	(2,525,794,130)	(808,719,785)
	Other short-term payables (Note 5.11)	-	(6,332,470,090)
	Long-term loans (Note 5.12.2)	(1,555,840,000)	(1,577,600,000)
Unique Freight Solutions (Thailand) Co., Ltd.	Account payables (Note 5.7)	(27,088,080)	-
Unique Logistics International (BOS), Inc.	Account receivables (Note 5.2)	56,420,000	-
Unique Logistics International (H.K.) Limited	Other short-term payables (Note 5.11)	-	(15,021,127,448)
	Account receivables (Note 5.2)	4,093,204	9,390,263
	Other receivables (Note 5.3.1)	62,048,128,925	-
	Account payables (Note 5.7)	(258,054,461)	(528,183,748)
Unique Logistics International (India) Private Limited	Account receivables (Note 5.2)	-	30,477,494
	Account payables (Note 5.7)	-	(1,021,460)
Unique Logistics International (NYC), LLC	Account receivables (Note 5.2)	335,560,070,212	162,223,786,148
	Account payables (Note 5.7)	(86,472,682,053)	(54,160,926)
Unique Logistics International (SIN) Pte, Ltd.	Account receivables (Note 5.2)	-	5,951,040
	Account payables (Note 5.7)	(829,606,905)	(176,837,486)
Unique Logistics International (South China) Limited	Account receivables (Note 5.2)	191,520	-
	Account payables (Note 5.7)	(228,000)	(116,350)
Uniquorm International Logistics (Shenzhen) Co., Ltd.	Account receivables (Note 5.2)	2,286,000	-
	Account payables (Note 5.7)	(48,527,100)	(26,631,550)

7.3 Events after the balance sheet date

There has been no significant event occurring after the balance sheet date which would require adjustments or disclosures to be made the notes to the financial statements.

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7.4 Other information

Unique Logistics International (Vietnam) Co., has prepared other financial statements for the purpose of its tax finalization for the year ended 31 December 2021 in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System and statutory requirement relevant to preparation and presentation of the financial statements.

/s/ LE THI NGOC AI

LE THI NGOC AI

Preparer

/s/ LE THI NGOC AI

LE THI NGOC AI

Chief Accountant

/s/ TRAN DUY HOA

TRAN DUY HOA

Director

Ho Chi Minh City, 15 March 2022

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
(Incorporated in Hong Kong with limited liability)

Report and Condensed Financial Statements
For the ten months ended 31 October 2022

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
REPORTS AND CONDENSED FINANCIAL STATEMENTS
FOR THE TEN MONTHS ENDED 31 OCTOBER 2022

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**INDEPENDENT REVIEW REPORT
TO THE BOARD OF DIRECTORS OF
UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
(Incorporated in Hong Kong with limited liability)**

Introduction

We have reviewed the interim financial information set out on pages 3 to 12 which comprises the condensed statement of financial position of the Company as at 31 October 2022 and the related condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the ten-month period then ended, and a summary of significant accounting policies and other explanatory notes. The preparation of a report on interim financial information to be in compliance with the relevant provisions thereof, International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the International Accounting Standards Board (“IASB”) and Hong Kong Institute of Certified Public Accountants (the “HKICPA”) respectively. The directors are responsible for the preparation and presentation of this interim financial information in accordance with IAS/HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**INDEPENDENT REVIEW REPORT
TO THE BOARD OF DIRECTORS OF
UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
(Incorporated in Hong Kong with limited liability)**

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS/HKAS 34.

/s/ RSM Hong Kong

Certified Public Accountants
29th Floor, Lee Garden Two
28 Yun Ping Road, Causeway Bay
Hong Kong

14 February 2023

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
 CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE TEN MONTHS ENDED 31 OCTOBER 2022
 (Expressed in United States dollars)

	Note	Unaudited Ten months ended 31 October	
		2022 USD	2021 USD
Revenue	3	20,009,272	24,108,197
Freight costs		(17,043,457)	(17,854,304)
Gross profit		2,965,815	6,253,893
Other income	4	2,351,202	2,003,108
Other gains and losses	5	(131,197)	(53,635)
Administrative expenses		(2,866,900)	(2,861,515)
Other operating expenses		(682,982)	(883,738)
Profit from operations		1,635,938	4,458,113
Finance costs		(105,331)	(355,321)
Profit before taxation	6	1,530,607	4,102,792
Income tax expense	7	(73,846)	-
Profit for the period		1,456,761	4,102,792
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		1,456,761	4,102,792

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
CONDENSED STATEMENT OF FINANCIAL POSITION
AT 31 OCTOBER 2022
(Expressed in United States dollars)

	Note	Unaudited 31 October 2022 USD	Audited 31 December 2021 USD
Non-current assets			
Property and equipment	8	202,461	275,226
Right-of-use assets	9	483,629	879,266
Investment in subsidiaries		2,379,100	2,379,100
Investment in an associate		64,103	64,103
Deferred tax assets		-	73,846
		<u>3,129,293</u>	<u>3,671,541</u>
Current assets			
Trade receivables	10	3,817,474	9,789,615
Prepayments, deposits and other receivables		246,273	290,043
Amounts due from related parties	11	36,377	21,808
Pledged bank deposits		2,422,656	2,479,144
Cash at bank and on hand		2,398,917	4,590,327
		<u>8,921,697</u>	<u>17,170,937</u>
Current liabilities			
Trade payables	12	9,783,616	10,471,881
Other payables and accrued expenses		1,034,517	779,861
Amounts due to related parties	11	548,030	2,710,190
Bank loans and overdrafts		4,487	6,064,464
Lease liabilities		360,481	524,208
		<u>11,731,131</u>	<u>20,550,604</u>
Net current liabilities		<u>(2,809,434)</u>	<u>(3,379,667)</u>
Total assets less current liabilities		<u>319,859</u>	<u>291,874</u>
Non-current liabilities			
Bank loans and overdrafts		-	109,209
Lease liabilities		116,155	390,850
		<u>116,155</u>	<u>500,059</u>
NET ASSETS/(LIABILITIES)		<u>203,704</u>	<u>(208,185)</u>
Capital and reserve			
Share capital	13	128,205	128,205
Reserves		75,499	(336,390)
TOTAL EQUITY/(CAPITAL DEFICIENCY)		<u>203,704</u>	<u>(208,185)</u>

Approved by the Board of Directors on 14 February 2023 and are signed on its behalf by:

Lee Chi Tak, Richard

Lee Man Bun, Patrick

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
 CONDENSED STATEMENT OF CHANGES IN EQUITY
 FOR THE TEN MONTHS ENDED 31 OCTOBER 2022
 (Expressed in United States dollars)

	Note	Unaudited		
		Share capital	(Accumulated losses)/ Retained profits	Total
		USD	USD	USD
Balance at 1 January 2021		128,205	(5,056,342)	(4,928,137)
Total comprehensive income for the period		-	4,102,792	4,102,792
At 31 October 2021		128,205	(953,550)	(825,345)
Balance 1 January 2022		128,205	(336,390)	(208,185)
Total comprehensive income for the period		-	1,456,761	1,456,761
Dividends paid	13(b)	-	(1,044,872)	(1,044,872)
Balance at 31 October 2022		128,205	75,499	203,704

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
CONDENSED STATEMENT OF CASH FLOWS
FOR THE TEN MONTHS ENDED 31 OCTOBER 2022
(Expressed in United States dollars)

	Note	Unaudited	
		Ten months ended 31 October	
		2022	2021
		USD	USD
Operating activities			
Profit before taxation		1,530,607	4,102,792
Adjustments for:			
- Depreciation of property and equipment	6(c)	72,765	74,290
- Depreciation of right-of-use assets	6(c)	395,637	238,392
- Finance costs	6(a)	105,331	355,321
- Interest income	4	(4,706)	(26,400)
Operating profit before changes in working capital		2,099,634	4,744,395
Decrease/(increase) in trade receivables		5,972,141	(5,401,961)
Decrease/(increase) in prepayments, deposits and other receivables		43,770	(242,783)
(Increase)/decrease in amounts due from related parties		(14,569)	2,053,436
(Decrease)/increase in trade payables		(688,265)	2,053,801
Increase in other payables and accrued expenses		254,656	1,243,940
(Decrease)/increase in amount due to related parties		(2,162,160)	13,603,915
Cash generated from operations		5,505,207	18,054,743
Interests paid		(90,439)	(340,997)
Interest on lease liabilities		(14,892)	(14,324)
Net cash generated from operating activities		5,399,876	17,699,422
Investing activities			
Redemption in investments		-	1,928,298
Decrease/(increase) in pledged bank deposits		56,488	(15,011,861)
Purchase of property and equipment		-	(33,119)
Interest received	4	4,706	26,400
Net cash generated from/(used in) investing activities		61,194	(13,090,282)
Financing activities			
Proceeds from new bank loans		11,886,372	28,778,891
Repayment of bank loans		(17,966,480)	(27,726,349)
Dividend paid		(1,044,872)	-
Principal elements of lease payments		(438,422)	(213,322)
Net cash (used in)/generated from financing activities		(7,563,402)	839,220
Net (decrease)/increase in cash and cash equivalents		(2,102,332)	5,448,360
Cash and cash equivalents at 1 January		4,501,249	(5,919,371)
Cash and cash equivalents at 31 October		2,398,917	(471,011)

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE TEN MONTHS ENDED 31 OCTOBER 2022
(Expressed in United States dollars)

1. BASIS OF PREPARATION

These condensed financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (“IASB”) and the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) respectively.

These condensed financial statements should be read in conjunction with the 2021 annual financial statements. The accounting policies (including the significant judgements made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty) and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2021.

As Hong Kong dollars (“HKD”) is pegged to United States dollar (“USD”), the management of the Company used the exchange rate of USD1:HKD7.8 for the translation of presentation currency from HKD to USD.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL / HONG KONG FINANCIAL REPORTING STANDARDS

The accounting policies applied in these condensed financial statements are the same as those applied in the Company’s financial statements as at and for the year ended 31 December 2021. In the current period, the Company has adopted all the new and revised International Financial Reporting Standards and Hong Kong Financial Reporting Standards issued by IASB and the HKICPA respectively that are relevant to its operations and effective for its accounting year beginning on 1 January 2022 but they do not have a material effect on the Company’s financial statements.

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted. The Company has not early adopted any of the forthcoming new or amended standards in preparing these condensed interim financial statements.

3. REVENUE

The principal activities of the Company are investment holding and the provision of air and ocean freight forwarding services.

Revenue represents gross invoiced freight income for the year and recognised at a point in time for the period.

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE TEN MONTHS ENDED 31 OCTOBER 2022
(Expressed in United States dollars)

4. OTHER INCOME

	Ten months ended 31 October	
	2022	2021
	USD (Unaudited)	USD (Unaudited)
Bank interest income	4,706	10,230
Dividend income	1,044,872	501,326
Government grants	144,616	78,897
Loan interest income	-	16,170
Management fee income	1,089,439	1,301,558
Rental income	1,026	10,256
Other income	66,543	84,671
	<u>2,351,202</u>	<u>2,003,108</u>

5. OTHER GAINS AND LOSSES

	Ten months ended 31 October	
	2022	2021
	USD (Unaudited)	USD (Unaudited)
Net foreign exchange losses	(131,205)	(53,635)
Others	8	-
	<u>(131,197)</u>	<u>(53,635)</u>

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
 NOTES TO THE CONDENSED FINANCIAL STATEMENTS
 FOR THE TEN MONTHS ENDED 31 OCTOBER 2022
 (Expressed in United States dollars)

6. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	Ten months ended 31 October	
	2022	2021
	USD (Unaudited)	USD (Unaudited)
(a) Finance costs:		
Interest expense on lease liabilities	14,892	14,324
Interest on bank loans and overdrafts	90,439	340,997
	<u>105,331</u>	<u>355,321</u>
(b) Staff costs (including directors' remuneration)		
Salaries, allowances and other benefits	1,965,007	1,894,203
Contribution to defined contribution retirement plan	74,687	72,605
Salaries and allowances	<u>2,039,694</u>	<u>1,966,808</u>
(c) Other item:		
Depreciation of property and equipment	72,765	74,290
Depreciation of right-of-use assets	395,637	238,392
Operating lease rentals	-	135,341
- property rentals	67,178	47,025
- director quarter	<u>67,178</u>	<u>182,366</u>

7. INCOME TAX EXPENSE

	Ten months ended 31 October	
	2022	2021
	USD (Unaudited)	USD (Unaudited)
Deferred tax	<u>73,846</u>	<u>-</u>

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE TEN MONTHS ENDED 31 OCTOBER 2022
(Expressed in United States dollars)

8. PROPERTY AND EQUIPMENT

No property and equipment was acquired by the Company during the ten months ended 31 October 2022 (2021: USD33,119).

9. RIGHT-OF-USE ASSETS

No new lease agreement entered by the Company during the ten months ended 31 October 2022.

10. TRADE RECEIVABLES

All trade receivables are expected to be recovered within one year.

Trade receivables represented by:

	31 October 2022	31 December 2021
	USD	USD
	(Unaudited)	(Audited)
- Third parties	1,482,333	3,763,687
- Subsidiary	12,828	21,655
- Associate	22,678	806,110
- Immediate holding company	23,565	-
- Fellow subsidiaries	34,231	2,396,100
- Related companies	2,241,839	2,802,063
	3,817,474	9,789,615

11. AMOUNTS DUE FROM/TO RELATED PARTIES

	31 October 2022	31 December 2021
	USD	USD
	(Unaudited)	(Audited)
Amounts due from related parties		
- Immediate holding company	36,325	-
- Associate	-	21,593
- Director	52	215
	36,377	21,808
Amounts due to related parties		
- Immediate holding company	-	2,399,522
- Related company	548,030	310,668
	548,030	2,710,190

The balances with related parties are unsecured, interest-free and have no fixed terms of repayment.

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE TEN MONTHS ENDED 31 OCTOBER 2022
(Expressed in United States dollars)

12. TRADE PAYABLES

Trade payables are expected to be settled within one year.

Trade payables represented by:

	31 October 2022	31 December 2021
	USD	USD
	(Unaudited)	(Audited)
Trade payables		
- Third parties	1,207,855	5,271,836
- Associate	15,950	125,761
- Fellow subsidiaries	7,494,235	4,855,263
- Related companies	1,040,036	182,110
- Immediate holding company	25,540	36,911
	9,783,616	10,471,881

13. CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

	31 October 2022		31 December 2021	
	Number of shares	Amount	Number of shares	Amount
		HKD		HKD
		(Unaudited)		(Unaudited)
Ordinary share, issued and fully paid	1,000,000	1,000,000	1,000,000	1,000,000
Equivalent to		USD 128,205		USD 128,205

(b) Dividends

The directors have declared the following dividends during the period:

	Ten months ended 31 October	
	2022	2021
	USD	USD
	(Unaudited)	(Unaudited)
2022 interim dividend of USD0.77 per ordinary share declared on 23 August 2022	769,231	-
2022 interim dividend of USD0.28 per ordinary share declared on 30 September 2022	275,641	-
	1,044,872	-

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE TEN MONTHS ENDED 31 OCTOBER 2022
(Expressed in United States dollars)

14. MATERIAL RELATED PARTY TRANSACTIONS

During the period, the Company entered into the following material related party transactions:

	Ten months ended 31 October	
	2022	2021
	USD (Unaudited)	USD (Unaudited)
<u>Immediate holding company</u>		
Management income received	1,070,208	1,282,324
Management fee paid	314,626	434,312
Corporate fee paid	69,300	50,249
Dividend paid	1,044,872	-
Sundry income received	50,388	49,976
Freight charges paid	7,246	9,095
<u>Fellow subsidiaries</u>		
Freight income received	1,458,689	230,126
Freight charges paid	345,340	98,279
Loan interest income received	-	16,170
Office support services expenses paid	-	16,903
<u>Subsidiaries</u>		
Dividend income	-	501,326
Freight income received	4,621	364,181
Freight charges paid	3,741	207,479
Management income received	-	9,615
Rental income received	-	5,128
<u>Associate</u>		
Dividend income	1,044,872	-
Freight income received	153,554	1,960,444
Freight charges paid	152,757	311,493
Management income received	19,231	9,615
Rental income received	1,026	5,128
<u>Related parties</u>		
Freight income received	7,536,818	9,375,725
Freight charges paid	221,409	2,231,349
Rent paid	67,178	227,230

Balances with related parties are disclosed in the condensed statement of financial position and in notes 10, 11 and 12 to the condensed financial statements.

15. APPROVAL OF FINANCIAL STATEMENTS

The interim financial statements were approved and authorised for issue by the Board of Directors on 14 February 2023.

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
 DETAILED INCOME STATEMENT
 FOR THE TEN MONTHS ENDED 31 OCTOBER 2022
 (Expressed in United States dollars)
 (For Management Information Only)

	Ten months ended 31 October	
	2022	2021
	USD (Unaudited)	USD (Unaudited)
FREIGHT INCOME	20,009,272	24,108,197
Freight costs (Appendix ii)	(17,043,457)	(17,854,304)
GROSS PROFIT	2,965,815	6,253,893
OTHER INCOME		
Bank interest income	4,706	10,230
Dividend income	1,044,872	501,326
Government grants	144,616	78,897
Loan interest income	-	16,170
Management income	1,089,439	1,301,558
Rental income	1,026	10,256
Sundry income	66,543	84,671
	2,351,202	2,003,108
OTHER GAINS AND LOSSES		
Net exchange losses	(131,205)	(53,635)
Others	8	-
	(131,197)	(53,635)
EXPENDITURE (APPENDIX ii)		
Administrative expenses	(2,866,900)	(2,861,515)
Other operating expenses	(682,982)	(883,738)
	(3,549,882)	(3,745,253)
OPERATING PROFIT	1,635,938	4,458,113
Finance costs (Appendix ii)	(105,331)	(355,321)
PROFIT BEFORE TAXATION	1,530,607	4,102,792

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
OVERHEAD EXPENSES
FOR THE TEN MONTHS ENDED 31 OCTOBER 2022
(Expressed in United States dollars)
(For Management Information Only)

	Ten months ended 31 October	
	2022	2021
	USD (Unaudited)	USD (Unaudited)
FREIGHT COSTS		
Agency fees	129,181	31,971
Freight and handling charges	16,914,276	17,822,333
	<u>17,043,457</u>	<u>17,854,304</u>
ADMINISTRATIVE EXPENSES		
Distribution costs		
Advertisement and promotion	1,366	1,432
Staff commission	195,903	288,597
Motor vehicles expenses	32,320	34,577
Telephone, facsimile and internet	25,302	25,384
	<u>254,891</u>	<u>349,990</u>
Staff		
Directors' remuneration	311,907	230,954
Provident fund contributions	74,687	72,605
Recruitment expenses	1,639,389	1,636,727
Salaries and bonuses	12,589	24,839
Staff welfare benefits	<u>2,039,694</u>	<u>1,966,808</u>
Premises		
Building management fee	48,625	45,959
Computer expenses	34,178	20,604
Depreciation of right-of-use assets	395,637	238,392
Office cleaning expenses	13,843	8,974
Office support services	-	16,903
Rent and rates expenses - office	18,718	158,767
Rent and rates expenses - storage	2,982	3,771
Repairs and maintenance expenses	37,190	28,428
Utility electricity and water	21,142	22,919
	<u>572,315</u>	<u>544,717</u>
	<u>2,866,900</u>	<u>2,861,515</u>

UNIQUE LOGISTICS INTERNATIONAL (H.K.) LIMITED
OVERHEAD EXPENSES
FOR THE TEN MONTHS ENDED 31 OCTOBER 2022
(Expressed in United States dollars)
(For Management Information Only)

	Ten months ended 31 October	
	2022	2021
	USD (Unaudited)	USD (Unaudited)
OTHER OPERATING EXPENSES		
Communications		
Postage and courier charges	3,182	3,258
Printing and stationery	23,038	21,346
	26,220	24,604
Financial and other expenses		
Auditor's remuneration	12,974	12,974
Bank charges	102,522	182,642
Business registration fee	64	64
Corporate fee	69,300	50,249
Depreciation of property and equipment	72,765	74,290
Dues & subscription	11,708	14,633
General expenses	15,254	3,702
Insurance	(3,328)	(12,874)
Legal and professional fees	34,150	43,956
Management fee	314,626	434,312
Stamp duty	-	967
Withholding expense	-	25,066
	630,035	829,981
Travelling and entertainment		
Entertainment	10,332	11,070
Travelling - local	16,395	18,083
	26,727	29,153
	682,982	883,738
FINANCE COSTS		
Interest expense on lease liabilities	14,892	14,324
Interest on bank loans and overdrafts	90,439	340,997
	105,331	355,321

ULI (SOUTH CHINA) LIMITED
(Incorporated in Hong Kong with limited liability)

Report and Condensed Financial Statements
For the ten months ended 31 October 2022

ULI (SOUTH CHINA) LIMITED
REPORTS AND CONDENSED FINANCIAL STATEMENTS
FOR THE TEN MONTHS ENDED 31 OCTOBER 2022

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**INDEPENDENT REVIEW REPORT
TO THE BOARD OF DIRECTORS OF
ULI (SOUTH CHINA) LIMITED
(Incorporated in Hong Kong with limited liability)**

Introduction

We have reviewed the interim financial information set out on pages 3 to 11 which comprises the condensed statement of financial position of the Company as at 31 October 2022 and the related condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the ten-month period then ended, and a summary of significant accounting policies and other explanatory notes. The preparation of a report on interim financial information to be in compliance with the relevant provisions thereof, International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the International Accounting Standards Board (“IASB”) and Hong Kong Institute of Certified Public Accountants (the “HKICPA”) respectively. The directors are responsible for the preparation and presentation of this interim financial information in accordance with IAS/HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**INDEPENDENT REVIEW REPORT
TO THE BOARD OF DIRECTORS OF
ULI (SOUTH CHINA) LIMITED
(Incorporated in Hong Kong with limited liability)**

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS/HKAS 34.

/s/ RSM Hong Kong

Certified Public Accountants
29th Floor, Lee Garden Two
28 Yun Ping Road, Causeway Bay
Hong Kong

10 February 2023

ULI (SOUTH CHINA) LIMITED
CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE TEN MONTHS ENDED 31 OCTOBER 2022
(Expressed in United States dollars)

	Note	Unaudited	
		Ten months ended 31 October	
		2022	2021
		USD	USD
Revenue	3	41,845,709	37,937,991
Freight costs		(38,814,686)	(34,540,013)
Gross profit		3,031,023	3,397,978
Other income	4	13	93,410
Other gains and losses - net exchange losses		(94,969)	(4,155)
Administrative expenses		(817,027)	(417,742)
Other operating expenses		(385,655)	(132,006)
Profit from operations		1,733,385	2,937,485
Finance costs		-	(15,290)
Profit before taxation	5	1,733,385	2,922,195
Income tax expense	6	-	-
Profit for the period		1,733,385	2,922,195
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		1,733,385	2,922,195

ULI (SOUTH CHINA) LIMITED
 CONDENSED STATEMENT OF FINANCIAL POSITION
 AT 31 OCTOBER 2022
 (Expressed in United States dollars)

	Note	Unaudited 31 October 2022 USD	Audited 31 December 2021 USD
Non-current asset			
Property and equipment	7	-	7
Current assets			
Trade receivables	8	1,913,385	10,805,376
Prepayments, deposits and other receivables		58,179	3,906,923
Amount due from a related party	10	-	76,559
Cash and cash equivalents		991,382	340,418
		<u>2,962,946</u>	<u>15,129,276</u>
Current liabilities			
Trade payables	9	919,531	3,135,578
Other payables and accrued expenses		551,132	8,039,699
Amount due to a related party	10	-	11,629
		<u>1,470,663</u>	<u>11,186,906</u>
Net current assets		<u>1,492,283</u>	<u>3,942,370</u>
NET ASSETS		<u>1,492,283</u>	<u>3,942,377</u>
Capital and reserves			
Share capital	11	1,282	1,282
Reserves		<u>1,491,001</u>	<u>3,941,095</u>
TOTAL EQUITY		<u>1,492,283</u>	<u>3,942,377</u>

Approved by the Board of Directors on 10 February 2023 and are signed on its behalf by:

 Lee Chi Tak, Richard

 Lee Man Bun, Patrick

ULI (SOUTH CHINA) LIMITED
 CONDENSED STATEMENT OF CHANGES IN EQUITY
 FOR THE TEN MONTHS ENDED 31 OCTOBER 2022
 (Expressed in United States dollars)

	Note	Unaudited		
		Share capital USD	Retained Profits USD	Total USD
Balance at 1 January 2021		1,282	2,710,437	2,711,719
Total comprehensive income for the period		-	2,922,195	2,922,195
Dividends paid	11(b)	-	(2,710,437)	(2,710,437)
At 31 October 2021		<u>1,282</u>	<u>2,922,195</u>	<u>2,923,477</u>
Balance 1 January 2022		1,282	3,941,095	3,942,377
Total comprehensive income for the period		-	1,733,385	1,733,385
Dividends paid	11(b)	-	(4,183,479)	(4,183,479)
Balance at 31 October 2022		<u>1,282</u>	<u>1,491,001</u>	<u>1,492,283</u>

ULI (SOUTH CHINA) LIMITED
 CONDENSED STATEMENT OF CASH FLOWS
 FOR THE TEN MONTHS ENDED 31 OCTOBER 2022
 (Expressed in United States dollars)

	Note	Unaudited	
		Ten months ended 31 October	
		2022	2021
		USD	USD
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		1,733,385	2,922,195
Adjustments for:			
- Finance costs		-	15,290
- Interest income	4	(12)	(1)
- Depreciation		7	37
Operating profit before changes in working capital		1,733,380	2,937,521
Decrease/(increase) in trade receivables		8,891,991	(7,509,064)
Decrease/(increase) in prepayments, deposits and other receivables		3,848,744	(2,672,441)
Decrease in amount due from a related party		76,559	-
(Decrease)/increase in trade payables		(2,216,047)	4,785,016
(Decrease)/increase in other payables and accrued expenses		(7,488,567)	4,715,864
Decrease in amounts due to related parties		(11,629)	(723,082)
Cash generated from operations		4,834,431	1,533,814
Interest paid		-	(15,290)
Net cash generated from operating activities		4,834,431	1,518,524
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received and net cash generated from investing activities	4	12	1
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid and net cash used in financing activities	11(b)	(4,183,479)	(1,599,230)
Net increase/(decrease) in cash and cash equivalents		650,964	(80,705)
Cash and cash equivalents at 1 January		340,418	183,756
Cash and cash equivalents at 31 October		991,382	103,051

ULI (SOUTH CHINA) LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE TEN MONTHS ENDED 31 OCTOBER 2022
(Expressed in United States dollars)

1. BASIS OF PREPARATION

These condensed financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (“IASB”) and the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) respectively.

These condensed financial statements should be read in conjunction with the 2021 annual financial statements. The accounting policies (including the significant judgements made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty) and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2021.

As Hong Kong dollar (“HKD”) is pegged to United States dollar (“USD”), the management of the Company used the exchange rate of USD1: HKD7.8 for the translation of presentation currency from HKD to USD.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL / HONG KONG FINANCIAL REPORTING STANDARDS

The accounting policies applied in these condensed financial statements are the same as those applied in the Company’s financial statements as at and for the year ended 31 December 2021. In the current period, the Company has adopted all the new and revised International Financial Reporting Standards and Hong Kong Financial Reporting Standards issued by IASB and the HKICPA respectively that are relevant to its operations and effective for its accounting year beginning on 1 January 2022 but they do not have a material effect on the Company’s financial statements.

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted. The Company has not early adopted any of the forthcoming new or amended standards in preparing these condensed interim financial statements.

3. REVENUE

The principal activities of the Company are the provision of air and ocean freight forwarding services in the People’s Republic of China.

Revenue represents gross invoiced freight income and recognised at a point in time for the period.

ULI (SOUTH CHINA) LIMITED
 NOTES TO THE CONDENSED FINANCIAL STATEMENTS
 FOR THE TEN MONTHS ENDED 31 OCTOBER 2022
 (Expressed in United States dollars)

4. OTHER INCOME

	Ten months ended 31 October	
	2022	2021
	USD (Unaudited)	USD (Unaudited)
Bank interest income	12	1
Sundry income	1	93,409
	<u>13</u>	<u>93,410</u>

5. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Ten months ended 31 October	
	2022	2021
	USD (Unaudited)	USD (Unaudited)
(a) Finance costs:		
Bank loan interest	-	1,464
Other loan interest	-	13,826
	<u>-</u>	<u>15,290</u>
(b) Staff costs (including directors' remuneration) Salaries and allowances	<u>788,737</u>	<u>393,478</u>
(c) Other item:		
Depreciation	<u>7</u>	<u>36</u>

6. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax or deferred taxation has been made in the financial statement since the Company's income is derived from overseas sources which is not liable to Hong Kong Profits Tax.

7. PROPERTY AND EQUIPMENT

No property and equipment was acquired by the Company during the ten months ended 31 October 2022 (2021: USDNil).

ULI (SOUTH CHINA) LIMITED
 NOTES TO THE CONDENSED FINANCIAL STATEMENTS
 FOR THE TEN MONTHS ENDED 31 OCTOBER 2022
 (Expressed in United States dollars)

8. TRADE RECEIVABLES

All trade receivables are expected to be recovered within one year.

Trade receivables represented by:

	<u>31 October</u> <u>2022</u> USD (Unaudited)	<u>31 December</u> <u>2021</u> USD (Audited)
- Third parties	54,105	4,446,926
- Fellow subsidiaries	1,052,553	4,835,322
- Related companies	806,727	1,523,128
	<u>1,913,385</u>	<u>10,805,376</u>

9. TRADE PAYABLES

Trade payables are expected to be settled within one year.

Trade payables represented by:

	<u>31 October</u> <u>2022</u> USD (Unaudited)	<u>31 December</u> <u>2021</u> USD (Audited)
Trade payables		
- Third parties	60,936	1,719,296
- Immediate holding company	19,775	32,659
- Fellow subsidiaries	777,243	1,338,176
- Related companies	61,577	45,447
	<u>919,531</u>	<u>3,135,578</u>

ULI (SOUTH CHINA) LIMITED
 NOTES TO THE CONDENSED FINANCIAL STATEMENTS
 FOR THE TEN MONTHS ENDED 31 OCTOBER 2022
 (Expressed in United States dollars)

10. AMOUNTS DUE FROM/(TO) RELATED PARTIES

	<u>31 October</u> <u>2022</u> USD (Unaudited)	<u>31 December</u> <u>2021</u> USD (Audited)
Amounts due from a related party		
– member	-	76,559
Amounts due to a related party		
- fellow subsidiary	-	11,629

The balances with related parties are in the nature of current account, are unsecured, interest free and have no fixed terms of repayment.

11. CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

	<u>31 October 2022</u>		<u>31 December 2021</u>	
	<u>Number of</u> <u>shares</u>	<u>Amount</u> HKD (Unaudited)	<u>Number of</u> <u>shares</u>	<u>Amount</u> HKD (Audited)
Ordinary share, issued and fully paid	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
Equivalent to		<u>USD 1,282</u>		<u>USD 1,282</u>

(b) Dividends

The directors have declared the following dividends during the period:

	<u>Ten months ended 31 October</u>	
	<u>2022</u> USD (Unaudited)	<u>2021</u> USD (Unaudited)
2021 interim dividend of USD118.23 per ordinary share declared on 5 May 2022	1,182,328	-
2021 interim dividend of USD275.88 per ordinary share declared on 9 June 2022	2,758,768	-
2022 interim dividend of USD24.24 per ordinary share declared on 22 August 2022	242,383	-
2020 interim dividend of USD86.42 per ordinary share declared on 7 January 2021	-	864,208
2020 final dividend of USD184.62 per ordinary share declared on 20 April 2021	-	1,846,229
	<u>4,183,479</u>	<u>2,710,437</u>

ULI (SOUTH CHINA) LIMITED
 NOTES TO THE CONDENSED FINANCIAL STATEMENTS
 FOR THE TEN MONTHS ENDED 31 OCTOBER 2022
 (Expressed in United States dollars)

12. MATERIAL RELATED PARTY TRANSACTIONS

During the period, the Company entered into the following material related party transactions:

	Ten months ended 31 October	
	2022	2021
	USD (Unaudited)	USD (Unaudited)
<u>Immediate holding Company</u>		
Administration and handling fees paid	30,128	30,128
Corporate fee refund	-	93,409
Corporate fee expenses paid	63,005	66,200
Group fee paid	39,697	62,734
<u>Fellow subsidiaries</u>		
Freight income received	2,070,180	2,748,663
Freight charges paid	6,128,053	9,958,716
Computer expenses	14,086	9,802
Interest expense paid	-	13,826
<u>Related parties</u>		
Freight income received	24,376,382	27,948,534
Freight charges paid	20,767,666	16,803,568

Balances with related parties are disclosed in the condensed statement of financial position and in notes 8, 9 and 10 to the condensed financial statements.

ULI (SOUTH CHINA) LIMITED
 DETAIL INCOME STATEMENT
 FOR THE TEN MONTHS ENDED 31 OCTOBER 2022
 (Expressed in United States dollars)
 (For Management Information Only)

13. APPROVAL OF FINANCIAL STATEMENTS

The interim financial statements were approved and authorised for issue by the Board of Directors on 10 February 2023.

	Ten months ended 31 October	
	2022	2021
	USD (Unaudited)	USD (Unaudited)
Freight income	41,845,709	37,937,991
Freight costs	<u>(38,814,686)</u>	<u>(34,540,013)</u>
Gross profit	<u>3,031,023</u>	<u>3,397,978</u>
Add: Other income		
Bank interest income	12	1
Sundry income	<u>1</u>	<u>93,409</u>
	<u>13</u>	<u>93,410</u>
Add: Other gains and losses - net exchange losses	<u>(94,969)</u>	<u>(4,155)</u>
Less: Expenditure (Appendix ii)		
Administrative expenses	817,027	417,742
Other operating expenses	<u>385,655</u>	<u>132,006</u>
	<u>1,202,682</u>	<u>549,748</u>
Profit from operations	1,733,385	2,937,485
Less: Finance costs (Appendix ii)	<u>-</u>	<u>15,290</u>
Profit before taxation	<u>1,733,385</u>	<u>2,922,195</u>

ULI (SOUTH CHINA) LIMITED Appendix ii
OVERHEAD EXPENSES
FOR THE TEN MONTHS ENDED 31 OCTOBER 2022
(Expressed in United States dollars)
(For Management Information Only)

	Ten months ended 31 October	
	2022	2021
	USD	USD
	(Unaudited)	(Unaudited)
Administrative expenses		
Computer expenses	14,086	9,802
Directors' remuneration	65,737	46,736
Salaries and allowances	723,000	346,742
Telephone, facsimile and internet	14,204	14,462
	817,027	417,742
Other operating expenses		
Advertisement and promotion	250,373	-
Administration and handling fees	30,128	30,128
Auditor's remuneration	17,778	6,346
Bank charges	22,977	28,483
Business registration fee	19	32
Corporate fee expenses	63,005	66,200
Depreciation	7	36
Legal and professional fees	1,229	641
Sundries	9	-
Travel - Local	130	140
	385,655	132,006
	1,202,682	549,748
Finance costs		
Bank loan interest	-	1,464
Other loan interest	-	13,826
	-	15,290

ULI (NORTH & EAST CHINA) COMPANY LIMITED
(Incorporated in Hong Kong with limited liability)
Report and Condensed Financial Statements
For the ten months ended 31 October 2022

ULI (NORTH & EAST CHINA) COMPANY LIMITED
REPORTS AND CONDENSED FINANCIAL STATEMENTS
FOR THE TEN MONTHS ENDED 31 OCTOBER 2022

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Condensed Consolidated Statement of Financial Position	4
Condensed Consolidated Statement of Changes in Equity	5
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**INDEPENDENT REVIEW REPORT
TO THE BOARD OF DIRECTORS OF
ULI (NORTH & EAST CHINA) COMPANY LIMITED
(Incorporated in Hong Kong with limited liability)**

Introduction

We have reviewed the interim financial information set out on pages 3 to 12 which comprises the condensed consolidated statement of financial position of the Company and its subsidiary as at 31 October 2022 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the ten-month period then ended, and a summary of significant accounting policies and other explanatory notes. The preparation of a report on interim financial information to be in compliance with the relevant provisions thereof, International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the International Accounting Standards Board (“IASB”) and Hong Kong Institute of Certified Public Accountants (the “HKICPA”) respectively. The directors are responsible for the preparation and presentation of this interim financial information in accordance with IAS/HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**INDEPENDENT REVIEW REPORT
TO THE BOARD OF DIRECTORS OF
ULI (NORTH & EAST CHINA) COMPANY LIMITED
(Incorporated in Hong Kong with limited liability)**

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS/HKAS 34.

/s/ RSM Hong Kong

Certified Public Accountants
29th Floor, Lee Garden Two
28 Yun Ping Road, Causeway Bay
Hong Kong

10 February 2023

ULI (NORTH & EAST CHINA) COMPANY LIMITED
 CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
 OTHER COMPREHENSIVE INCOME
 FOR THE TEN MONTHS ENDED 31 OCTOBER 2022
 (Expressed in United States dollars)

	Note	Unaudited	
		Ten months ended 31 October	
		2022	2021
		USD	USD
Revenue	3	75,703,460	108,175,691
Freight costs		(61,094,512)	(85,155,600)
Gross profit		14,608,948	23,020,091
Other income	4	91,191	58,563
Other gains and losses	5	340,850	95,093
Administrative expenses		(4,386,135)	(5,744,951)
Other operating expenses		(673,433)	(952,708)
Profit from operations		9,981,421	16,476,088
Finance costs - interest expenses on lease liabilities		(2,360)	(4,003)
Profit before taxation	6	9,979,061	16,472,085
Income tax expense	7	(1,316)	-
Profit for the period		9,977,745	16,472,085
Other comprehensive income for the period, net of tax			
Exchange differences on translating foreign operation		(173,337)	18,940
Total comprehensive income for the period		9,804,408	16,491,025

ULI (NORTH & EAST CHINA) COMPANY LIMITED
 CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AT 31 OCTOBER 2022
 (Expressed in United States dollars)

	Note	Unaudited 31 October 2022 USD	Audited 31 December 2021 USD
Non-current assets			
Property and equipment	8	83,464	56,380
Right-of-use assets	9	41,097	34,652
		<u>124,561</u>	<u>91,032</u>
Current assets			
Trade receivables	10	2,758,239	17,815,219
Prepayments, deposits and other receivables		217,662	371,346
Amounts due from related parties	11	13,886	7,488
Cash and cash equivalents		6,919,852	6,036,049
		<u>9,909,639</u>	<u>24,230,102</u>
Current liabilities			
Trade payables	12	1,585,847	4,727,950
Other payables and accrued expenses		507,178	1,602,836
Amounts due to related parties	11	138,357	3,163,759
Current tax liabilities		11,878	30,369
Lease liabilities		27,098	36,786
		<u>2,270,358</u>	<u>9,561,700</u>
Net current assets		<u>7,639,281</u>	<u>14,668,402</u>
NET ASSETS		<u>7,763,842</u>	<u>14,759,434</u>
Capital and reserves			
Share capital	13(a)	150,000	150,000
Reserves		7,613,842	14,609,434
TOTAL EQUITY		<u>7,763,842</u>	<u>14,759,434</u>

Approved by the Board of Directors on 10 February 2023 and are signed on its behalf by:

Lee Chi Tak, Richard

Sun Wen Chi, George

ULI (NORTH & EAST CHINA) COMPANY LIMITED
 CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE TEN MONTHS ENDED 31 OCTOBER 2022
 (Expressed in United States dollars)

	Note	Attributable to owners of the Company				Total
		Share capital	Exchange reserves	Retained profits	Proposed dividend	
		USD	USD	USD	USD	
At 1 January 2021		150,000	(34,824)	2,753,172	-	2,868,348
Total comprehensive income for the period		-	18,940	16,472,085	-	16,491,025
Dividend paid	13(b)	-	-	(1,000,000)	-	(1,000,000)
At 31 October 2021		<u>150,000</u>	<u>(15,884)</u>	<u>18,225,257</u>		<u>18,359,373</u>
At 1 January 2022		150,000	(15,025)	14,624,459	-	14,759,434
Total comprehensive income for the period		-	(173,337)	9,977,745	-	9,804,408
Proposed dividend	13(b)	-	-	(20,800,000)	20,800,000	-
Dividend paid		-	-	-	(16,800,000)	(16,800,000)
At 31 October 2022		<u>150,000</u>	<u>(188,362)</u>	<u>3,802,204</u>	<u>4,000,000</u>	<u>7,763,842</u>

ULI (NORTH & EAST CHINA) COMPANY LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE TEN MONTHS ENDED 31 OCTOBER 2022
(Expressed in United States dollars)

	Note	Unaudited Ten months ended 31 October	
		2022 USD	2021 USD
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		9,979,061	16,472,085
Adjustments for:			
- Depreciation of property and equipment	6(b)	25,462	38,295
- Depreciation of right-of-use assets	6(b)	80,833	104,408
- Finance costs		2,360	4,003
- Gain on disposals of property and equipment	5	(23,331)	-
- Interest income	4	(698)	(838)
Operating profit before changes in working capital		10,063,687	16,617,953
Decrease/(increase) in trade receivables		15,056,980	(16,409,133)
Decrease/(increase) in prepayments, deposits and other receivables		153,684	(88,651)
(Increase)/decrease in amounts due from related parties		(6,398)	25,106
(Decrease)/increase in trade payables		(3,142,103)	3,373,770
(Decrease)/increase in other payables and accrued expenses		(1,113,015)	2,857,847
(Decrease)/increase in amounts due to related parties		(3,025,402)	86,940
Cash generated from operations		17,987,433	6,463,832
Income tax paid		(2,450)	-
Interest on lease liabilities		(2,360)	(4,003)
Net cash generated from operating activities		17,982,623	6,459,829
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	4	698	838
Purchase of property and equipment	8	(62,417)	-
Proceeds from disposals of property and equipment		23,331	-
Net cash (used in)/generated from investing activities		(38,388)	838
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(16,800,000)	(1,000,000)
Principal elements of lease payments		(98,060)	(121,061)
Net cash used in financing activities		(16,898,060)	(1,121,061)
Net increase in cash and cash equivalents		1,046,175	5,339,606
Effect on foreign exchange rate changes		(162,372)	17,411
Cash and cash equivalents at 1 January		6,036,049	1,670,749
Cash and cash equivalents at 31 October		6,919,852	7,027,766

ULI (NORTH & EAST CHINA) COMPANY LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE TEN MONTHS ENDED 31 OCTOBER 2022
(Expressed in United States dollars)

1. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (“IASB”) and the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) respectively.

These condensed consolidated financial statements should be read in conjunction with the 2021 annual financial statements. The accounting policies (including the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty) and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2021.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL / HONG KONG FINANCIAL REPORTING STANDARDS

The accounting policies applied in these consolidated financial statements are the same as those applied in the Group’s consolidated financial statements as at and for the year ended 31 December 2021. In the current period, the Group has adopted all the new and revised International Financial Reporting Standards and Hong Kong Financial Reporting Standards issued by IASB and the HKICPA respectively that are relevant to its operations and effective for its accounting year beginning on 1 January 2022 but they do not have a material effect on the Group’s consolidated financial statements.

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended standards in preparing these condensed consolidated interim financial statements.

3. REVENUE

The principal activities of the Company are investment holding and the provision of air and ocean freight forwarding services in the People’s Republic of China (the “PRC”). The subsidiary is principally engaged in the provision of air and ocean freight forwarding services in the PRC.

Revenue represents gross invoiced freight income and recognised at a point in time for the period.

ULI (NORTH & EAST CHINA) COMPANY LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE TEN MONTHS ENDED 31 OCTOBER 2022
(Expressed in United States dollars)

4. OTHER INCOME

	Ten months ended 31 October	
	2022	2021
	USD (unaudited)	USD (unaudited)
Bank interest income	698	838
Sundry income	90,493	57,725
	91,191	58,563

5. OTHER GAINS AND LOSSES

	Ten months ended 31 October	
	2022	2021
	USD (unaudited)	USD (unaudited)
Net exchange gains	317,519	95,093
Gain on disposals of property and equipment	23,331	-
	340,850	95,093

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Ten months ended 31 October	
	2022	2021
	USD (unaudited)	USD (unaudited)
(a) Staff costs (including directors' remuneration)		
- Salaries, allowances and other benefits	3,716,512	5,095,512
- Retirement scheme contributions	441,864	427,591
	4,158,376	5,523,103
(b) Other items:		
- Depreciation of property and equipment	25,462	38,295
- Depreciation of right-of-use assets	80,833	104,408
- Rental charges under operating leases in respect of land and buildings	211,912	203,840

ULI (NORTH & EAST CHINA) COMPANY LIMITED
 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE TEN MONTHS ENDED 31 OCTOBER 2022
 (Expressed in United States dollars)

7. INCOME TAX EXPENSE

	Ten months ended 31 October	
	2022	2021
	USD (unaudited)	USD (unaudited)
Current tax - PRC	1,316	-

No provision for Hong Kong Profits Tax is required since the Company's income is derived from overseas sources which is not liable to Hong Kong Profit Tax.

Taxation for the PRC subsidiary is charged at the appropriate current rates of taxation ruling in the relevant tax jurisdictions (2021: USDNil).

8. PROPERTY AND EQUIPMENT

During the ten months ended 31 October 2022, the Group acquired property and equipment of USD62,417 (2021: USD Nil).

9. RIGHT-OF-USE ASSETS

During the ten months ended 31 October 2022, the Group entered into a new lease agreement for use of properties for one year. On lease commencement, the Group recognised USD92,474 of right-of-use assets and lease liabilities.

10. TRADE RECEIVABLES

All trade receivables are expected to be recovered within one year.

Trade receivables represented by:

	31 October 2022	31 December 2021
	USD (unaudited)	USD (audited)
	- Third parties	1,041,561
- Related companies	1,716,678	12,181,995
	<u>2,758,239</u>	<u>17,815,219</u>

ULI (NORTH & EAST CHINA) COMPANY LIMITED
 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE TEN MONTHS ENDED 31 OCTOBER 2022
 (Expressed in United States dollars)

11. AMOUNTS DUE FROM/TO RELATED PARTIES

	31 October 2022	31 December 2021
	<u>USD</u>	<u>USD</u>
	(unaudited)	(audited)
Amount due from related parties		
- Related companies	13,886	7,488
Amounts due to related parties		
- Director	136,322	3,163,759
- Related company	2,035	-
	138,357	3,163,759

The balances with related parties are in nature of current accounts, unsecured, interest-free and have no fixed terms of repayment.

12. TRADE PAYABLES

Trade payables are expected to be settled within one year.

Trade payables represented by:

	31 October 2022	31 December 2021
	<u>USD</u>	<u>USD</u>
	(unaudited)	(audited)
Trade payables		
- Third parties	1,575,943	4,727,950
- Related companies	9,904	-
	1,585,847	4,727,950

ULI (NORTH & EAST CHINA) COMPANY LIMITED
 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE TEN MONTHS ENDED 31 OCTOBER 2022
 (Expressed in United States dollars)

13. CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

	31 October 2022		31 December 2021	
	Number of shares	Amount USD (unaudited)	Number of shares	Amount USD (audited)
Ordinary share, issued and fully paid	150,000	150,000	150,000	150,000

(b) Dividends

The directors have declared the following dividends during the period:

	Ten months ended 31 October	
	2022 USD (unaudited)	2021 USD (unaudited)
2021 interim dividend of USD53.33 per ordinary share declared on 12 January 2022	8,000,000	
2021 interim dividend of USD26.67 per ordinary share declared on 31 March 2022	4,000,000	
2021 interim dividend of USD5.33 per ordinary share declared on 13 May 2022	800,000	
2022 interim dividend of USD26.67 per ordinary share declared on 15 August 2022	4,000,000	
2022 interim dividend of USD26.67 per ordinary share declared on 31 October 2022	4,000,000	
2020 final dividend of USD6.67 per ordinary share declared on 19 February 2021	-	1,000,000
	20,800,000	1,000,000

ULI (NORTH & EAST CHINA) COMPANY LIMITED
 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE TEN MONTHS ENDED 31 OCTOBER 2022
 (Expressed in United States dollars)

14. MATERIAL RELATED PARTY TRANSACTIONS

During the period, the Group entered into the following material related party transactions:

	Ten months ended 31 October	
	2022	2021
	USD (unaudited)	USD (unaudited)
<u>Related parties</u>		
Salaries paid	22,432	23,270
Office rent paid	190,087	197,192
Management fee paid	30,000	30,000
<u>Related companies</u>		
Freight income received	20,943,304	26,826,842
Freight charge paid	265,370	329,380
Management fee income received	50,000	50,000
Management fee paid	10,283	10,283

Balances with related parties are disclosed in the condensed consolidated statement of financial position and in notes 10, 11 and 12 to the condensed consolidated financial statements.

ULI (NORTH & EAST CHINA) COMPANY LIMITED
DETAILED INCOME STATEMENT - THE COMPANY
FOR THE TEN MONTHS ENDED 31 OCTOBER 2022
(Expressed in United States dollars)
(For Management Information Only)

15. **APPROVAL OF FINANCIAL STATEMENTS**

The interim consolidated financial statements were approved and authorised for issue by the Board of Directors on 10 February 2023.

	Ten months ended 31 October	
	2022	2021
	USD (unaudited)	USD (unaudited)
FREIGHT INCOME	66,861,556	92,413,457
Freight costs	54,543,647	71,736,542
GROSS PROFIT	12,317,909	20,676,915
OTHER INCOME		
Bank interest income	137	132
Sundry income	83,334	57,647
	83,471	57,779
OTHER GAINS AND LOSSES - NET EXCHANGE GAINS/(LOSSES)	50,328	(272,612)
EXPENDITURE (APPENDIX ii)	2,100,727	3,552,842
Administrative expenses	446,445	679,683
Other operating expenses	2,547,172	4,232,525
PROFIT BEFORE TAXATION	9,904,536	16,229,557

ULI (NORTH & EAST CHINA) COMPANY LIMITED
OVERHEAD EXPENSES - THE COMPANY
FOR THE TEN MONTHS ENDED 31 OCTOBER 2022
(Expressed in United States dollars)
(For Management Information Only)

	Ten months ended 31 October	
	2022	2021
	USD (unaudited)	USD (unaudited)
ADMINISTRATIVE EXPENSES		
Staff		
Directors' remuneration	1,669,052	2,874,372
Retirement scheme contributions	17,924	20,020
Staff costs	326,620	570,229
	2,013,596	3,464,621
Premises		
Rent	87,131	88,221
	2,100,727	3,552,842
OTHER OPERATING EXPENSES		
Bad debts	-	171
Bank charges	15,157	12,241
Commission expenses	294,305	510,393
Computer expenses	22,328	25,940
Depreciation of property and equipment	-	50
Entertainment	29,280	39,205
Insurance	5,042	-
Management fee	40,283	40,283
Motor vehicles expenses	16,493	19,065
Office expenses	5,384	3,811
Other expenses	2,603	6,751
Postage and courier	24	303
Telephone	14,953	14,577
Travelling	593	6,893
	446,445	679,683

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
(Incorporated in Hong Kong with limited liability)

Report and Condensed Financial Statements
For the ten months ended 31 October 2022

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
REPORTS AND CONDENSED FINANCIAL STATEMENTS
FOR THE TEN MONTHS ENDED 31 OCTOBER 2022

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**INDEPENDENT REVIEW REPORT
TO THE BOARD OF DIRECTORS OF
UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
(Incorporated in Hong Kong with limited liability)**

Introduction

We have reviewed the interim financial information set out on pages 3 to 11 which comprises the condensed statement of financial position of the Company as at 31 October 2022 and the related condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the ten-month period then ended, and a summary of significant accounting policies and other explanatory notes. The preparation of a report on interim financial information to be in compliance with the relevant provisions thereof, International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the International Accounting Standards Board (“IASB”) and Hong Kong Institute of Certified Public Accountants (the “HKICPA”) respectively. The directors are responsible for the preparation and presentation of this interim financial information in accordance with IAS/HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**INDEPENDENT REVIEW REPORT
TO THE BOARD OF DIRECTORS OF
UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
(Incorporated in Hong Kong with limited liability)**

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS/HKAS 34.

/s/ RSM Hong Kong

Certified Public Accountants
29th Floor, Lee Garden Two
28 Yun Ping Road, Causeway Bay
Hong Kong

10 February 2023

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
 CONDENSED STATEMENT OF PROFIT OR LOSS AND
 OTHER COMPREHENSIVE INCOME
 FOR THE TEN MONTHS ENDED 31 OCTOBER 2022
 (Expressed in United States dollars)

	Note	Unaudited Ten months ended 31 October	
		2022 USD	2021 USD
Revenue	3	22,827,130	23,475,244
Freight costs		(20,658,968)	(21,634,480)
Gross profit		2,168,162	1,840,764
Other income	4	65	17,428
Other gains and losses - net exchange gains/(losses)		106,394	(648)
Administrative expenses		(416,898)	(155,396)
Other operating expenses		(105,424)	(98,032)
Profit from operations	5	1,752,299	1,604,116
Finance costs		(16,699)	(33,663)
Profit before taxation		1,735,600	1,570,453
Income tax expense	6	-	-
Profit for the period		1,735,600	1,570,453
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		1,735,600	1,570,453

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
 CONDENSED STATEMENT OF FINANCIAL POSITION
 AT 31 OCTOBER 2022
 (Expressed in United States dollars)

	Note	Unaudited 31 October 2022 USD	Audited 31 December 2021 USD
Non-current asset			
Property and equipment	7	124	187
Current assets			
Trade receivables	8	3,013,262	4,718,489
Amounts due from related parties	9	-	41,073
Cash and cash equivalents		389,964	424,856
		<u>3,403,226</u>	<u>5,184,418</u>
Current liabilities			
Trade payables	10	1,448,824	1,215,025
Other payables and accrued expenses		328,750	452,361
Bank overdrafts		-	1,406,151
		<u>1,777,574</u>	<u>3,073,537</u>
Net current assets		<u>1,625,652</u>	<u>2,110,881</u>
NET ASSETS		<u>1,625,776</u>	<u>2,111,068</u>
Capital and reserves			
Share capital	11	115,385	115,385
Reserves		1,510,391	1,995,683
TOTAL EQUITY		<u>1,625,776</u>	<u>2,111,068</u>

Approved by the Board of Directors on 10 February 2023 and are signed on its behalf by:

 Lee Chi Tak, Richard

 Lee Man Bun, Patrick

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
 CONDENSED STATEMENT OF CHANGES IN EQUITY
 FOR THE TEN MONTHS ENDED 31 OCTOBER 2022
 (Expressed in United States dollars)

	Note	Unaudited		
		Share capital USD	Retained profits USD	Total USD
Balance at 1 January 2021		115,385	617,378	732,763
Total comprehensive income for the period		-	1,570,453	1,570,453
Dividend paid	11(b)	-	(210,765)	(210,765)
Balance at 31 October 2021		<u>115,385</u>	<u>1,977,066</u>	<u>2,092,451</u>
Balance 1 January 2022		115,385	1,995,683	2,111,068
Total comprehensive income for the year		-	1,735,600	1,735,600
Dividends paid	11(b)	-	(2,220,892)	(2,220,892)
Balance at 31 October 2022		<u>115,385</u>	<u>1,510,391</u>	<u>1,625,776</u>

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
CONDENSED STATEMENT OF CASH FLOWS
FOR THE TEN MONTHS ENDED 31 OCTOBER 2022
(Expressed in United States dollars)

	Note	Unaudited Ten months ended 31 October	
		2022 USD	2021 USD
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		1,735,600	1,570,453
Adjustments for:			
- Finance costs		16,699	33,663
- Interest income	4	(65)	(40)
- Depreciation		63	63
Operating profit before changes in working capital		1,752,297	1,604,139
Decrease/(increase) in trade receivables		1,705,227	(1,163,188)
Decrease/(increase) in amounts due from related parties		41,073	(27,376)
Increase/(decrease) in trade payables		233,799	(57,045)
Decrease in other payables and accrued expenses		(123,611)	(63,168)
Cash generated from operations		3,608,785	293,362
Interest paid		(16,699)	(33,663)
Net cash generated from operating activities		3,592,086	259,699
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received and net cash generated from investing activities	4	65	40
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid and net cash used in financing activities	11(b)	(2,220,892)	(197,068)
Net increase in cash and cash equivalents		1,371,259	62,671
Cash and cash equivalents at 1 January		(981,295)	(1,279,781)
Cash and cash equivalents at 31 October		389,964	(1,217,110)

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE TEN MONTHS ENDED 31 OCTOBER 2022
(Expressed in United States dollars)

1. BASIS OF PREPARATION

These condensed financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (“IASB”) and the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) respectively.

These condensed financial statements should be read in conjunction with the 2021 annual financial statements. The accounting policies (including the significant judgements made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty) and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2021.

As Hong Kong dollar (“HKD”) is pegged to United States dollar (“USD”), the management of the Company used the exchange rate of USD1: HKD7.8 for the translation of presentation currency from HKD to USD.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL / HONG KONG FINANCIAL REPORTING STANDARDS

The accounting policies applied in these condensed financial statements are the same as those applied in the Company’s financial statements as at and for the year ended 31 December 2021. In the current period, the Company has adopted all the new and revised International Financial Reporting Standards and Hong Kong Financial Reporting Standards issued by IASB and the HKICPA respectively that are relevant to its operations and effective for its accounting year beginning on 1 January 2022 but they do not have a material effect on the Company’s financial statements.

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted. The Company has not early adopted any of the forthcoming new or amended standards in preparing these condensed interim financial statements.

3. REVENUE

The principal activities of the Company are the provision of air and ocean freight forwarding services in the People’s Republic of China.

Revenue represents gross invoiced freight income and recognised at a point in time for the period.

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
 NOTES TO THE CONDENSED FINANCIAL STATEMENTS
 FOR THE TEN MONTHS ENDED 31 OCTOBER 2022
 (Expressed in United States dollars)

4. OTHER INCOME

	Ten months ended 31 October	
	2022 USD (Unaudited)	2021 USD (Unaudited)
Bank interest income	65	40
Sundry income	-	17,388
	<u>65</u>	<u>17,428</u>

5. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Ten months ended 31 October	
	2022 USD (Unaudited)	2021 USD (Unaudited)
(a) Staff costs (including directors' remuneration) Salaries and allowances	<u>386,396</u>	<u>130,017</u>
(b) Other item: Depreciation	<u>63</u>	<u>63</u>

6. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax or deferred taxation has been made in the financial statement since the Company's income is derived from overseas sources which is not liable to Hong Kong Profits Tax.

7. PROPERTY AND EQUIPMENT

No property and equipment was acquired by the Company during the ten months ended 31 October 2022 (2021: USDNil).

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
 NOTES TO THE CONDENSED FINANCIAL STATEMENTS
 FOR THE TEN MONTHS ENDED 31 OCTOBER 2022
 (Expressed in United States dollars)

8. TRADE RECEIVABLES

All trade receivables are expected to be recovered within one year.

Trade receivables represented by:

	31 October 2022	31 December 2021
	USD	USD
	(Unaudited)	(Audited)
- Third parties	184,365	577,008
- Holding company	-	15
- Fellow subsidiaries	970,706	2,369,557
- Related companies	1,858,191	1,771,909
	<u>3,013,262</u>	<u>4,718,489</u>

9. AMOUNTS DUE FROM RELATED PARTIES

	31 October 2022	31 December 2021
	USD	USD
	(Unaudited)	(Audited)
Amount due from related parties		
- member	-	29,445
- fellow subsidiary	-	11,628
	<u>-</u>	<u>41,073</u>

The balances with the related parties are in nature of current account, are unsecured, interest-free and have no fixed terms of repayment.

10. TRADE PAYABLES

Trade payables are expected to be settled within one year.

Trade payables represented by:

	31 October 2022	31 December 2021
	USD	USD
	(Unaudited)	(Audited)
- Third parties	120,559	477,107
- Holding company	10,082	25,485
- Fellow subsidiaries	1,107,783	454,088
- Related companies	210,400	258,345
	<u>1,448,824</u>	<u>1,215,025</u>

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
 NOTES TO THE CONDENSED FINANCIAL STATEMENTS
 FOR THE TEN MONTHS ENDED 31 OCTOBER 2022
 (Expressed in United States dollars)

11. CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

	31 October 2022		31 December 2021	
	Number of shares	Amount HKD (Unaudited)	Number of shares	Amount HKD (Audited)
Ordinary share, issued and fully paid	900,000	900,000	900,000	900,000
Equivalent to		USD 115,385		USD 115,385

(b) Dividends

The directors have declared the following dividends during the period:

	Ten months ended 31 October	
	2022 USD (Unaudited)	2021 USD (Unaudited)
2021 interim dividend of USD0.2 per ordinary share declared on 5 May 2022	178,689	-
2021 final dividend of USD2.02 per ordinary share declared on 3 August 2022	1,816,995	-
2022 interim dividend of USD0.25 per ordinary share declared on 19 August 2022	225,208	-
2019 final dividend of USD0.15 per ordinary share declared on 7 January 2021	-	134,839
2020 final dividend of USD0.08 per ordinary share declared on 20 April 2021	-	75,926
	2,220,892	210,765

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
 NOTES TO THE CONDENSED FINANCIAL STATEMENTS
 FOR THE TEN MONTHS ENDED 31 OCTOBER 2022
 (Expressed in United States dollars)

12. MATERIAL RELATED PARTY TRANSACTIONS

During the period, the Company entered into the following material related party transactions:

	Ten months ended 31 October	
	2022 USD (Unaudited)	2021 USD (Unaudited)
<u>Holding Company</u>		
Administration and handling fees paid	28,846	28,846
Corporate fee paid	43,363	40,268
Group fee paid	30,987	43,863
<u>Fellow subsidiaries</u>		
Freight income received	987,273	1,748,553
Freight charges paid	5,545,257	7,609,341
<u>Related parties</u>		
Freight income received	16,989,172	18,315,562
Freight charges paid	11,573,614	10,181,308

Balances with related parties are disclosed in the condensed statement of financial position and in notes 8, 9 and 10 to the condensed financial statements.

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
 DETAILED INCOME STATEMENT
 FOR THE TEN MONTHS ENDED 31 OCTOBER 2022
 (Expressed in United States dollars)
 (For Management Information Only)

13. APPROVAL OF FINANCIAL STATEMENTS

The interim financial statements were approved and authorised for issue by the Board of Directors on 10 February 2023.

	Ten months ended 31 October	
	2022 USD (Unaudited)	2021 USD (Unaudited)
Freight income	22,827,130	23,475,244
Freight costs	<u>(20,658,968)</u>	<u>(21,634,480)</u>
Gross profit	<u>2,168,162</u>	<u>1,840,764</u>
Add: Other income		
Bank interest income	65	40
Sundry income	<u>-</u>	<u>17,388</u>
	<u>65</u>	<u>17,428</u>
Add: Other gains and losses - net exchange gains/(losses)	<u>106,394</u>	<u>(648)</u>
Less: Expenditure (Appendix ii)		
Administrative expenses	416,898	155,396
Other operating expenses	<u>105,424</u>	<u>98,032</u>
	<u>522,322</u>	<u>253,428</u>
Profit from operations	1,752,299	1,604,116
Less: Finance costs (Appendix ii)	<u>16,699</u>	<u>33,663</u>
Profit before taxation	<u>1,735,600</u>	<u>1,570,453</u>

UNIQUE LOGISTICS INTERNATIONAL (SOUTH CHINA) LIMITED
OVERHEAD EXPENSES
FOR THE TEN MONTHS ENDED 31 OCTOBER 2022
(Expressed in United States dollars)
(For Management Information Only)

	Ten months ended 31 October	
	2022 USD (Unaudited)	2021 USD (Unaudited)
Administrative expenses		
Computer expenses	19,564	14,441
Salaries and bonuses	375,357	118,367
Staff welfare	11,039	11,650
Telephone and facsimile	10,938	10,938
	<u>416,898</u>	<u>155,396</u>
Other operating expenses		
Administration and handling fees	28,846	28,846
Auditor's remuneration	12,726	4,885
Bank charges	4,610	6,480
Corporate fee expenses	43,363	36,816
Depreciation	63	63
Entertainment	11,107	15,892
Insurance	3,032	3,455
Legal and professional fees	996	1,175
Printing and stationery	13	-
Repair and maintenance	649	309
Sundries	19	111
	<u>105,424</u>	<u>98,032</u>
	<u>522,322</u>	<u>253,428</u>
Finance cost		
Bank loan interest	16,699	33,663

Auditor's Report

**Shenzhen Unique Logistics International Limited
RSMZZ[2023]N0.2000001**

RSM CHINA CPA LLP

SHANGHAI CHINA

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Review Report

RSMZZ[2023]No.2000001

To the Board of Directors of Shenzhen Unique Logistics International Limited

We have reviewed the financial statements of Shenzhen Unique Logistics International Limited (hereafter referred to as “the Company”), which comprises the statement of financial position as at 31 October, 2022, the statement of profit or loss and other comprehensive income, the statement of cash flows, the statement of changes in owner’s equity, and the notes to the financial statements for the ten months ended October 31, 2022.

The preparation of these financial statements is the responsibility of the Company’s management, and our responsibility is to issue a review report on these financial statements based on the implementation of the review work.

We performed the review in accordance with the “Chinese Certified Public Accountant Review Standards No. 2101—Financial Statement Review”. The standard requires us to plan and implement review work to obtain limited assurance on whether there are no material misstatements in the financial statements. The review is mainly limited to inquiring the relevant personnel of the company and the implementation of analysis procedures on the financial data, and the degree of assurance provided is lower than that of the audit. We have not conducted an audit and therefore do not issue an audit opinion.

According to our review, we have not noticed anything that leads us to believe that the financial statements were not prepared in accordance with the accounting standards for business enterprises and failed to fairly reflect the company’s financial status as at October 31, 2022, operating results and cash flow for the ten months ended October 31, 2022 in all material aspects.

/s/ RSM China CPA LLP,

Shanghai, the People Republic of China

February 3, 2023

Statement of Financial Position
October 31, 2022

Prepared by: Shenzhen Unique Logistics International Limited

Currency: U.S. Dollar

Assets	Note	October 31, 2022	December 31, 2021	Liabilities and owners ¹ equity	Note	October 31, 2022	December 31, 2021
Current assets:				Current liabilities			
Cash and cash equivalents	5.1	1,862,218.04	3,901,145.95	Short-term borrowings			
Financial assets held-for-loading				Financial liabilities held-for-trading			
Derivative financial assets				Derivative financial liabilities			
Notes receivable				Notes payable			
Accounts receivable	5.2	6,611,998.66	13,661,445.36	Accounts payable	5.11	3,564,648.46	10,541,902.29
Accounts receivable financing				Advances from customers	5.12	364,352.27	1,228,644.81
Advances to suppliers	5.3	5,219.77	7,151.81	Contract liabilities			
Other receivables	5.4	1,448,504.49	808,483.00	Employee benefits payable	5.13	176,044.95	293,089.00
Including: Interests receivable				Taxes payable	5.14	9,477.77	221,742.20
Dividend receivable				Other payables	5-15	787,192.43	1,102,753.02
				Including: Interests payables		-	-
Inventories				Dividend payables		-	-
Contract assets				Liabilities classified as held for sale			
Assets classified as held for sale				Non-current liabilities maturing within one year	5.16	190,942.90	255,996.24
Non-current assets maturing within one year				Other current liabilities			
Other current assets	5.5	642.79	-	Total current liabilities		5,092,658.78	13,644,127.56
Total current assets		9,928,583.75	18,378,226.12	Non-current liabilities:			
Non-current assets;				Long-term borrowings			
Debt investments				Bonds payable			
Other debt investments				Including: Preference share			
Long-term receivables				Perpetual debt			
Long-term equity investments	5.6	153,271.80	172,530.60	Lease liabilities	5.17	203,559.42	355,691.15
Other equity instrument investment				Long-term payables			
Other non-current financial assets				Long-term employee benefits payable			
Investment properties				Estimated liabilities			
Fixed assets	5.7	118,960.09	135,572.49	Deferred income			
Construction in progress				Deferred tax liabilities			
Productive biological assets				Other non-current liabilities			
Oil and gas assets				Total non-current liabilities		203,559.42	355,691.15
Right-of-use assets	5.8	388,999.87	606,895.12	Total liabilities		5,296,218.20	13,999,818.71
Intangible assets	5.9	808.51	1,712.16	Owner's equity			
Research and development expenditure				Share capital	5.18	2,190,978.27	2,190,978.27
Goodwill				Other equity instruments			
Long-term deferred expenses	5.10	47,078.67	22,854.77	Including: Preference shares			
Deferred tax assets							

Other non-current assets			Perpetual debt		
Total non-current assets	709,118.94	939,565.14	Capital reserves		
			Less: Treasury stock		
			Other comprehensive income	5.19	-179,024.26
			Special reserves		461,925.34
			Surplus reserves	5.20	347,659.98
			Retained earnings	5.21	2,981,870.50
			Total owner's equity		5,341,484.49
			Total liabilities and owner's equity		5,317,972.55
Total assets	10,637,702.69	19,317,791.26			

Legal Representative:

Chief Financial Officer:

Finance Manager:

**Statement of Profit or Loss and Other
Comprehensive Income
For the Ten Months ended October 31, 2022**

Prepared by: Shenzhen Unique Logistics International Limited

Currency: U.S. Dollar

Item	Note	Ten months ended October 31, 2022	Ten months ended October 31, 2021
I. Revenue	5.22	58,419,944.04	61,428,758.53
Less: Costs of sales	5.22	56,023,580.08	59,045,364.37
Taxes and surcharges	5.23	3,477.65	5,994.26
Selling and distribution expenses	5.24	74,493.38	76,971.29
Administrative expenses	5.25	2,050,550.43	1,732,098.18
Research and development expenses			
Finance costs	5.26	-514,314.75	35,806.77
Including: Interest expense	5.26	11,495.14	-
Interest income		3,110.89	3,139.04
Add: Other income	5.27	98,688.42	274,300.55
Investment income/(iosses)			
Including: Investment income front associates and joint ventures			
Gains /(losses) from derecognition of financial assets measured at amortised cost			
Income /(losses) from net exposure hedging			
Gahis/(losses) from changes in fair values			
Credit impairment losses	5.28	-	-3,964.73
Asset impairment losses			
Gains/(losses) from disposal of assets	5.29	-	4,683.13
II. Profit/(loss) from operations		880,845.67	807,542.61
Add; Non-operating income	5.30	11.30	751.02
Less: Non-operating expenses	5.31	373.69	1,243.66
III. Profit/(loss) before tax		880,483.28	807,049.97
Less: Income tax expenses	5.32	216,021.74	186,412.97
IV. Net profit/(loss) for the year		664,461.54	620,637.00
Net profit/(loss) from continuing operation			
Net profit/(loss) from discontinued operation			
V. Other comprehensive income for the year, after tax			
(i) Other comprehensive income that will not he reclassified subsequently to profit or loss			
(ii) Other comprehensive income to be reclassified subsequently to profit or loss			
VII. Total comprehensive income for the year		664,461.54	620,637.00

Legal Representative:

Chief Financial Officer:

Finance Manager:

Statement of Cash Flows
For the Ten months ended October 31, 2022

Prepared by: Shenzhen Unique Logistics International Limited

Currency: U.S. Dollar

Items	Note	Ten months ended October 31, 2022	Ten months ended October 31, 2021
I. Cash flows from operating activities			
Cash received from the sale of goods and the rendering of services		64,605,092.46	55,776,428.13
Cash received from tax refund		98,688.42	274,300.55
Other cash received relating to operating activities		2,507.55	1,987,018.36
Subtotal of cash inflows from operating activities		64,706,288.43	58,037,747.05
Cash payments for goods purchased and services received		62,998,896.13	52,198,926.04
Cash payments to and on behalf of employees		1,548,920.98	1,207,653.61
Payments for taxes		431,763.82	331,268.59
Other cash payments relating to operating activities		1,039,572.40	1,956,078.08
Subtotal of cash outflows from operating activities		66,019,153.33	55,693,926.32
Net cash flows front operating activities	5.33	-1,312,864.90	2,343,820.72
II. Cash flows from investing activities			
Cash received from disposal and redemption of investments		-	-
Cash received from returns on investments		-	-
Net cash received from disposals of fixed assets, intangible assets and other long-term assets		-	4,683.13
Net cash received front disposals of subsidiaries and other business units		-	-
Other cash received relating to investing activities		-	-
Subtotal of cash inflows from investing activities		-	4,683.13
Cash payments to acquire fixed, intangible and other long-term assets		87,099.24	37,695.19
Cash payments to acquire investments		-	-
Net cash payments to acquire subsidiaries and other business units		-	-
Other cash payments relating to investing activities		-	-
Subtotal of cash outflows from investing activities		87,099.24	37,695.19
Net cash flows from investing activities		-87,099.24	-33,012.06
III. Cash flows from financing activities			
Cash received from capital contributions			
Cash received from borrowings			
Other cash received relating to financing activities			
Subtotal of cash inflows from financing activities		-	-
Cash repayments of debts			
Cash payments for dividends, distribution of profit and interest expenses			
Other cash payments relating to financing activities		207,582.10	-
Subtotal of cash outflows from financing activities		207,582.10	-
Net cash flows from financing activities		-207,582.10	-
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-431,381.67	75,335.17
V. Net increase / (decrease) in cash and cash equivalents		-2,038,927.91	2,386,143.83
Plus: Cash and cash equivalents at the beginning of the period		3,901,145.95	1,097,243.09
VI. Cash and cash equivalents at the end of the period	5.33	1,862,218.04	3,483,386.92

Legal Representative:

Chief Financial Officer:

Finance Manager:

Statement of Changes in Owner's Equity
For the year ended 31 December 2022

Prepared by: Shenzhen Unique Logistics International Limited

Currency: U.S. Dollar

Item	Ten months ended October 31, 2022							
	Share capital	Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Total owner's equity
I. Balance at 31 December 2021	2,190,978.27			461,925.34		347,659.98	2,317,408.96	5,317,972.55
Add: Changes in accounting policies								-
Correction of prior period errors								-
Others								-
II. Balance at 1 January 2022	2,190,978.27			461,925.34		347,659.98	2,317,408.96	5,317,972.55
III. Changes in equity during the reporting period				-640,949.60		-	664,461.54	23,511.94
(i) Total comprehensive income				-640,949.60			664,461.54	23,511.94
(ii) Capital contributions or withdrawals by owner								
1. Ordinary shares contributed by owner (or shareholder)								
2. Capital contributed by holders of Other equity instruments								
3. Share-based payments recognised in owner's equity								
4. Others								
(iii) Profit distribution								
1. Transfer to surplus reserves								
2. Profit distribution to owner (or shareholder)								
3. Others								
(iv) Transfer within owner's equity								
1. Capital reserves converted to share capital								
2. Surplus reserves converted to share capital								
3. Loss made up by surplus reserves								
4. Changes in the defined benefit plan transferred to retained earnings								
5. Other comprehensive income transferred to retained earnings								
6. Others								
(v) Special reserves								
1. Withdrawal during the reporting period								
2. Usage during the reporting period								
(vi) Others								
IV. Balance at 31 October 2022	2,190,978.27			-179,024.26		347,659.98	2,981,870.50	5,341,484.49

Legal Representative:

Chief Financial Officer:

Finance Manager:

Statement of Changes in Owner's Equity
For the year ended 31 December 2021

Prepared by: Shenzhen Unique Logistics International Limited

Currency: U.S. Dollar

Item	2021							
	Share capital	Capital reserves	Less; Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Total owner's equity
I. Balance at 31 December 2020	2,190,978.27			360,356.49		250,738.20	1,941,258.26	4,743,331.22
Add: Changes in accounting policies							7,471.47	7,471.47
Correction of prior period errors								
Others								
II. Balance at 1 January 2020	2,190,978.27			360,356.49		250,738.20	1,948,729.73	4,750,802.69
III. Changes in equity during the reporting period				101,568.85		96,921.78	368,679.23	567,169.56
(i) Total comprehensive income				101,568.85			969,217.76	1,070,786.61
(ii) Capital contributions or withdrawals by owner								
1. Ordinary shares contributed by owner (or shareholder)								
2. Capital contributed by holders of other equity instruments								
3. Share-based payments recognised in owner's equity								
4. Others								
(iii) Profit distribution						96,921.78	-600,538.53	-503,616.75
1. Transfer to surplus reserves						96,921.78	-96,921.78	-
2. Profit distribution to owner (or shareholder)							-503,616.75	-503,616.75
3. Others								
(iv) Transfer within owner's equity								
1. Capital reserves converted to share capital								
2. Surplus reserves converted to share capital								
3. Loss made up by surplus reserves								
4. Defined benefit plan transferred to retained earnings								
5. Other comprehensive income transferred to retained earnings								
6. Others								
(v) Special reserves								
1. Withdrawal during the reporting period								
2. Usage during the reporting period								
(vi) Others								
IV- Balance at 31 December 2021	2,190,978.27			461,925.34		347,659.98	2,317,408.96	5,317,972.55

Legal Representative:

Chief Financial Officer:

Finance Manager:

Shenzhen Unique Logistics International Limited
Notes to the Financial Statements

For the Ten Months ended October 31, 2022

(All amounts are expressed in U.S. Dollar unless otherwise stated)

1. BASIC INFORMATION ABOUT THE COMPANY

Shenzhen Unique Logistics International Limited (“the Company”) was established on November 3, 2004, upon approval of the Ministry of Commerce of the People’s Republic of China with the approval documents, the Ministry of Commerce Capital approval No. [1667]. On November 8, 2004, the Company received the Approval certificate of Taiwan, Hong Kong, Macao and overseas Chinese investment enterprises of the People’s Republic of China with the code of Foreign Capital Approval NO, A[2004]0201”, and was formally established on December 3, 2004 as a sole proprietorship (Hong Kong-owned) enterprise. The unified social credit code is 91440300717853000C, and the operating period is 40 years.

According to the Company’s board of directors’ resolution on October 10, 2007 and the revised articles of association, ATE Unique Consolidators Limited, the Company’s original shareholder, transferred its shares to Unique Logistics International (HK) Limited. The change was approved and registered by Shenzhen Administration for Industry and Commerce on June 21, 2008.

The Company’s business scopes include international import and export cargo air and ocean freight agency services, including: soliciting cargo, booking space, warehousing, transit, container assembly and unpacking, settlement of freight and miscellaneous charges, customs declaration, inspection, insurance, international exhibits, multimodal transportation and other short-distance transportation and transportation consulting related services, non-vessel operating common carrier business, non-residential real estate leasing

The financial statements were approved and authorized for issue, upon the resolution of the Company’s Management meeting on February 3, 2023.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Basis of Preparation

Based on going concern, according to actually occurred transactions and events, the Company prepares its financial statements in accordance with the Accounting Standards for Business Enterprises — Basic standards and concrete accounting standards, Accounting Standards for Business Enterprises — Application Guidelines, Accounting Standards for Business Enterprises — Interpretations and other relevant provisions (collectively known as “Accounting Standards for Business Enterprises, issued by Ministry of Finance of PRC”).

2.2 Going Concern

The Company has assessed its ability to continually operate for the next twelve months from the end of the reporting period, and no any matters that may result in doubt on its ability as a going concern were noted. Therefore, it is reasonable for the Company to prepare financial statements on the going concern basis.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The following significant accounting policies and accounting estimates of the Company are formulated in accordance with the Accounting Standards for Business Enterprises. Businesses not mentioned are complied with relevant accounting policies of the Accounting Standards for Business Enterprises.

3.1 Statement of Compliance with the Accounting Standards for Business Enterprises

The Company prepares its financial statements in accordance with the requirements of the Accounting Standards for Business Enterprises, truly and completely reflecting the Company's financial position as at October 31, 2022, and its operating results, changes in shareholders' equity, cash flows and other related information for the ten months ended October 31, 2022.

3.2 Accounting Period

The accounting year of the Company is from January 1 to December 31 in calendar year.

3.3 Operating Cycle

The normal operating cycle of the Company is twelve months.

3.4 Functional Currency

The Company takes Renminbi Yuan ("RMB") as the functional currency.

3.5 Cash and Cash Equivalents

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents include short-term (generally within three months of maturity at acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.6 Foreign Currency Transactions and Translation of Foreign Currency Financial Statements

(a) Determination of the exchange rate for foreign currency transactions

At the time of initial recognition of a foreign currency transaction, the amount in the foreign currency shall be translated into the amount in the functional currency at the spot exchange rate of the transaction date, or at an exchange rate which is determined through a systematic and reasonable method and is approximate to the spot exchange rate of the transaction date (hereinafter referred to as the approximate exchange rate).

(b) Translation of monetary items denominated in foreign currency on the balance sheet date

The foreign currency monetary items shall be translated at the spot exchange rate on the balance sheet date. The balance of exchange arising from the difference between the spot exchange rate on the balance sheet date and the spot exchange rate at the time of initial recognition or prior to the balance sheet date shall be recorded into the profits and losses at the current period. The foreign currency non-monetary items measured at the historical cost shall still be translated at the spot exchange rate on the transaction date; for the foreign currency non-monetary items restated to a fair value measurement, shall be translated into the at the spot exchange rate at the date when the fair value was determined, the difference between the restated functional currency amount and the original functional currency amount shall be recorded into the profits and losses at the current period.

(c) Translation of foreign currency financial statements

Before translating the financial statements of foreign operations, the accounting period and accounting policy shall be adjusted so as to conform to the Company. The adjusted foreign operation financial statements denominated in foreign currency (other than functional currency) shall be translated in accordance with the following method;

(i) The asset and liability items in the statement of financial position shall be translated at the spot exchange rates at the date of that statement of financial position. The owner's equity items except undistributed profit shall be translated at the spot exchange rates when they are incurred.

(ii) The income and expense items in the statement of profit and other comprehensive income shall be translated at the spot exchange rates or approximate exchange rate at the date of transaction.

(iii) Foreign currency cash flows and cash flows of foreign company shall be translated at the spot exchange rate or approximate exchange rate when the cash flows are incurred. The effect of exchange rate changes on cash is presented separately in the statement of cash flows as an adjustment item.

(iv) The differences arising from the translation of foreign currency financial statements shall be presented separately as “other comprehensive income” under the owner’s equity items of the consolidated statement of financial position.

When disposing a foreign operation involving loss of control, the cumulative amount of the exchange differences relating to that foreign operation recognised under other comprehensive income in the statement of financial position, shall be reclassified into current profit or loss according to the proportion disposed.

3.7 Financial Instruments

Financial instrument is any contract which gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Recognition and derecognition of financial instrument

A financial asset or a financial liability should be recognised in the statement of financial position when, and only when, an entity becomes party to the contractual provisions of the instrument.

A financial asset can only be derecognised when meets one of the following conditions:

- (i) The rights to the contractual cash flows from a financial asset expire
- (ii) The financial asset has been transferred and meets one of the following derecognition conditions:

Financial liabilities (or part thereof) are derecognised only when the liability is extinguished—i.e., when the obligation specified in the contract is discharged or cancelled or expires. An exchange of the Company (borrower) and lender of debt instruments that carry significantly different terms or a substantial modification of the terms of an existing liability are both accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Purchase or sale of financial assets in a regular-way shall be recognised and derecognised using trade date accounting. A regular-way purchase or sale of financial assets is a transaction under a contract whose terms require delivery of the asset within the time frame established generally by regulations or convention in the market place concerned. Trade date is the date at which the entity commits itself to purchase or sell an asset.

(b) Classification and measurement of financial assets

At initial recognition, the Company classified its financial asset based on both the business model for managing the financial asset and the contractual cash flow characteristics of the financial asset: financial asset at amortised cost, financial asset at fair value through profit or loss (FVTPL) and financial asset at fair value through other comprehensive income (FVTOCI). Reclassification of financial assets is permitted if, and only if, the objective of the entity's business model for managing those financial assets changes. In this circumstance, all affected financial assets shall be reclassified on the first day of the first reporting period after the changes in business model; otherwise the financial assets cannot be reclassified after initial recognition.

Financial assets shall be measured at initial recognition at fair value. For financial assets measured at FVTPL, transaction costs are recognised in current profit or loss. For financial assets not measured at FVTPL, transaction costs should be included in the initial measurement. Notes receivable or accounts receivable that arise from sales of goods or rendering of services are initially measured at the transaction price defined in the accounting standard of revenue where the transaction does not include a significant financing component.

Subsequent measurement of financial assets will be based on their categories:

(i) Financial asset at amortised cost

The financial asset at amortised cost category of classification applies when both the following conditions are met: the financial asset is held within the business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual term of the financial asset gives rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding. These financial assets are subsequently measured at amortised cost by adopting the effective interest rate method. Any gain or loss arising from derecognition according to the amortization under effective interest rate method or impairment are recognised in current profit or loss.

(ii) Financial asset at fair value through other comprehensive income (FVTOCI)

The financial asset at FVTOCI category of classification applies when both the following conditions are met: the financial asset is held within the business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual term of the financial asset gives rise on specified dates to cash flows that are solely payment of principle and interest on the principal amount outstanding. All changes in fair value are recognised in other comprehensive income except for gain or loss arising from impairment or exchange differences, which should be recognised in current profit or loss. At derecognition, cumulative gain or loss previously recognised under OCI is reclassified to current profit or loss. However, interest income calculated based on the effective interest rate is included in current profit or loss.

The Company make an irrevocable decision to designate part of non-trading equity instrument investments as measured through FVTOCI. All changes in fair value are recognised in other comprehensive income except for dividend income recognised in current profit or loss. At derecognition, cumulative gain or loss are reclassified to retained earnings.

(iii) Financial asset at fair value through profit or loss (FVTPL)

Financial asset except for above mentioned financial asset at amortised cost or financial asset at fair value through other comprehensive income (FVTOCI), should be classified as financial asset at fair value through profit or loss (FVTPL). These financial assets should be subsequently measured at fair value. All the changes in fair value are included in current profit or loss.

(c) Classification and measurement of financial liabilities

The Company classified the financial liabilities as financial liabilities at fair value through profit or loss (FVTPL), loan commitments at a below-market interest rate and financial guarantee contracts and financial asset at amortised cost.

Subsequent measurement of financial assets will be based on the classification:

(i) Financial liabilities at fair value through profit or loss (FVTPL)

Held-for-trading financial liabilities (including derivatives that are financial liabilities) and financial liabilities designated at FVTPL are classified as financial liabilities at FVTP. After initial recognition, any gain or loss (including interest expense) are recognised in current profit or loss except for those hedge accounting is applied. For financial liability that is designated as at FVTPL, changes in the fair value of the financial liability that is attributable to changes in the own credit risk of the issuer shall be presented in other comprehensive income. At derecognition, cumulative gain or loss previously recognised under OCI is reclassified to retained earnings.

(ii) Loan commitments and financial guarantee contracts

Loan commitment is a commitment by the Company to provide a loan to customer under specified contract terms. The provision of impairment losses of loan commitments shall be recognised based on expected credit losses model.

Financial guarantee contract is a contract that requires the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument, Financial guarantee contracts liability shall be subsequently measured at the higher of: The amount of the loss allowance recognised according to the impairment principles of financial instruments; and the amount initially recognised less the cumulative amount of income recognised in accordance with the revenue principles.

(iii) Financial liabilities at amortised cost

After initial recognition, the Company measured other financial liabilities at amortised cost using the effective interest method.

Except for special situation, financial liabilities and equity instrument should be classified in accordance with the following principles:

(i) If the Company has no unconditional right to avoid delivering cash or another financial instrument to fulfill a contractual obligation, this contractual obligation meet the definition of financial liabilities. Some financial instruments do not comprise terms and conditions related to obligations of delivering cash or another financial instrument explicitly, they may include contractual obligation indirectly through other terms and conditions.

(ii) If a financial instrument must or may be settled in the Company's own equity instruments, it should be considered that the Company's own equity instruments are alternatives of cash or another financial instrument, or to entitle the holder of the equity instruments to sharing the remaining rights over the net assets of the issuer. If the former is the case, the instrument is a liability of the issuer; otherwise, it is an equity instrument of the issuer. Under some circumstances, it is regulated in the contract that the financial instrument must or may be settled in the Company's own equity instruments, where, amount of contractual rights and obligations are calculated by multiplying the number of the equity instruments to be available or delivered by its fair value upon settlement. Such contracts shall be classified as financial liabilities, regardless that the amount of contractual rights and liabilities is fixed, or fluctuate totally or partially with variables other than market price of the entity's own equity instruments (such as interest rate, price of some kind of goods or some kind of financial instrument).

(d) Derivatives and embedded derivatives

At initial recognition, derivatives shall be measured at fair value at the date of derivative contracts are signed and subsequently measured at fair value. The derivative with a positive fair value shall be recognized as an asset, and with a negative fair value shall be recognised as a liability.

Gains or losses arising from the changes in fair value of derivatives shall be recognised directly into current profit or loss except for the effective portion of cash flow hedges which shall be recognised in other comprehensive income and reclassified into current profit or loss when the hedged items affect profit or loss.

An embedded derivative is a component of a hybrid contract with a financial asset as a host, the Company shall apply the requirements of financial asset classification to the entire hybrid contract. If a host that is not a financial asset and the hybrid contract is not measured at fair value with changes in fair value recognised in profit or loss, and the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host, and a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, the embedded derivative shall be separated from the hybrid instrument and accounted for as a separate derivative instrument. If the Company is unable to measure the fair value of the embedded derivative at the acquisition date or subsequently at the balance sheet date, the entire hybrid contract is designated as financial assets or financial liabilities at fair value through profit or loss.

(e) Impairment of financial instrument

The Company shall recognise a loss allowance based on expected credit losses on a financial asset that is measured at amortised cost, a debt investment at fair value through other comprehensive income, a contract asset, a lease receivable, a loan commitment and a financial guarantee contract.

(i) Measurement of expected credit losses

Expected credit losses are the weighted average of credit losses of the financial instruments with the respective risks of a default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (ie all cash shortfalls), discounted at the original effective interest rate or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date (or the expected lifetime, if the expected life of a financial instrument is less than 12 months).

At each reporting date, the Company classifies financial instruments into three stages and makes provisions for expected credit losses accordingly. A financial instrument of which the credit risk has not significantly increased since initial recognition is at stage 1. The Company shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. A financial instrument with a significant increase in credit risk since initial recognition but is not considered to be credit-impaired is at stage 2. The Company shall measure the loss allowance for that financial instrument at an amount equal to the lifetime expected credit losses. A financial instrument is considered to be credit-impaired as at the end of the reporting period is at stage 3. The Company shall measure the loss allowance for that financial instrument at an amount equal to the lifetime expected credit losses.

The Company may assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date and measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

For financial instrument at stage 1, stage 2 and those have low credit risk, the interest revenue shall be calculated by applying the effective interest rate to the gross carrying amount of a financial asset (ie, impairment loss not been deducted). For financial instrument at stage 3, interest revenue shall be calculated by applying the effective interest rate to the amortised cost after deducting of impairment loss.

For notes receivable, accounts receivable and accounts receivable financing, no matter it contains a significant financing component or not, the Company shall measure the loss allowance at an amount equal to the lifetime expected credit losses.

Receivables/Contract assets

For the notes receivable, accounts receivable, other receivables, accounts receivable financing and long-term receivables which are demonstrated to be impaired by any objective evidence, or applicable for individual assessment, the Company shall individually assess for impairment and recognise the loss allowance for expected credit losses. If the Company determines that no objective evidence of impairment exists for notes receivable, accounts receivable, other receivables, accounts receivable financing and long-term receivables, or the expected credit loss of a single financial asset cannot be assessed at reasonable cost, such notes receivable, accounts receivable, other receivables, accounts receivable financing and long-term receivables shall be divided into several groups with similar credit risk characteristics and collectively calculated the expected credit loss. The determination basis of groups is as following:

Determination basis of accounts receivable is as following:

Group 1: Accounts receivables due from related parties

Group 2: Accounts receivables due from customers

For each group, the Company calculates expected credit losses through preparing an aging analysis schedule with the lifetime expected credit losses rate, taking reference to historical experience for credit losses and considering current condition and expectation for the future economic situation.

Determination basis of other receivables is as following:

Group 1: Other receivables due from related parties

Group 2: Deposit

Group 3: Others

For each group, the Company calculates expected credit losses through default exposure and the 12-months or lifetime expected credit losses rate, taking reference to historical experience for credit losses and considering current condition and expectation for the future economic situation.

Debt investment cmcl other debt investment

For debt investment and other debt investment, the Company shall calculate the expected credit loss through the default exposure and the 12-month or lifetime expected credit loss rate based on the nature of the investment, counterparty and the type of risk exposure.

(ii) Low credit risk

If the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

(iii) Significant increase in credit risk

The Company shall assess whether the credit risk on a financial instrument has increased significantly since initial recognition, using the change in the risk of a default occurring over the expected life of the financial instrument, through the comparison of the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition.

To make that assessment, the Company shall consider reasonable and supportable information, that is available without undue cost or effort, and that is indicative of significant increases in credit risk since initial recognition, including forward-looking information. The information considered by the Company are as following:

- Significant changes in internal price indicators of credit risk as a result of a change in credit risk since inception
- Existing or forecast adverse change in the business, financial or economic conditions of the borrower that results in a significant change in the borrower's ability to meet its debt obligations;
- An actual or expected significant change in the operating results of the borrower; An actual or expected significant adverse change in the regulatory, economic, or technological environment of the borrower;
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements, which are expected to reduce the borrower's economic incentive to make scheduled contractual payments or to otherwise influence the probability of a default occurring;
- Significant change that are expected to reduce the borrower's economic incentive to make scheduled contractual payments;
- Expected changes in the loan documentation including an expected breach of contract that may lead to covenant waivers or amendments, interest payment holidays, interest rate step-ups, requiring additional collateral or guarantees, or other changes to the contractual framework of the instrument;
- Significant changes in the expected performance and behavior of the borrower;
- Contractual payments are more than 30 days past due.

Depending on the nature of the financial instruments, the Company shall assess whether the credit risk has increased significantly since initial recognition on an individual financial instrument or a group of financial instruments. When assessed based on a group of financial instruments, the Company can group financial instruments on the basis of shared credit risk characteristics, for example, past due information and credit risk rating.

Generally, the Company shall determine the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. The Company can only rebut this presumption if the Company has reasonable and supportable information that is available without undue cost or effort, that demonstrates that the credit risk has not increased significantly since initial recognition even though the contractual payments are more than 30 days past due.

(iv) Credit-impaired financial asset

The Company shall assess at each reporting date whether the credit impairment has occurred for financial asset at amortised cost and debt investment at fair value through other comprehensive income. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidences that a financial asset is credit-impaired include observable data about the following events:

Significant financial difficulty of the issuer or the borrower; a breach of contract, such as a default or past due event; the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

(v) Presentation of impairment of expected credit loss

In order to reflect the changes of credit risk of financial instrument since initial recognition, the Company shall at each reporting date remeasure the expected credit loss and recognise in profit or loss, as an impairment gain or loss, the amount of expected credit losses addition (or reversal). For financial asset at amortised cost, the loss allowance shall reduce the carrying amount of the financial asset in the statement of financial position; for debt investment at fair value through other comprehensive income, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statement of financial position.

(vi) Write-off

The Company shall directly reduce the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering the contractual cash flow of a financial asset in its entirety or a portion thereof. Such write-off constitutes a derecognition of the financial asset. This circumstance usually occurs when the Company determines that the debtor has no assets or sources of income that could generate sufficient cash flow to repay the write-off amount.

Recovery of financial asset written off shall be recognised in profit or loss as reversal of impairment loss.

(f) Transfer of financial assets

Transfer of financial assets refers to following two situations:

- Transfers the contractual rights to receive the cash flows of the financial asset;
- Transfers the entire or a part of a financial asset and retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients,

(i) Derecognition of transferred assets

If the Company transfers substantially all the risks and rewards of ownership of the financial asset, or neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but has not retained control of the financial asset, the financial asset shall be derecognised.

Whether the Company has retained control of the transferred asset depends on the transferee's ability to sell the asset. If the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer, the Company has not retained control.

The Company judges whether the transfer of financial asset qualifies for derecognition based on the substance of the transfer.

If the transfer of financial asset qualifies for derecognition in its entirety, the difference between the following shall be recognised in profit or loss:

- The carrying amount of transferred financial asset;
- The sum of consideration received and the part derecognised of the cumulative changes in fair value previously recognised in other comprehensive income (The financial assets involved in the transfer are classified as financial assets at fair value through other comprehensive income in accordance with Article 18 of *the Accounting Standards for Business Enterprises - Recognition and Measurement of Financial Instruments*).

If the transferred asset is a part of a larger financial asset and the part transferred qualifies for derecognition, the previous carrying amount of the larger financial asset shall be allocated between the part that continues to be recognised (For this purpose, a retained servicing asset shall be treated as a part that continues to be recognised) and the part that is derecognised, based on the relative fair values of those parts on the date of the transfer. The difference between following two amounts shall be recognised in profit or loss:

- The carrying amount (measured at the date of derecognition) allocated to the part derecognised;
- The sum of the consideration received for the part derecognised and part derecognised of the cumulative changes in fair value previously recognised in other comprehensive income (The financial assets involved in the transfer are classified as financial assets at fair value through other comprehensive income in accordance with Article 18 of the *Accounting Standards for Business Enterprises - Recognition and Measurement of Financial Instruments*).

(ii) Continuing involvement in transferred assets

If the Company neither transfers nor retains substantially all the risks and rewards of ownership of a transferred asset, and retains control of the transferred asset, the Company shall continue to recognise the transferred asset to the extent of its continuing involvement and also recognise an associated liability.

The extent of the Company's continuing involvement in the transferred asset is the extent to which it is exposed to changes in the value of the transferred asset

(iii) Continue to recognise the transferred assets

If the Company retains substantially all the risks and rewards of ownership of the transferred financial asset, the Company shall continue to recognise the transferred asset in its entirety and the consideration received shall be recognised as a financial liability.

The financial asset and the associated financial liability shall not be offset. In subsequent accounting period, the Company shall continuously recognise any income (gain) arising from the transferred asset and any expense (loss) incurred on the associated liability.

(g) Offsetting financial assets and financial liabilities

Financial assets and financial liabilities shall be presented separately in the statement of financial position and shall not be offset. When meets the following conditions, financial assets and financial liabilities shall be offset and the net amount presented in the statement of financial position:

The Company currently has a legally enforceable right to set off the recognised amounts; The Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously,

In accounting for a transfer of a financial asset that does not qualify for derecognition, the Company shall not offset the transferred asset and the associated liability.

(h) Determination of fair value of financial instruments

Determination of fair value of financial assets and financial liabilities please refer to Note 3.12

3.8 Fair Value Measurement

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company determines fair value of the related assets and liabilities based on market value in the principal market, or in the absence of a principal market, in the most advantageous market price for the related asset or liability. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The principal market is the market in which transactions for an asset or liability take place with the greatest volume and frequency. The most advantageous market is the market which maximizes the value that could be received from selling the asset and minimizes the value which is needed to be paid in order to transfer a liability, considering the effect of transport costs and transaction costs both.

If the active market of the financial asset or financial liability exists, the Company shall measure the fair value using the quoted price in the active market. If the active market of the financial instrument is not available, the Company shall measure the fair value using valuation techniques.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use,

- Valuation techniques

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, including the market approach, the income approach and the cost approach. The Company shall use valuation techniques consistent with one or more of those approaches to measure fair value. If multiple valuation techniques are used to measure fair value, the results shall be evaluated considering the reasonableness of the range of values indicated by those results. A fair value measurement is the point within that range that is most representative of fair value in the circumstances.

When using the valuation technique, the Company shall give the priority to relevant observable inputs. The unobservable inputs can only be used when relevant observable inputs is not available or practically would not be obtained. Observable inputs refer to the information which is available from market and reflects the assumptions that market participants would use when pricing the asset or liability. Unobservable Inputs refer to the information which is not available from market and it has to be developed using the best information available in the circumstances from the assumptions that market participants would use when pricing the asset or liability.

- Fair value hierarchy

To Company establishes a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to Level 1 inputs and second to the Level 2 inputs and the lowest priority to Level 3 inputs. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

3.9 Long-term Equity Investments

Long-term equity investments refer to equity investments where an investor has control of, or significant influence over, an investee, as well as equity investments in joint ventures. Associates of the Company are those entities over which the Company has significant influence.

(a) Determination basis of joint control or significant influence over the investee

Joint control is the relevant agreed sharing of control over an arrangement, and the arranged relevant activity must be decided under unanimous consent of the parties sharing control. In assessing whether the Company has joint control of an arrangement, the Company shall assess first whether all the parties, or a group of the parties, control the arrangement. When all the parties, or a group of the parties, considered collectively, are able to direct the activities of the arrangement, the parties control the arrangement collectively. Then the Company shall assess whether decisions about the relevant activities require the unanimous consent of the parties that collectively control the arrangement. If two or more groups of the parties could control the arrangement collectively, it shall not be assessed as have joint control of the arrangement. When assessing the joint control, the protective rights are not considered.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. In determination of significant influence over an investee, the Company should consider not only the existing voting rights directly or indirectly held but also the effect of potential voting rights held by the Company and other entities that could be currently exercised or converted, including the effect of share warrants, share options and convertible corporate bonds that issued by the investee and could be converted in current period.

If the Company holds, directly or indirectly 20% or more but less than 50% of the voting power of the investee, it is presumed that the Company has significant influence of the investee, unless it can be clearly demonstrated that in such circumstance, the Company cannot participate in the decision-making in the production and operating of the investee.

(b) Determination of initial investment cost**(i) Long-term equity investments generated in business combinations**

For a business combination involving enterprises under common control, if the Company makes payment in cash, transfers non-cash assets or bears liabilities as the consideration for the business combination, the share of carrying amount of the owner's equity of the acquiree in the consolidated financial statements of the ultimate controlling party is recognised as the initial cost of the long-term equity investment on the combination date. The difference between the initial investment cost and the carrying amount of cash paid, non-cash assets transferred and liabilities assumed shall be adjusted against the capital reserve; if capital reserve is not enough to be offset, undistributed profit shall be offset in turn.

For a business combination involving enterprises under common control, if the Company issues equity securities as the consideration for the business combination, the share of carrying amount of the owner's equity of the acquiree in the consolidated financial statements of the ultimate controlling party is recognised as the initial cost of the long-term equity investment on the combination date. The total par value of the shares issued is recognised as the share capital. The difference between the initial investment cost and the carrying amount of the total par value of the shares issued shall be adjusted against the capital reserve; if capital reserve is not enough to be offset, undistributed profit shall be offset in turn.

For business combination not under common control, the assets paid, liabilities incurred or assumed and the fair value of equity securities issued to obtain the control of the acquiree at the acquisition date shall be determined as the cost of the business combination and recognised as the initial cost of the long-term equity investment. The audit, legal, valuation and advisory fees, other intermediary fees, and other relevant general administrative costs incurred for the business combination, shall be recognised in profit or loss as incurred.

(ii) Long-term equity investments acquired not through the business combination, the investment cost shall be determined based on the following requirements:

For long-term equity investments acquired by payments in cash, the initial cost is the actually paid purchase cost, including the expenses, taxes and other necessary expenditures directly related to the acquisition of long-term equity investments.

For long-term equity investments acquired through issuance of equity securities, the initial cost is the fair value of the issued equity securities.

For the long-term equity investments obtained through exchange of non-monetary assets, if the exchange has commercial substance, and the fair values of assets traded out and traded in can be measured reliably, the initial cost of long-term equity investment traded in with non-monetary assets are determined based on the fair values of the assets traded out together with relevant taxes. Difference between fair value and book value of the assets traded out is recorded in current profit or loss. If the exchange of non-monetary assets does not meet the above criterion, the book value of the assets traded out and relevant taxes are recognised as the initial investment cost.

For long-term equity investment acquired through debt restructuring, the initial cost is determined based on the fair value of the equity obtained and the difference between initial investment cost and carrying amount of debts shall be recorded in current profit or loss.

(c) Subsequent measurement and recognition of profit or loss

Long-term equity investment to an entity over which the Company has ability of control shall be accounted for at cost method. Long-term equity investment to a joint venture or an associate shall be accounted for at equity method.

(i) Cost method

For Long-term equity investment at cost method, cost of the long-term equity investment shall be adjusted when additional amount is invested or a part of it is withdrawn. The Company recognises its share of cash dividends or profits which have been declared to distribute by the investee as current investment income.

(ii) Equity method

If the initial cost of the investment is in excess of the share of the fair value of the net identifiable assets in the investee at the date of investment, the difference shall not be adjusted to the initial cost of long-term equity investment; if the initial cost of the investment is in short of the share of the fair value of the net identifiable assets in the investee at the date investment, the difference shall be included in the current profit or loss and the initial cost of the long-term equity investment shall be adjusted accordingly.

The Company recognises the share of the investee's net profits or losses, as well as its share of the investee's other comprehensive income, as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. The carrying amount of the investment shall be reduced by the share of any profit or cash dividends declared to distribute by the investee. The investor's share of the investee's owner's equity changes, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution, shall be recognised in the investor's equity, and the carrying amount of the long-term equity investment shall be adjusted accordingly. The Company recognises its share of the investee's net profits or losses after making appropriate adjustments of investee's net profit based on the fair values of the investee's identifiable net assets at the investment date. If the accounting policy and accounting period adopted by the investee is not in consistency with the Company, the financial statements of the investee shall be adjusted according to the Company's accounting policies and accounting period, based on which, investment income or loss and other comprehensive income, etc., shall be adjusted. The unrealized profits or losses resulting from inter-company transactions between the company and its associate or joint venture is eliminated in proportion to the company's equity interest in the investee, based on which investment income or losses shall be recognised. Any losses resulting from inter-company transactions between the investor and the investee, which belong to asset impairment, shall be recognised in full.

Where the Company obtains the power of joint control or significant influence, but not control, over the investee, due to additional investment or other reason, the relevant long-term equity investment shall be accounted for by using the equity method, initial cost of which shall be the fair value of the original investment plus the additional investment. Where the original investment is classified as other equity investment, difference between its fair value and the carrying value, in addition to the cumulative changes in fair value previously recorded in other comprehensive income, shall be recognised into retained earnings of the period of using equity method.

If the Company loses the joint control or significant influence of the investee for some reasons such as disposal of equity investment, the retained interest shall be measured at fair value and the difference between the carrying amount and the fair value at the date of loss the joint control or significant influence shall be recognised in profit or loss. When the Company discontinues the use of the equity method, the Company shall account for all amounts previously recognised in other comprehensive income under equity method in relation to that investment on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities.

(d) Impairment testing and provision for impairment loss

For investment in associates or a joint venture, provision for impairment loss please refer to Note 3.12.

3.10 Fixed Assets

Fixed assets refer to the tangible assets with higher unit price held for the purpose of producing commodities, rendering services, renting or business management with useful lives exceeding one year.

(a) Recognition criteria of fixed assets

Fixed assets will only be recognised at the actual cost paid when obtaining as all the following criteria are satisfied:

- (i) It is probable that the economic benefits relating to the fixed assets will flow into the Company;
- (ii) The costs of the fixed assets can be measured reliably.

Subsequent expenditure for fixed assets shall be recorded in cost of fixed assets, if recognition criteria of fixed assets are satisfied, otherwise the expenditure shall be recorded in current profit or loss when incurred.

(b) Depreciation methods of fixed assets

The Company begins to depreciate the fixed asset from the next month after it is available for intended use using the straight-line-method. The estimated useful life and annual depreciation rates which are determined according to the categories, estimated economic useful lives and estimated net residual rates of fixed assets are listed as followings:

Category	Depreciation method	Estimated useful life (year)	Residual rates (%)	Annual depreciation rates (%)
	Straight Line			
Office equipment	Method	5	10	18
	Straight Line			
Vehicles	Method	5	10	18
Furniture and	Straight Line			
Accessories	Method	5	10	18

For the fixed assets with impairment provided, the impairment provision should be excluded from the cost when calculating depreciation.

At the end of reporting period, the Company shall review the useful life, estimated net residual value and depreciation method of the fixed assets. Estimated useful life of the fixed assets shall be adjusted if it is changed compared to the original estimation.

3.11 Intangible Assets**(a) Measurement method of intangible assets**

Intangible assets are recognised at actual cost at acquisition.

(b) The useful life and amortisation of intangible assets

(i) The estimated useful lives of the intangible assets with finite useful lives are as follows:

Category	Estimated useful life	Basis
Software	5 years	The service life is determined by reference to the period that can bring economic benefits to the Company

For intangible assets with finite useful life, the estimated useful life and amortisation method are reviewed annually at the end of each reporting period and adjusted when necessary. No change has incurred in current year in the estimated useful life and amortisation method upon review.

(ii) Assets of which the period to bring economic benefits to the Company are unforeseeable are regarded as intangible assets with indefinite useful lives. The Company reassesses the useful lives of those assets at every year end. If the useful lives of those assets are still indefinite, impairment test should be performed on those assets at the balance sheet date.

(iii) Amortisation of the intangible assets

For intangible assets with finite useful lives, their useful lives should be determined upon their acquisition and systematically amortised on a straight-line basis [units of production method] over the useful life. The amortisation amount shall be recognised into current profit or loss according to the beneficial items. The amount to be amortised is cost deducting residual value. For intangible assets which has impaired, the cumulative impairment provision shall be deducted as well. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless: there is a commitment by a third party to purchase the asset at the end of its useful life; or there is an active market for the asset and residual value can be determined by reference to that market; and it is probable that such a market will exist at the end of the asset's useful life.

Intangible assets with indefinite useful lives shall not be amortised. The Company reassesses the useful lives of those assets at every year end. If there is evidence to indicate that the useful lives of those assets become finite, the useful lives shall be estimated and the intangible assets shall be amortised systematically and reasonably within the estimated useful lives.

(c) Criteria of classifying expenditures on internal research and development projects into research phase and development phase

Preparation activities related to materials and other relevant aspects undertaken by the Company for the purpose of further development shall be treated as research phase.

Expenditures incurred during the research phase of internal research and development projects shall be recognised in profit or loss when incurred.

Development activities after the research phase of the Company shall be treated as development phase.

(d) Criteria for capitalization of qualifying expenditures during the development phase

Expenditures arising from development phase on internal research and development projects shall be recognised as intangible assets only if all of the following conditions have been met:

- (i) Technical feasibility of completing the intangible assets so that they will be available for use or sale;
- (ii) Its intention to complete the intangible asset and use or sell it;
- (iii) The method that the intangible assets generate economic benefits, including the Company can demonstrate the existence of a market for the output of the intangible assets or the intangible assets themselves or, if it is to be used internally, the usefulness of the intangible assets;
- (iv) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (v) Its ability to measure reliably the expenditure attributable to the intangible asset.

3.12 Impairment of Long-Term Assets

Impairment loss of long-term equity investment in associates and joint ventures (excluding inventories, investment properties measured at fair value, deferred tax assets, financial assets), shall be determined according to following method:

The Company shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Company shall estimate the recoverable amount of the asset and test for impairment. Irrespective of whether there is any indication of impairment, the Company shall test for impairment of goodwill acquired in a business combination, intangible assets with an indefinite useful life or intangible assets not yet available for use annually.

The recoverable amounts of the long-term assets are the higher of their fair values less costs to dispose and the present values of the estimated future cash flows of the long term assets. The Company estimate the recoverable amounts on an individual basis. If it is difficult to estimate the recoverable amount of the individual asset, the Company estimates the recoverable amount of the groups of assets that the individual asset belongs to. Identification of a group of asset is based on whether the cash inflows from it are largely independent of the cash inflows from other assets or groups of assets.

If, and only if, the recoverable amount of an asset or a group of assets is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount and the provision for impairment loss shall be recognised accordingly.

For the purpose of impairment testing, goodwill acquired in a business combination shall, from the acquisition date, be allocated to relevant group of assets based on reasonable method; if it is difficult to allocate to relevant group of assets, good will shall be allocated to relevant combination of asset groups. The relevant group of assets or combination of asset groups is a group of assets or combination of asset groups that is benefit from the synergies of the business combination and is not larger than the reporting segment determined by the Company.

When test for impairment, if there is an indication that relevant group of assets or combination of asset groups may be impaired, impairment testing for group of assets or combination of asset groups excluding goodwill shall be conducted first, and the recoverable amount shall be then calculated and the impairment loss shall be recognised accordingly. Then the group of assets or combination of asset groups including goodwill shall be tested for impairment, by comparing the carrying amount with its recoverable amount. If the recoverable amount is less than the carrying amount, the Company shall recognise the impairment loss.

The mentioned impairment loss will not be reversed in subsequent accounting period once it had been recognised.

3.13 Long-term Deferred Expenses

Long-term deferred expenses are various expenses already incurred, which shall be amortised over current and subsequent periods with the amortisation period exceeding one year.

Long-term deferred expenses are evenly amortised over the beneficial period and the amortised period for each expense are as following:

Item	Amortisation period
Improvement expenditure of fixed assets under lease	5 years

3.14 Employee Benefits

Employee benefits refer to all forms of consideration or compensation given by the Company in exchange for service rendered by employees or for the termination of employment relationship. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. Benefits provided to an employee's spouse, children, dependents, family members of deceased employees, or other beneficiaries are also employee benefits.

According to liquidity, employee benefits are presented in the statement of financial position as "Employee benefits payable" and "Long-term employee benefits payable".

(a) Short-term employee benefits**(i) Employee basic salary (salary, bonus, allowance, subsidy)**

The Company recognises, in the accounting period in which an employee provides service, actually occurred short-term employee benefits as a liability, with a corresponding charge to current profit except for those recognised as capital expenditure based on the requirement of accounting standards.

(ii) Employee welfare

The Company shall recognise the employee welfare based on actual amount when incurred into current profit or loss or related capital expenditure. Employee welfare shall be measured at fair value as it is a non-monetary benefits.

(iii) Social insurance such as medical insurance, work injury insurance and maternity insurance, housing funds, labor union fund and employee education fund

Payments made by the Company of social insurance for employees, such as medical insurance, work injury insurance and maternity insurance, payments of housing funds, and labor union fund and employee education fund accrued in accordance with relevant requirements, in the accounting period in which employees provide services, is calculated according to required accrual bases and accrual ratio in determining the amount of employee benefits and the related liabilities, which shall be recognised in current profit or loss or the cost of relevant asset.

(b) Post-employment benefits**Defined contribution plans**

The Company shall recognise, in the accounting period in which an employee provides service, the contribution payable to a defined contribution plan as a liability, with a corresponding charge to the current profit or loss or the cost of a relevant asset.

When contributions to a defined contribution plan are not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service, they shall be discounted using relevant discount rate (market yields at the end of the reporting period on high quality corporate bonds in active market or government bonds with the currency and term which shall be consistent with the currency and estimated term of the defined contribution obligations) to measure employee benefits payable.

(c) Termination benefits

The Company providing termination benefits to employees shall recognise an employee benefits liability for termination benefits, with a corresponding charge to the profit or loss of the reporting period, at the earlier of the following dates:

- (i) When the Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal.
- (ii) When the Company recognises costs or expenses related to a restructuring that involves the payment of termination benefits.

If the termination benefits are not expected to be settled wholly before twelve months after the end of the annual reporting period, the Company shall discount the termination benefits using relevant discount rate (market yields at the end of the reporting period on high quality corporate bonds in active market or government bonds with the currency and term which shall be consistent with the currency and estimated term of the defined benefit obligations) to measure the employee benefits.

3.15 Revenue**(a) General Principle**

Revenue is defined as the gross inflow of economic benefits arising in the course of the ordinary activities of the Company when those inflows result in the increases in shareholders' equity, other than increases relating to contributions from shareholders.

The Company shall recognise revenue when it satisfies a performance obligation in the contract as the customer obtains control of a good or service. Control of a good or service refers to the ability to direct the use of, and obtain substantially all of the remaining economic benefits from, the good or service.

When the contract has two or more obligation performances, the Company shall allocate the transaction price to each performance obligation in proportion to a relative stand-alone selling price at contract inception of the promised good or service underlying each performance obligation in the contract and recognize revenue based on the transaction price allocated to each performance obligation.

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. When determining the transaction price of the contract, if the contract includes a variable consideration, the Company shall determine the best estimate of the variable consideration based on the expected value or the most likely amount and include in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. If the contract contains a significant financing component, the Company shall determine the transaction price at an amount that reflects the price that a customer would have paid for the promised goods or services if the customer had paid cash for those goods or services when (or as) they transfer to the customer. The difference between the transaction price and the promised consideration shall be amortised using the effective interest method within the contract period. The Company need not consider the effects of a significant financing component if the period between when the Company transfers control of a good or service to a customer and when the customer pays for that good or service will be one year or less.

The Company satisfies a performance obligation over time, if one of the following criteria is met; otherwise a performance obligation is satisfied at a point in time:

- (i) the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
- (ii) the Company's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced;
- (iii) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

For each performance obligation satisfied over time, the Company shall recognise revenue over time by measuring the progress towards complete satisfaction of that performance obligation, unless those progress cannot be reasonably measured. The Company measures the progress of a performance obligation for the service rendered using input methods (or output methods). In some circumstances, the Company cannot be able to reasonably measure the progress of a performance obligation, but the Company expects to recover the costs incurred in satisfying the performance obligation. In those circumstances, the Company shall recognise revenue only to the extent of the costs incurred until such time that it can reasonably measure the progress of the performance obligation.

The Company shall recognise revenue at the point in which a customer obtains control of a promised good or service if a performance obligation is satisfied at a point in time. To determine the point in time at which a customer obtains control of a promised good or service, the Company shall consider indicators of the transfer of control, which include, but are not limited to, the followings:

- (i) The Company has a present right to payment for the good or service - a customer is presently obliged to pay for the good or service;

- (ii) The Company has transferred legal title of an asset to a customer - the customer has legal title to the asset;
- (iii) The Company has transferred physical possession of an asset to a customer - the customer has physical possession of the asset;
- (iv) The Company has transferred the significant risks and rewards of ownership of the asset to a customer - the customer has the significant risks and rewards of ownership of the asset;

(b) Specific Method

Revenue recognition methods of the Company are as follows:

(a) If the labor service provided by the company starts and is completed in the same fiscal year, the realization of operating income is confirmed when the labor service has been provided, the price is received, or evidence of the price is obtained; the start and completion of the labor service belong to different accounting years, When the total revenue of the labor service contract and the completion degree of the labor service can be reliably determined, the price related to the transaction can flow in, and the cost incurred and the cost to be incurred to complete the labor service can be reliably measured, the operating income is recognized by the percentage of completion method. The realization of long-term contract projects when the contract results can be reasonably foreseen, the realization of operating income shall be confirmed according to the percentage method of the progress of the completed project at the time of closing; otherwise, the income shall be confirmed according to the amount of labor cost that has occurred and is expected to be compensated.

(b) To provide other people with the use of the intangible assets of the enterprise and other receivable royalties income, calculate and confirm the realization of operating income according to the charging time and method stipulated in the relevant contracts and agreements.

3.16 Government Grants

(a) Recognition of government grants

A government grant shall not be recognised until there is reasonable assurance that:

- (i) The Company will comply with the conditions attaching to them; and
- (ii) The grants will be received.

(b) Measurement of government grants

Monetary grants from the government shall be measured at amount received or receivable, and non-monetary grants from the government shall be measured at their fair value or at a nominal value of RMB 1.00 when reliable fair value is not available.

(c) Accounting for government grants**(i) Government grants related to assets**

Government grants pertinent to assets mean the government grants that are obtained by the Company used for purchase or construction, or forming the long-term assets by other ways. Government grants pertinent to assets shall be recognised as deferred income, and should be recognised in profit or loss on a systematic basis over the useful lives of the relevant assets. Grants measured at their nominal value shall be directly recognised in profit or loss of the period when the grants are received. When the relevant assets are sold, transferred, written off or damaged before the assets are terminated, the remaining deferred income shall be transferred into profit or loss of the period of disposing relevant assets.

(ii) Government grants related to income

Government grants other than related to assets are classified as government grants related to income. Government grants related to income are accounted for in accordance with the following principles:

If the government grants related to income are used to compensate the enterprise's relevant expenses or losses in future periods, such government grants shall be recognised as deferred income and included into profit or loss (or write down related expenses) in the same period as the relevant expenses or losses are recognised;

If the government grants related to income are used to compensate the enterprise's relevant expenses or losses incurred, such government grants are directly recognised into current profit or loss (or write down related expenses).

For government grants comprised of part related to assets as well as part related to income, each part is accounted for separately; if it is difficult to identify different part, the government grants are accounted for as government grants related to income as a whole.

Government grants related to daily operation activities are recognised in other income (or write down related expenses) in accordance with the nature of the activities, and government grants irrelevant to daily operation activities are recognised in non-operating income.

3.17 Leases

(a) Identifying a lease

At inception of a contract, the Company shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of one or more identified assets for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company shall assess whether, throughout the period of use, the customer has the right to obtain substantially all of the economic benefits from use of the identified asset and to direct the use of the identified asset.

(b) Identifying a separate lease component

When a contract includes more than one separate lease components, the Company shall separate components of the contract and account for each lease component separately. The right to use an underlying asset is a separate lease component if both conditions have been satisfied; (i) the lessee can benefit from use of the underlying asset either on its own or together with other resources that are readily available to the lessee; (ii) the underlying asset is neither highly dependent on, nor highly interrelated with, the other underlying assets in the contract.

(c) The Company as a lessee

At the commencement date, the Company identifies the lease that has a lease term of 12 months or less and does not contain a purchase option as a short-term lease. A lease qualifies as a lease of a low-value asset if the nature of the asset is such that, when new, the asset is typically of low value. If the Company subleases an asset, or expects to sublease an asset, the head lease does not qualify as a lease of a low-value asset.

For XX asset included in short-term leases or leases for which the underlying asset is of low value/ all the short-term leases or leases for which the underlying asset is of low value, the Company shall recognise the lease payments associated with those leases as cost of relevant asset or expenses in current profit or loss on a straight-line basis /units of production method (or other systematic and rational basis) over the lease term.

Except for the election of simple treatment as short-term lease or lease of a low-value asset as mentioned above, at the commencement date, the Company shall recognise a right-of-use asset and a lease liability.

(i) Right-of-use asset

A right-of-use asset is an asset that represents a lessee's right to use an underlying asset for the lease term.

At the commencement date, the Company shall initially measure the right-of-use asset at cost. The cost of the right-of-use asset shall comprise:

- 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;
- any initial direct costs incurred by the lessee; and
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. The Company recognises and measures the cost in accordance with the recognition criteria and measurement method for estimated liabilities, details please refer to Notes 3,28. Those costs incurred to produce inventories shall be included in the cost of inventories.

The right-of-use asset shall be depreciated according to the categories using straight - line method (or units of production method, double declining balance method and sum of the years digit method). If it is reasonably certain that the ownership of the underlying asset shall be transferred to the lessee by the end of the lease term, the depreciation rate shall be determined based on the classification of the right-of- use asset and estimated residual value rate from the commencement date to the end of the useful life of the underlying asset. Otherwise, the depreciation rate shall be determined based on the classification of the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The depreciation method, estimated useful life, residual rates and annual depreciation rates which are determined according to the categories of right-of-use asset are listed as followings:

Category	Depreciation method	Estimated useful life (year)	Residual rates (%)	Annual depreciation rates (%)
Buildings	Straight Line Method	depend on the contract	0	20-100

(ii) Lease liability

At the commencement date, the lease liability shall be measured at the present value of the lease payments that are not paid at that date. The lease payments included in the measurement of the lease liability comprise the following 5 items:

- fixed payments and in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease;
- amounts expected to be payable by the lessee under residual value guarantees.

In order to calculate the present value of the lease payments, interest rate implicit in the lease shall be used as the discount rate. If that rate cannot be readily determined, the Company shall use the incremental borrowing rate. The difference between the lease payments and its present value shall be recognised as unrecognised financing charges, calculated bases on the discount rate of the present value of the lease payments in each period within the lease term and recorded as interest expense in current profit or loss. Variable lease payments not included in the measurement of lease liabilities shall be recognised in current profit or loss when incurred.

After the commencement date, the Company shall remeasure the lease liability based on the revised present value of the lease payments and adjust the carrying amount of the right-of-use asset if there is a change in the in-substance fixed payments, or change in the amounts expected to be payable under a residual value guarantee, or change in an index or a rate used to determine lease payments, or change in the assessment or exercising of an option to purchase the underlying asset, or an option to extend or terminate the lease.

(d) Lease modifications

(i) A lease modification accounted for as a separate lease

The Company shall account for a modification to a lease as a separate lease, if both:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope.

(ii) A lease modification not accounted for as a separate lease

The Company as a lessee

At the effective date of the lease modification, the Company shall redetermine the lease term of the modified lease and remeasure the lease liability by discounting the revised lease payments using a revised discount rate. The revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the incremental borrowing rate at the effective date of the modification, if the interest rate implicit in the lease cannot be readily determined.

The Company shall account for the remeasurement of the lease liability by:

- decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease or shorten the lease term. The Company shall recognise in profit or loss any gain or loss relating to the partial or full termination of the lease.
- Making a corresponding adjustment to the carrying amount of the right-of-use asset for all other lease modifications.

3.18 Changes in Significant Accounting Policies and Accounting Estimates

(a) Changes in accounting policies

The Company has no significant changes in accounting policies for the reporting period.

(b) Significant changes in accounting estimates

The Company has no significant changes in accounting estimates for the reporting period.

4. TAXATION

4.1 Major Categories of Tax and Tax Rates Applicable to the Company

Categories of tax	Basis of tax assessment	Tax rate
Value added tax (VAT)	Output VATs are calculated and paid on taxable revenues at a tax rate of 6%, and VATs are paid at the net amounts after deducting input VATs for the reporting period	6%
Urban maintenance and construction tax	Urban maintenance and construction taxes are paid on turnover taxes	7%
Educational surcharge	Educational surtaxes are paid on turnover taxes	1%-3%
Enterprise income tax	Enterprise income taxes are paid on taxable profits	25%

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5.1 Cash and Cash Equivalents

Items	October 31, 2022	December 31, 2021
Cash on hand	2,870.75	2,451.23
Cash in bank	1,859,347.29	3,898,694.72
Total	1,862,218.04	3,901,145.95

5.2 Accounts Receivable

(a) Accounts receivable by aging

Aging	October 31, 2022	December 31, 2021
Within 1 year	6,611,998.66	13,648,973.22
Over 1 years	-	12,472.14
Subtotal	6,611,998.66	13,661,445.36
Less: provision for bad debt	-	-
Total	6,611,998.66	13,661,445.36

(b) Top five closing balances by entity

Entity name	Balance as at October 31, 2022	Proportion of the balance to the total accounts receivable (%)	Provision for bad debt
TGF Unique Limited	1,311,146.53	19.83	-
Unique Logistics Inti (south China) Ltd- Guangzhou Branch	979,616.68	14.82	-
ULI (south China) Limited	721,849.76	10.92	-
Reach Win International Logistics Ltd	650,075.14	9.83	-
Cargo-partner Logistics (china) Limited	387,283.28	5.86	-
Total	4,049,971.39	61.25	-

5.3 Advances to Suppliers

Advances to suppliers by aging

Aging	October 31, 2022		December 31, 2021	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	4,053.74	77.66	3,651.57	51.06
Over 1 years	1,166.03	22.34	3,500.24	48.94
Total	5,219.77	100.00	7,151.81	100.00

5.4 Other Receivables**(a) Other receivables by category**

Items	October 31, 2022	December 31, 2021
Interest receivable	-	-
Dividend receivable	-	-
Other receivables*	1,448,504.49	808,483.00
Total	1,448,504.49	808,483.00

(b) Other Receivables**(i) Other receivables by aging**

Aging	October 31, 2022	December 31, 2021
Within 1 year	919,337.15	518,019.13
Over 1 years	529,167.34	290,463.87
Subtotal	1,448,504.49	808,483.00
Less: provision for bad debt	-	-
Total	1,448,504.49	808,483.00

(ii) Other receivables by nature

Nature	October 31, 2022	December 31, 2021
Deposit	1,058,860.74	707,881.21
Others	389,643.75	100,601.79
Subtotal	1,448,504.49	808,483.00
Less: provision for bad debt	-	-
Total	1,448,504.49	808,483.00

5.5 Other Current Assets

Items	October 31, 2022	December 31, 2021
Prepaid corporate income tax	642.79	-

5.6 Long-term Equity Investments

Investees	December 31, 2021	Changes during the reporting period				Changes in other equity
		Increase during the reporting period	Decrease during the reporting period	Gains/(losses) on investments under the equity method	Adjustments of other comprehensive income	
I. Subsidiary						
Across Logistics (Shenzhen) Limited	94,107.60	-	-	-	-	-
II. Joint venture						
Uniquom International Logistics Co., Ltd.	78,423.00	-	-	-	-	-
Total	172,530.60	-	-	-	-	-

(Continued)

Investees	Changes during the reporting period				October 31, 2022	Provision for impairment at October 31, 2022
	Declaration of cash dividends or distribution of profit	Provision for impairment	Exchange rate difference			
I. Subsidiary						
Across Logistics (Shenzhen) Limited	-	-	-10,504.80	-	-	83,602.80
II. Joint venture						
Uniquom International Logistics Co., Ltd.	-	-	-8,754.00	-	-	69,669.00
Total	-	-	-19,258.80	-	-	153,271.80

5.7 Fixed Assets**(a) Fixed assets by category**

Items	October 31, 2022	December 31, 2021
Fixed assets	118,960.09	135,572.49
Disposal of fixed assets	-	-
Total	118,960.09	135,572.49

(b) Fixed assets**(c) General information of fixed assets**

Items	Office equipment	Motor Vehicle	Furniture and Fixtures	Total
Initial cost:				
Balance as at December 31, 2021	78,138.21	118,908.19	9,241.84	206,288.24
Increase during the reporting period				
(i) Acquisition	9,801.02	-	17,438.64	27,239.66
Decrease during the reporting period				
(i) Disposal	1,894.80	-	-	1,894.80
Exchange rate difference	-9,285.36	-13,273.17	-2,273.76	-24,832.29
Balance as at October 31, 2022	76,759.07	105,635.02	24,406.72	206,800.81
Accumulated depreciation:				
Balance as at December 31, 2021	44,439.67	20,646.05	5,630.03	70,715.75
Increase during the reporting period				
(i) Provision	7,815.90	17,010.16	3,653.83	28,479.89
Decrease during the reporting period				
(i) Disposal	1,542.53	-	-	1,542.53
Exchange rate difference	-5,407.44	-3,516.24	-888.71	-9,812.39
Balance as at October 31, 2022	45,305.60	34,139.97	8,395.15	87,840.72
Provision for impairment:				
Balance as at December 31, 2021	-	-	-	-
Balance as at October 31, 2022	-	-	-	-

Items	Office equipment	Motor Vehicle	Furniture and Fixtures	Total
Carrying amount:				
Balance as at October 31, 2022	31,453.47	71,495.05	16,011.57	118,960.09
Balance as at December 31, 2021	33,698.54	98,262.14	3,611.81	135,572.49

5.8 Right-of use Assets

Items	Buildings and constructions
Initial cost:	
Balance as at December 31, 2021	1,065,682.11
Increase during the reporting period	55,450.37
Decrease during the reporting period	-
Exchange rate difference	-122,906.86
Balance as at October 31, 2022	998,225.62
Accumulated depreciation:	
Balance as at December 31, 2021	458,786.99
Increase during the reporting period	217,115.91
Decrease during the reporting period	-
Exchange rate difference	-66,677.15
Balance as at October 31, 2022	609,225.75
Provision for impairment:	
Balance as at December 31, 2021	-
Balance as at October 31, 2022	-
Carrying amount:	
Balance as at October 31, 2022	388,999.87
Balance as at December 31, 2021	606,895.12

5.9 Intangible Assets

General information of intangible assets

Items	Software
Initial cost:	
Balance as at December 31, 2021	6,738.11
Increase during the reporting period	-
Decrease during the reporting period	-
Exchange rate difference	-752.15
Balance as at December 31, 2021	5,985.96
Accumulated amortisation:	
Balance as at December 31, 2021	5,025.95
Increase during the reporting period	
(i) Provision	767.17
Decrease during the reporting period	-
Exchange rate difference	-615.67
Balance as at October 31, 2022	5,177.45
Provision for impairment:	
Balance as at December 31, 2021	-
Balance as at October 31, 2022	-
Carrying amount:	
Balance as at October 31, 2022	808.51
Balance as at December 31, 2021	1,712.16

5.10 Long-term Deferred Expenses

Items	December 31, 2021	Increase during the reporting period	Decrease during the reporting period		October 31, 2022
			Amortisation	Exchange rate difference	
Improvement expenditure of fixed assets under lease.	22,854.77	59,859.58	31,031.10	4,604.58	47,078.67

5.11 Accounts Payable Accounts payable by nature

Items	October 31, 2022	December 31, 2021
Payables for services	3,564,648.46	10,541,902.29

5.12 Advances from Customers**Details of advances from customers**

Items	October 31, 2022	December 31, 2021
Temporary receipt	364,352.27	1,228,644.81

5.13 Employee Benefits Payable**(a) Details of employee benefits payable**

Items	December 31, 2021	Increase during the reporting period	Decrease during the reporting period	Exchange rate different	October 31, 2022
Short-term employee benefits	293,089.00	1,338,553.45	1,429,348.53	-26,248.97	176,044.95
Post-employment benefits- defined contribution plans	-	119,572.45	119,572.45	-	-
Total	293,089.00	1,458,125.90	1,548,920.98	-26,248.97	176,044.95

(b) Short-term employee benefits

Items	December 31, 2021	Increase during the reporting period	Decrease during the reporting period	Exchange rate different	October 31, 2022
Salaries, bonuses, allowances and subsidies	293,089.00	1,208,232.78	1,299,027.86	-26,248.97	176,044.95
Employee benefits	-	22,327.60	22,327.60	-	-
Social insurance					
Health insurance	-	43,243.85	43,243.85	-	-
Injury insurance	-	2,440.70	2,440.70	-	-
Birth insurance	-	4,708.75	4,708.75	-	-
Housing accumulation	-	55,395.02	55,395.02	-	-

Items	December 31, 2021	Increase during the reporting period	Decrease during the reporting period	Exchange rate different	October 31, 2022
fund					
Labour union funds and employee education funds	-	2,204.75	2,204.75	-	-
Total	293,089.00	1,338,553.45	1,429,348.53	-26,248.97	176,044.95

(c) Defined contribution plans

Items	December 31, 2021	Increase during the reporting period	Decrease during the reporting period	Exchange rate different	October 31, 2022
Post-employment benefits:					
1. Basic endowment insurance	-	117,077.58	117,077.58	-	-
2. Unemployment insurance	-	2,494.87	2,494.87	-	-
Total	-	119,572.45	119,572.45	-	-

5.14 Taxes Payable

Items	October 31, 2022	December 31, 2021
Enterprise income tax	8,655.98	196,582.97
Value added tax (VAT)	407.68	14,031.58
Individual income tax	365.19	9,347.98
City construction tax	28.54	1,038.14
Educational surcharge	12.23	444.92
Local Educational surcharge	8.15	296.61
Total	9,477.77	221,742.20

5.15 Other Payables**(a) Other payables by category**

Items	October 31, 2022	December 31, 2021
Interest payable	-	-
Dividend payable	-	-
Other payables	787,192.43	1,102,753.02
Total	787,192.43	1,102,753.02

(b) Other payables by nature

Items	October 31, 2022	December 31, 2021
Deposit	309,191.02	597,438.96
Other payables due to related parties.	3,052.70	19,240.61
Others	474,948.71	486,073.45
Total	787,192.43	1,102,753.02

5.16 Non-current Liabilities Maturing within One Year

Items	October 31, 2022	December 31, 2021
Lease liabilities due within one year	190,942.90	255,996.24

5.17 Lease liabilities

Items	October 31, 2022	December 31, 2021
Lease payments	406,268.72	634,298.25
Less: Unrealised finance expenses	11,495.14	22,610.86
Exchange rate difference	271.26	
Subtotal	394,502.32	611,687.39
Less: lease liabilities due within one year	190,942.90	255,996.24
Total	203,559.42	355,691.15

5.18 Share Capital

Investor	December 31, 2021	Changes during the reporting period (+,-)					October 31, 2022
		New issues	Bonus issues	Capitalisation of reserves	Others	Subtotal	
Unique Logistics International (H.K.) Limited	2,190,978.27	-	-	-	-	-	2,190,978.27

5.19 Other Comprehensive Income

Items	December 31, 2021	Increase during the reporting period	Decrease during the reporting period	October 31, 2022
Differences arising from the translation of foreign currency financial statements	461,925.34	-	640,949.60	-179,024.26

5.20 Surplus Reserves

Items	December 31, 2021	Increase during the reporting period	Decrease during the reporting period	October 31, 2022
Statutory surplus reserves	347,659.98	-	-	347,659.98

Note: Pursuant to the Company Law of the People's Republic of China and Articles of Association, the Company appropriates 10% of net profit to the statutory surplus reserves.

5.21 Retained Earnings

Items	Ten months ended 31 October, 2022	Ten months ended 31 October, 2021
Balance at the beginning of the reporting period	2,317,408.96	1,956,201.20
Add: net profit attributable to the owner of the parent company for the reporting period	664,461.54	969,217.76
Less: Transfer to statutory surplus reserves	-	96,921.78
Dividend	-	503,616.75
Changes in accounting policies	-	7,471.47
Balance as at the end of the reporting period	2,981,870.50	2,317,408.96

5.22 Revenue and Cost of Sales

Items	Ten months ended 31 October, 2022		Ten months ended 31 October, 2021	
	Revenue	Costs of sales	Revenue	Costs of sales
Principal activities	58,397,954.87	56,023,580.08	61,428,007.51	59,045,364.37
Other activities	21,989.17	-	751.02	-
Total	58,419,944.04	56,023,580.08	61,428,758.53	59,045,364.37

5.23 Taxes and Surcharges

Items	Ten months ended 31 October, 2022	Ten months ended 31 October, 2021
Educational surcharge	1,701.39	3,496.65
Local educational surcharge	729.17	1,498.57
Resource tax	486.11	999.04
Property tax	334.43	-
Stamp duty	226.55	-
Total	3,477.65	5,994.26

5.24 Selling and Distribution Expenses

Items	Ten months ended 31 October, 2022	Ten months ended 31 October, 2021
Entertainment	53,350.90	54,698.70
Travel	19,777.89	20,161.39
Advertisement and promotion	1,364.59	2,111.20
Total	74,493.38	76,971.29

5.25 General and Administrative Expenses

Items	Ten months ended 31 October, 2022	Ten months ended 31 October, 2021
Payroll expenses	1,458,125.90	1,226,168.98
Depreciation of right-of-use assets	217,115.91	-
CW System Fees	71,506.26	50,985.48
Group Fees	47,862.25	47,534.80
Postal and telecommunications and network charges	42,766.82	46,052.48
Renovation costs	31,031.10	37,182.38
Short-term lease expenses	29,111.63	167,422.07
Depreciation of fixed assets	28,479.89	21,433.69
Utilities and property management	28,180.45	23,243.59
Office expenses	24,732.11	43,654.68
Other	71,638.11	68,420.03
Total	2,050,550.43	1,732,098.18

5.26 Finance Costs

Items	Ten months ended 31 October, 2022	Ten months ended 31 October, 2021
Interest expenses	11,495.14	-
Including: Interest expenses for lease liabilities	11,495.14	-
Less: Interest income	3,110.89	3,139.04
Net interest expenses	8,384.25	-3,139.04
Foreign exchange losses		
Less: Foreign exchange gains	537,282.48	-24,764.62
Net foreign exchange losses	-537,282.48	24,764.62
Bank charges	14,583.48	14,181.19
Total	-514,314.75	35,806.77

5.27 Other Income

Items	Ten months ended 31 October, 2022	Ten months ended 31 October, 2021	Related to assets /income
Government grant recognised in other income	98,688.42	274,300.55	Related to income
Including: Government grant directly recognised in current profit or loss (related to income)	98,688.42	274,300.55	

5.28 Credit Impairment Losses

Items	Ten months ended 31 October, 2022	Ten months ended 31 October, 2021
Bad debt of accounts receivable	-	-3,964.73

5.29 Gains/ (losses) from Disposal of Assets

Items	Ten months ended 31 October, 2022	Ten months ended 31 October, 2021
Gains/(losses) from disposal of fixed assets, construction in progress, productive biological assets and intangible assets not classified as held for sale	-	4,683.13
Including: Fixed assets	-	4,683.13

5.30 Non-operating Income**Details of non-operating income**

Items	Ten months ended 31 October, 2022	Ten months ended 31 October, 2021	Recognised in current extraordinary gains and losses
Others	11.30	751.02	11.30

5.31 Non-operating Expenses

Items	Ten months ended 31 October, 2022	Ten months ended 31 October, 2021	Recognised in current extraordinary gains and losses
Loss from damage or scrapping of non-current assets	352.27	1,243.66	352.27
Others	21.42	-	21.42
Total	373.69	1,243.66	373.69

5.32 Income Tax Expenses

Items	Ten months ended 31 October, 2022	Ten months ended 31 October, 2021
Current tax expenses	216,021.74	186,412.97

5.33 Supplementary Information to the Statement of Cash Flows**Supplementary information to the statement of cash flows**

Supplementary information	Ten months ended 31 October, 2022	Ten months ended 31 October, 2021
(i) Adjustments of net profit to cash flows from operating activities:		
Net profit	664,461.54	620,637.01
Depreciation of fixed assets, Investment Properties ,oil and gas asset and productive biological assets	28,479.89	21,433.69
Depreciation of right to use assets	217,115.91	-
Amortisation of intangible assets	767.17	861.76
Amortisation of long-term deferred expenses	31,031.10	37,182.38
Losses /(gains) on disposal of fixed assets, intangible assets and other long-term assets	-	-4,683.13
Losses /(gains) on scrapping of fixed assets	352.27	1,243.66

Supplementary information	Ten months ended 31 October, 2022	Ten months ended 31 October, 2021
Finance costs /(income)	11,495.14	-
Decreases /(increases) in operating receivables	6,410,714.46	-7,878,605.14
Increases /(decreases) in operating payables	-8,677,282.38	9,545,750.49
Others		
Net cash flows from operating activities	-1,312,864.90	2,343,820.72
(ii) Significant investing and financing activities not involving cash receipts and payments		
(iii) Net increases in cash and cash equivalents:		
Cash at the end of the reporting period	1,862,218.04	3,483,386.92
Less: Cash at the beginning of the reporting period	3,901,145.95	1,097,243.09
Add: Cash equivalents at the end of the reporting period	-	-
Less: Cash equivalents at the beginning of the reporting period	-	-
Net increase in cash and cash equivalents	-2,038,927.91	2,386,143.83

5.34 Government Grants

Government grants related to income

Items	Amount	Items presented in the statement of financial position	Recognised in current profit or loss or directly as deduct of related cost		Presented items that recognised
			Ten months ended 31 October, 2022	Ten months ended 31 October, 2021	in current profit or loss or directly as deduct of related cost
Funding to enhance air capacity and airport cargo gathering capacity received from the transport authority	40,029.40	Other Income	40,029.40	-	-
Airport cargo terminal passing fee subsidy	31,757.31	Other Income	31,757.31	221,418.98	-
4a recognition award received from industry and information	19,175.47	Other Income	19,175.47	44,840.86	-

Items	Amount	Items presented in the statement of financial position	Recognised in current profit or loss or directly as deduct of related cost		Presented items that recognised in current profit or loss or directly as deduct of related cost
			Ten months ended 31 October, 2022	Ten months ended 31 October, 2021	
technology bureau					
Others	7,726.24	Other Income	7,726.24	8,040.71	-

5.35 Leases

The Company as a lessee

Items	Ten months ended 31 October, 2022
Expenses for lease of low value asset (except for short-term lease) under simplified method	29,111.63
Interest expense of lease liabilities	11,495.14
Cash outflows related to leases	259,473.99

6. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

Recognition of related parties: The Company has control or joint control of, or exercise significant influence over another party; or the Company and another party are controlled or jointly controlled by the same third party.

6.1 General Information of the Parent Company

Name of the parent	Percentage of equity interests in the Company (%)	Voting rights in the Company (%)
Unique Logistics International (H.K.) Limited	100.00	100.00

6.2 General Information of Subsidiary

Name	Relationship with the Company
Across Logistics (Shenzhen) Limited	Subsidiary
Uniquorn International Logistics Co., Ltd.	Joint venture

6.3 Other Related Parties of the Company

Name	Relationship with the Company
Uniquorn Int'l Logistics (Shenzhen) Co.,Ltd	Jointly Controlled
Across Logistics (H.K.) Limited	Jointly Controlled

Name	Relationship with the Company
Asia Freight Solutions (H.K.) LTD	Jointly Controlled
China Wealth Logistics Limited	Jointly Controlled
Green Trident Logistics (Hangzhou) LTD.	Jointly Controlled
TGF Unique Limited	Jointly Controlled
ULI (North & East China) Co Ltd	Jointly Controlled
ULI (South China) Limited	Jointly Controlled
ULI International Company Limited	Jointly Controlled
Unique Freight Solutions (Thailand) Co., LTD.	Jointly Controlled
Unique Intl Logistics (M) Sdn. Bhd. - Kul	Jointly Controlled
Unique Intl Logistics (M) Sdn. Bhd. - Penang	Jointly Controlled
Unique Logistics (Korea) Co., LTD.	Jointly Controlled
Unique Logistics Holdings Limited	Jointly Controlled
Unique Logistics Holdings Limited - Gml / Oc	Jointly Controlled
Unique Logistics International (Atl) LLC	Jointly Controlled
Unique Logistics International (India) Pvt. LTD.	Jointly Controlled
Unique Logistics International (Lax) Inc.	Jointly Controlled
Unique Logistics International (NYC), LLC	Jointly Controlled
Unique Logistics International (NYC), LLC - Los Angeles Branch	Jointly Controlled
Unique Logistics International (Shanghai) Co., LTD	Jointly Controlled
Unique Logistics International (Shanghai) Co., LTD.	Jointly Controlled
Unique Logistics International (Sin) Pte. LTD.	Jointly Controlled
Unique Logistics International (Vietnam) Co., LTD.	Jointly Controlled
Unique Logistics International Philippines Inc.	Jointly Controlled
Unique Logistics Intl (India) Pvt LTD - Chennai	Jointly Controlled
Unique Logistics Intl (NYC) LLC	Jointly Controlled
Unique Logistics Intl (NYC) LLC - Houston Branch	Jointly Controlled
Unique Logistics Intl (NYC), LLC - Atlanta Branch	Jointly Controlled
Unique Logistics Intl (NYC), LLC - Boston Branch	Jointly Controlled
Unique Logistics Intl (NYC), LLC - Charlotte Branch	Jointly Controlled
Unique Logistics Intl (NYC), LLC - Chicago Branch	Jointly Controlled
Unique Logistics Intl (Shanghai) Co LTD	Jointly Controlled
Unique Logistics Intl (Shanghai) Co LTD - Qingdao	Jointly Controlled

Name	Relationship with the Company
Unique Logistics Intl (Shanghai) Co LTD - Tianjin	Jointly Controlled
Unique Logistics Intl (South China) LTD-Fuzhou Branch	Jointly Controlled
Unique Logistics Intl (South China) LTD- Guangzhou Branch	Jointly Controlled
Unique Logistics Intl (South China) LTD-Xiamen Branch	Jointly Controlled
Unique Logistics Intl (Thailand) Co., LTD.	Jointly Controlled
Unique Logistics Intl (Vietnam) Co LTD	Jointly Controlled
Unique Logistics Intl (Vietnam) Co LTD Ha Noi Branch	Jointly Controlled
Unique Logistics Intl India Pvt LTD - Bangalore	Jointly Controlled

6.4 Related Party Transactions

Purchases or sales of goods, rendering or receiving of services

Purchases of goods, receiving of services:

Related parties	Nature of the transaction(s)	Ten months ended 31 October, 2022	Ten months ended 31 October, 2021
Uniquorn INT'L Logistics (Shenzhen) Co.,LTD	Receiving of services	2,803,942.52	962,813.93
ULI (South China) Limited	Receiving of services	1,982,020.52	2,722,892.17
Unique Logistics Intl (South China) LTD-Guangzhou Branch	Receiving of services	624,694.61	1,556,937.10
Unique Logistics Intl (NYC), LLC - Chicago Branch	Receiving of services	361,633.77	341,145.70
Unique Logistics Intl (South China) LTD-Xiamen Branch	Receiving of services	217,430.48	89,397.68
Unique Logistics Intl (NYC), LLC - Boston Branch	Receiving of services	129,561.41	545.38
China Wealth Logistics Limited	Receiving of services	128,232.97	111,611.22
Unique Logistics International (NYC), LLC	Receiving of services	98,635.68	-
Unique Logistics INT'L (H.K.) LTD	Receiving of services	75,800.75	78,737.86
Unique Logistics Holdings Limited	Receiving of services	47,862.25	47,534.80
Unique Logistics Intl (India) Pvt LTD - Chennai	Receiving of services	38,345.96	29,630.12

Related parties	Nature of the transaction(s)	Ten months ended 31 October, 2022	Ten months ended 31 October, 2021
Unique Logistics International (NYC), LLC - Los Angeles Branch	Receiving of services	24,698.08	49,591.86
Unique Freight Solutions (Thailand) Co., LTD.	Receiving of services	19,898.83	27,161.21
Unique Logistics Intl (Vietnam) Co LTD Ha Noi Branch	Receiving of services	19,859.58	-
TGF Unique Limited	Receiving of services	18,848.86	-25,329.12
Unique Logistics Intl (South China) LTD-Fuzhou Branch	Receiving of services	10,452.34	18,988.94
Unique Logistics Holdings Limited - Gmt Z Oc	Receiving of services	10,007.99	7,525.10
ULI International Company Limited	Receiving of services	7,300.95	21,442.84
Across Logistics (Shenzhen) Limited	Receiving of services	4,656.11	-
Unique Intl Logistics (M) Sdn, Bhd, - Kul	Receiving of services	4,569.76	5,183.95
Unique Logistics Intl (Shanghai) Co LTD - Tianjin	Receiving of services	3,461.80	7,833.51
Unique Logistics Intl India Pvt LTD - Bangalore	Receiving of services	2,821.52	-
Unique Intl Logistics (M) Sdn. Bhd. - Penang	Receiving of services	1,711.45	2,078.18
Unique Logistics International (Sin) Pte. LTD.	Receiving of services	668.43	-
Green Trident Logistics (Hangzhou) LTD.	Receiving of services	305.15	51,149.53
Unique Logistics (Korea) Co., LTD.	Receiving of services	90.39	-
Unique Logistics Intl (Shanghai) Co LTD	Receiving of services	-	61,581.83
Unique Logistics Intl (NYC), LLC	Receiving of services	-	19,095.18
Unique Logistics Intl (Shanghai) Co LTD - Qingdao	Receiving of services	-	4,351.32
Unique Logistics International Philippines Inc.	Receiving of services	-	1,818.72
Unique Logistics Intl (Vietnam) Co LTD	Receiving of services	-	247.60

Related parties	Nature of the transaction(s)	Ten months ended 31 October, 2022	Ten months ended 31 October, 2021
Unique Logistics International (Vietnam) Co., LTD.	Receiving of services	-17.65	-
Unique Logistics International (Shanghai) Co., LTD	Receiving of services	-1,116.44	11,192.67

Sales of goods and rendering of services:

Related parties	Nature of the transaction(s)	Ten months ended 31 October, 2022	Ten months ended 31 October, 2021
TGF Unique Limited	Rendering of services	6,360,260.00	4,188,678.89
ULI (South China) Limited	Rendering of services	4,599,332.02	9,206,172.37
Unique Logistics Intl (South China) LTD- Guangzhou Branch	Rendering of services	4,244,527.43	4,699,428.71
Unique Logistics Intl (NYC), LLC - Chicago Branch	Rendering of services	2,303,481.52	2,041,058.31
Unique Logistics International (NYC), LLC	Rendering of services	1,946,724.93	-
Unique Logistics Intl (South China) LTD-Xiamen Branch	Rendering of services	960,901.86	2,801,316.63
Uniquorn INT'L Logistics (Shenzhen) Co., LTD	Rendering of services	665,987.20	516,853.45
Unique Logistics Intl (NYC), LLC - Charlotte Branch	Rendering of services	172,963.51	46,241.04
Unique Logistics Intl (South China) LTD-Fuzhou Branch	Rendering of services	166,228.19	38,975.73
Asia Freight Solutions (ILK.) LTD	Rendering of services	137,310.59	284,696.13
Unique Logistics International (Shanghai) Co., LTD	Rendering of services	134,345.44	43,465.97
Unique Logistics Intl (NYC) LLC	Rendering of services	68,749.43	-
Unique Logistics International (NYC), LLC - Los Angeles Branch	Rendering of services	40,844.60	68,882.07
Green Trident Logistics (Hangzhou) LTD.	Rendering of services	26,891.80	-
Unique Logistics Intl (Vietnam) Co LTD Ha Noi Branch	Rendering of services	15,496.98	-
Unique Logistics International (India) Pvt. LTD.	Rendering of services	2,908.32	-

Related parties	Nature of the transaction(s) services	Ten months ended 31 October, 2022	Ten months ended 31 October, 2021
Unique Logistics International (Vietnam) Co., LTD.	Rendering of services	2,369.66	-
Unique Freight Solutions (Thailand) Co., LTD.	Rendering of services	2,035.36	-29.77
ULI International Company Limited	Rendering of services	1,368.51	3,524.81
Unique Logistics Intl (NYC) LLC - (Houston Branch)	Rendering of sendees	238.97	-
Across Logistics (Shenzhen) Limited	Rendering of services	173.23	8,720.67
Unique Logistics Intl (NYC), LLC - Boston Branch	Rendering of services	-	509,289.41
Unique Logistics Intl (NYC), LLC	Rendering of services	-	376,147.08
Unique Logistics International (Lax) Inc.	Rendering of services	-	166,925.92
China Wealth Logistics Limited	Rendering of services	-	30,400.06
Unique Logistics Intl (NYC), LLC - Atlanta Branch	Rendering of services	-	21,310.49
Unique Logistics Intl (Vietnam) Co LTD	Rendering of services	-	10,005.76
Unique Logistics International (Atl) LLC	Rendering of services	-	8,775.63
Unique Logistics Intl (Shanghai) Co LTD	Rendering of services	-	5,920.44
Across Logistics (Shenzhen) Limited - Hangzhou Branch	Rendering of services	-	247.41
Unique Logistics International Philippines Inc.	Rendering of services	-	-29.87
Unique Intl Logistics (M) Sdn. Bhd. - Kul	Rendering of services	-	-29.95
Unique Intl Logistics (M) Sdn. Bhd. - Penang	Rendering of services	-	-255.05
Unique Logistics INT'L (H.K.) LTD	Rendering of services	-10,269.98	-14,604.06
Unique Logistics International (Sin) Pte. LTD.	Rendering of services	-38,066.89	-2,294.05

6.5 Receivables and Payables with Related Parties

(a) Receivables

Items	Related parties	October 31, 2022		December 31, 2021	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Account receivable	TGF Unique Limited	1,311,146.53	-	1,697,188.63	-
Account receivable	Unique Logistics Intl (South China) LTD-Guangzhou Branch	979,616.68	-	319,230.21	-
Account receivable	ULI (South China) Limited	721,849.76	-	1,004,228.97	-
Account receivable	Unique Logistics International (NYC), LLC	209,850.25	-	319,789.41	-
Account receivable	Uniquorn Int'L Logistics (Shenzhen) Co.,LTD	184,221.23	-	22,714.64	-
Account receivable	Unique Logistics Intl (South China) LTD-Xiamen Branch	40,304.49	-	93,005.93	-
Account receivable	Unique Logistics Intl (South China) LTD-Fuzhou Branch	33,096.18	-	31,975.55	-
Account receivable	Unique Logistics Intl (NYC), LLC - Chicago Branch	22,964.18	-	1,433,712.50	-
Account receivable	Unique Logistics Intl (NYC) LLC	10,210.40	-	77,835.54	-
Account receivable	Unique Logistics International (Shanghai) Co., LTD.	9,943.71	-	-	-
Account receivable	Unique Logistics Intl (NYC), LLC - Charlotte Branch	9,395.48	-	50,336.40	-
Account receivable	Asia Freight Solutions (H.K.)	1,691.15	-	1,125.91	-

Items	Related parties Ltd	October 31, 2022		December 31, 2021	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Account receivable	Unique Logistics International (Sin) Pte. LTD.	420.80	-	-	-
Account receivable	Across Logistics (Shenzhen) Limited	72.09	-	31.37	-
Account receivable	China Wealth Logistics Limited	-	-	62,713.84	-
Account receivable	Unique Logistics International (NYC), LLC - Los Angeles Branch	-	-	17,941.48	-
Account receivable	Unique Logistics Intl (Vietnam) Co LTD Ha Noi Branch	-	-	2,789.69	-
Account receivable	Unique Logistics International (Vietnam) Co., LTD.	-	-	473.46	-
Account receivable	Unique Logistics Intl (NYC), LLC - Atlanta Branch	-	-	440.93	-
Account receivable	Across Logistics (Shenzhen) Limited - Hangzhou Branch	-	-	62.74	-

(b) Payables

Items	Related parties	October 31, 2022	December 31, 2021
Account Payable	Uniquorn Int'L Logistics (Shenzhen) Co., LTD	389,502.58	302,574.33
Account Payable	Unique Logistics Intl (South China) LTD-Fuzhou Branch	158,954.73	150,751.29
Account Payable	ULI (South China) Limited	101,097.37	4,888,719.93
Account Payable	Across Logistics (H.K.) Limited	83,602.80	94,107.60
Account Payable	China Wealth Logistics Limited	23,761.64	23,417.33
Account Payable	Unique Logistics Int'L (H.K.) LTD	12,400.02	21,612.45

Items	Related parties	October 31, 2022	December 31, 2021
Account Payable	Unique Freight Solutions (Thailand) Co., LTD,	10,091.73	10,935.05
Account Payable	Unique Logistics Intl (India) Pvt Ltd - Chennai	9,461.23	12,901.69
Account Payable	Unique Logistics Intl (South China) LTD-Xiamen Branch	6,342.55	37,957.06
Account Payable	Unique Logistics Intl (South China) LTD-Guangzhou Branch	5,726.04	128,733.08
Account Payable	Unique Logistics Intl (NYC), LLC - Chicago Branch	4,962.85	301,157.19
Account Payable	Unique Logistics Intl (Vietnam) Co LTD Ha Noi Branch	4,402.41	915.19
Account Payable	TGF Unique Limited	3,162.24	18,505.74
Other Payable	Unique Logistics Holdings Limited	3,052.70	19,240.61
Account Payable	Unique Logistics International (NYC), LLC	2,770.88	5,965.03
Account Payable	Unique Logistics Holdings Limited - Gmt / Oc	2,393.91	1,182.50
Account Payable	Unique Logistics Intl India Pvt Ltd - Bangalore	1,920.23	-
Account Payable	Unique Logistics Intl (Thailand) Co., LTD.	1,132.49	-
Account Payable	ULI International Company Limited	776.39	1,000.88
Account Payable	Unique Intl Logistics (M) Sdn. Bhd. - Penang	541.16	1,334.57
Account Payable	ULI (North & East China) Co Ltd	386.95	-
Account Payable	Unique Logistics Holdings Limited	169.17	17,994.97
Account Payable	Unique Logistics International (Shanghai) Co., LTD.	-	22,874.09
Account Payable	Unique Logistics International (Sin) Pte. LTD.	-	2,990.25
Account Payable	Unique Inti Logistics (M) Sdn. Bhd. -Kui	-	2,736.29
Account Payable	Unique Logistics International Philippines Inc.	-	1,875.09
Account Payable	Green Trident Logistics (Hangzhou) LTD.	-	1,681.86

7. COMMITMENTS AND CONTINGENCIES**7.1 Significant Commitments**

The nature and amount of significant commitments existing at the balance sheet date:

a) Operating lease commitments:

Minimum lease payments under non-cancelable operating leases	October 31, 2022	December 31, 2021
Within 1 year	243,478.20	285,287.72
1-2 years	241,962.20	271,724.29
2-3 years	50,746.79	237,053.53
Above 3 years	3,232.92	50,002.76

7.2 Other commitments

As at October 31, 2022, the Company has no significant commitments need to be disclosed.

8. EVENTS AFTER THE REPORTING PERIOD

As at February 3, 2023, the Company has no (other) events after the reporting period need to be disclosed.

Shenzhen Unique Logistics International Limited Notes to file Financial Statements

The significant differences between Chinese Accounting Standard and U.S.GAAP as they apply to Shenzhen Unique Logistics International) Limited are as follow

- Under PRC GAAP, there is no classification anymore whether a Lease is a Finance or Operating Lease under CAS21,
- Under US GAAP, Leases are assessed and determined as Finance or Operating. Based on the lease agreement, the Company's lease is an Operating
- The subsequent accounting treatments of PRC GAAP and US GAAP are different.

Consolidated Statements of Income and Comprehensive Income

Stated in thousands of USD, except per trust unit amounts

United States Generally Accepted

Accounting Principles

	Ten months ended October 31, 2022	Ten months ended October 31, 2021
	USD	USD
Net income (loss) for the period, as reported	257	167
Adjustments:		
Depreciation of ROU	22	138
Rental fee	(23)	(133)
Financial cost	1	0
Net income - U.S. GAAP	257	172
Comprehensive income - U.S. GAAP	257	172
Net Income per trust unit - U.S. GAAP	257	172
Basic	0	0
Diluted	0	0

Balance Sheets

Stated in thousands of RMB, except per trust unit amounts

The application of U.S. GAAP would have the following effect on the Balance Sheets as reported:

As at October 31,2022	As Reported USD	Increase (Decrease) USD	U.S. GAAP USD
Asset			
Right-of-use assets	389	(4)	385
	389	(4)	385
Liabilities			
Lease liability-current	191	(1)	190
Lease liability-noncurrent	204	(3)	201
Owners' equity			
Comprehensive income	257	0	257
	652	(4)	648
As at December 31, 2021	As Reported USD	Increase (Decrease) USD	U.S. GAAP USD
Asset			
Right-of-use assets	607	(10)	597
	607	(10)	597
Liabilities			
Lease liability-current	256	35	291
Lease liability-non current	356	(44)	312
Owners' equity			
Comprehensive income	206	(1)	205
	818	(10)	808

ULI International CO., LTD.

Financial Statements

As of OCT. 31, 2022 and 2021

(With Independent Auditors' Review Report of 2022)

ULI International CO., LTD.

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Independent Auditor's Review Report

To The Board of Directors and Shareholders
ULI International CO., LTD.

Introduction

We have reviewed the accompanying balance sheets of ULI International CO., LTD. (collectively, the "Company") as of October 31, 2022, the related statements of income, of changes in equity, and of cash flows for the ten months then ended October 31, 2022, and the related notes to the financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles. Our responsibility is to express a conclusion on the financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with Taiwan Standard on Review Engagements 2410 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying financial statements do not present fairly, in all material respects the financial position of the Company as of October 31, 2022, its financial performance and its cash flows for the ten months then ended October 31, 2022, and in accordance with U.S. generally accepted accounting principles.

Other Matter

The financial statements for the ten month end October 31 2021 were not reviewed.



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ULI 國際成員包括會計師事務所及顧問服務之全球網絡 本所為成員之一

The engagement partners on the reviews resulting in this independent auditors' review report are MICHAEL CHU

/s/ Michael Chu

HLB Candor Taiwan CPAs
FEB 06, 2023



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ULI International CO., LTD.
statement of comprehensive income
For The Ten Months End 31 October 2022 And 2021
(Expressed in U. S. dollars)

Item	Ten Months End 31 October	
	2022 (Reviewed)	2021 (Unreviewed)
Net Operating income	\$ 12,703,705.44	\$ 13,776,561.25
Operating cost	(9,074,990.60)	(10,976,569.08)
Gross profit	3,628,714.84	2,799,992.17
Operating expenses	(1,869,971.81)	(1,661,475.93)
Operating Income	1,758,743.03	1,138,516.24
Non-operating revenue and expense		
Other non-operating revenue	43,067.93	19,523.85
Interest income	2,687.96	2,011.13
foreign exchange gain or loss	(575,953.96)	(176,449.47)
Net non-operating income	(530,198.07)	(154,914.49)
Income before income tax	1,228,544.96	983,601.75
Income tax expense (Note 8)	(400,001.05)	(277,839.56)
Net income	\$ 828,543.01	\$ 705,762.19
E. P. S(US \$ 0.33/Per Share)	\$ 0.83	\$ 0.71

Chairman :



Manager :



ULI International CO., LTD.
 Balance Sheets
 For The Ten Months End 31 October 2022 And 2021
 (Expressed in U. S. dollars)

Assets	10/31/2022 (Reviewed)	10/31/2021 (Unreviewed)
Current Assets		
Cash and cash equivalent (Note 5)	\$ 2,960,798.76	\$ 1,687,967.08
Notes receivable	7,464.18	77,850.83
Accounts receivable (Note 6)	2,088,796.94	2,577,494.61
Other receivables	11,098.00	15,296.00
Prepayments	88,385.27	204,222.81
Other current assets	54,786.43	18,284.43
Total current assets	5,211,329.58	4,581,115.76
Noncurrent assets		
Property, plant and equipment	49,654.52	57,810.07
Refundable deposit	226,716.63	297,873.20
Total noncurrent assets	276,371.15	355,683.27
Total assets	\$ 5,487,700.73	\$ 4,936,799.03
Liabilities and stockholders' equity	10/31/2022 (Reviewed)	10/31/2021 (Unreviewed)
Current liabilities		
Notes payable	\$ 59,285.76	\$ 163,391.32
Accounts payable	1,120,914.26	558,088.08
Other payables	824,762.70	742,746.82
Current tax liabilities	206,612.03	280,184.95
Unearned receipts	22,430.75	264.04
Other current liabilities	20,229.49	28,089.45
Total current liabilities	2,254,234.99	1,772,764.66
Noncurrent liabilities		
Other noncurrent liabilities	336,794.85	390,144.30
Total noncurrent liabilities	336,794.85	390,144.30
Total liabilities	2,591,029.84	2,162,908.96
Stockholders' equity (Note 7)		
Share Capital	286,575.00	286,575.00
Legal reserves	452,591.64	452,591.64
Retained earnings	2,157,504.25	2,034,723.43
Total stockholders' equity	2,896,670.89	2,773,890.07
Total liabilities and stockholders' equity	\$ 5,487,700.73	\$ 4,936,799.03

Chairman :



Manager :



ULI International CO, LTD.
Statement of Changes in Stockholders' Equity
For The Ten Months End 31 October 2022 And 2021
(Expressed in U. S. dollars)

Item	(Reviewed)			
	Share Capital	Legal reserves	Accumulated profit or loss	Total
Balance as of January 1, 2022	\$ 286,575.00	\$ 452,591.64	\$ 2,420,523.17	\$ 3,159,689.81
Cash dividends			(1,091,561.93)	(1,091,561.93)
Net income after tax			828, 543.01	828, 543. 01
Balance as of October 31, 2022	\$ 286,575.00	\$ 452,591.64	\$ 2,157,504.25	\$ 2,896,670.89

Item	(Unreviewed)			
	Share Capital	Legal reserves	Accumulated profit or loss	Total
Balance as of January 1, 2021	\$ 286,575.00	\$ 452,591.64	\$ 1,566,974.52	\$ 2,306,141.16
Cash dividends			(238, 013.28)	(238,013.28)
Net income after tax			705, 762.19	705,782.19
Balance as of October 31, 2021	\$ 286,575.00	\$ 452,591.64	\$ 2,034,723.43	\$ 2,773,890.07

Chairman :



Manager :



Accountant :



ULI International CO, LTD.
Statement of Cash Flows
For The Ten Months End 31 October 2022 And 2021
(Expressed in U. S. dollars)

Item	Ten Months End 31 October	
	2022 (Reviewed)	2021 (Unreviewed)
Cash Flows from Operating Activities		
Income before income tax	\$ 1,228,544.96	\$ 983,601.75
Adjustments:		
Depreciation expense	12,582.52	10,931.47
Interest income	(2,687.96)	(2,011.13)
Changes in operating assets and liabilities:		
Notes receivable, net	87,014.71	(52,234.27)
Accounts receivable, net	1,332,827.75	(952,469.50)
Other receivables	38,303.00	(15,296.00)
Prepayments	(24,314.11)	(99,367.88)
Other current assets	(24,402.68)	(18,284.43)
Notes payable	(57,809.25)	76,163.28
Accounts payable	(147,847.45)	61,556.15
Other payables	(27,529.26)	119,347.69
Unearned receipts	21,193.22	264.04
Other current liabilities	(2,660.44)	(2,337.80)
Cash generated from operations	2,433,215.01	109,863.37
Interest received	2,687.96	2,011.13
Income taxes paid	(488,084.72)	(126,549.71)
Net cash used in operating activities	1,947,818.25	(14,675.21)
Cash flows from investing activities:		
Payments for property, plant and equipment	(6,512.91)	(16,393.63)
Refundable deposit	34,037.22	(11,046.08)
Net cash used in investing activities	27,524.31	(27,439.71)
Cash flow from financing activities:		
Other noncurrent liabilities	(55,183.10)	9,179.10
Cash dividends	(1,091,561.93)	(238,013.28)
Net cash used in financing activities	(1,146,745.03)	(228,834.18)
Net increase in cash and cash equivalent	828,597.53	(270,949.10)
Cash and cash equivalent at beginning of year	2,132,201.23	1,958,916.18
Cash and cash equivalent at end of year	\$ 2,960,798.76	\$1,687,967.08

Chairman :



Manager :



Accountant :



1. General

ULI International CO., LTD. (the “company”), which was established under the laws of the Republic of China (R. O. C.) in 14 October 2002. The main business scopes are air cargo contracting and ocean freight contracting. The main operating base of the company’s business is Ren’ai Road, Taipei City.

2. Approval Of Financial Statement

The financial statements were approved by the board of directors and authorized for issue on February 6, 2023.

3. Reasons and impacts of accounting principle changes: None

4. Summary of Significant Accounting Policies

The accounting policies of the Company conform to accounting principles generally accepted in the United States of America (“U. S. GAAP”). The significant accounting policies are summarized as follows:

(1) Current/Noncurrent Assets and Liabilities

Current assets are unrestricted cash, cash equivalents and other assets to be realized in cash, sold, or consumed (prepaid items) within 12 months of the balance sheet date. Current liabilities are obligations to be paid or settled within 12 months of the balance sheet date. All other assets or liabilities are classified as noncurrent.

(2) Cash equivalent

Repurchase agreements collateralized by government bonds acquired with maturities of less than three months from the date of purchase are classified as cash equivalents. The carrying amount approximates fair value due to their short term nature.

(3) Notes and Accounts Receivable, Other Receivable

Notes and accounts receivable are claimed generate from the sale of goods or services. Receivables arising from transactions other than the sale of goods or services are classified as other receivables. Notes and accounts receivable, other receivables are initially recognized at fair value and are subsequently measured at amortized cost less impairment using the effective interest method.

The Company recognize impairment loss on the financial instruments when there is an objective evidence of impairment. The amount of impairment is the book value less the present value of estimated future cash flows, discounted by original effective interest rate. If, subsequently, an event, directly related to impairment, indicates a decrease in impairment, the impairment loss recognized in prior years shall be recovered, The book value of the financial instruments after recovering the impairment shall not exceed the amortized cost that would have been had no impairment been previously recognized.

(4) Revenue recognition

Arrangements with customers are considered contracts if all the following criteria are met: (a) parties have approved the contract and are committed to perform their respective obligations; (b) each party's rights regarding the services to be transferred can be identified; (c) payment terms for the goods or services to be transferred can be identified; (d) the contract has commercial substance and (e) collectability of substantially all of the consideration is probable. The Company recognizes revenue from products sold to a customer, including distributors, when it satisfies a performance obligation by transferring control over a product to the customer. In certain circumstances, the Company may enter into agreements that concern principally revenues from services, where the performance obligation is satisfied over time. The objective when allocating the transaction price is to allocate the transaction price to each performance obligation (or distinct good or service) in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods or services to the customer. The payment terms typically range between 30 and 90 days.

(5) Income Tax

The Company applies an inter-period allocation for its income tax whereby deferred income tax assets and liabilities are recognized for the tax effects of temporary differences and unused tax credits. Valuation allowances are provided to the extent, if any, that it is more likely than not that deferred income tax assets will not be realized. A deferred tax asset or liability is classified as current or noncurrent in accordance with the classification of its related asset or liability. However, if a deferred tax asset or liability does not relate to an asset or liability in the financial statements, then it is classified as either current or noncurrent based on the expected length of time before it is realized or settled.

Any tax credits arising from purchases of machinery and equipment, research and development expenditures and personnel training expenditures are recognized using the flow-through method.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

Income tax on unappropriated earnings at a rate of 5% is expensed in the year of shareholder approval which is the year subsequent to the year the earnings are generated.

5. Cash and Cash Equivalents

	October 31, 2022	October 31, 2021
Petty Cash	\$ 620.82	\$ 719.16
Check deposit	3,049.62	2,697.21
Demand Deposit	657,915.55	37, 659.50
Foreign currency deposit	2,299,212.77	1,646,891.21
Total	<u>\$ 2,960,798.76</u>	<u>\$ 1,687,967.08</u>

6. Account receivable

	October 31, 2022	October 31, 2021
Third party	\$ 2,108,037.27	\$ 2, 672, 502.62
Related companies	62,776.01	-
Account receivable Total	2,170,813. 28	2,672,502.62
Less: Allowance for doubtful accounts	(82,016. 34)	(95, 008.01)
Account receivable net	<u>\$ 2, 088, 796. 94</u>	<u>\$ 2,577,494.61</u>

7. Stockholders' equity

A. Share Capital

As of October 31, 2022, the paid-in capital is NTD\$10,000,000 (Equivalent to USD\$286,575). Common share 1,000,000 shares, NTD\$10 per share.

B. Retained earnings

Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. Appropriation of the remainder shall be proposed by the Board of Directors and resolved by the stockholders. Bonus distributed to the employees should account for 1%, respectively, of the total distributed amount.

The appropriations of 2022 and 2021 quarterly earnings have been approved by the company's Board of Directors in its meeting, respectively. The appropriations and cash dividends per share were as follows:

	2022	2021
The appropriations cash dividends	NTD\$ 41,486,154.00	NTD\$ 19,705,108.00
Equivalent to	USD\$ 1,091,561.93	USD\$ 238,013.28
Stock shares	1,000,000.00	1,000,000.00
Cash dividend per share	USD\$ 10.92	USD\$ 2.38

8. Income tax expense

Income tax expense as of the months end 31 October, 2022 and 2021 were computed as follows:

	Ten Months End 01 October	
	2022	2021
Income before income tax	\$ 1,228,544.96	\$ 983,601.75
Unrealized exchange gains or losses	771,464.79	405,596.05
Total income	2,000,009.75	1,389,197.80
Offset between Profits and Losses	-	-
Taxable income	2,000,009.75	1,389,197.80
Tax rate	20%	20%
Income tax expense	<u>\$ 400,001.95</u>	<u>\$ 277,839.56</u>

9. Related Party

Transactions with the aforementioned parties are summarized as follows:

9.1 Operating income

	Ten Months End 31 October	
	2022	2021
Related companies	\$ 801,754.47	\$ 2,107,804.44

9.2 Operating Cost

	Ten Months End 31 October	
	2022	2021
Related companies	\$ 4,055,910.85	\$ 1,165,047.05

9.3 Accounts receivable

	October 31, 2022	October 31, 2021
Related companies	\$ 62,776.01	\$ -

9.4 Accounts payable

	October 31, 2022	October 31, 2021
Related companies	\$ 803,145.53	\$ -

9.5 Financing(Other payables)

	October 31, 2022		October 31, 2021	
Main management	NTD\$	10,850,000.00	NTD\$	10,850,000.00
Equivalent to	USD\$	336,794.85	USD\$	391,977.95

10. Pledged assets :

The assets provided by the company as a pledge for freight forwarding were as follows:

	October 31, 2022		October 31, 2021	
Main management	NTD\$	6,436,966.00	NTD\$	6,300,000.00
Equivalent to	USD\$	199,809.86	USD\$	227,600.10

11. Commitments and contingencies

As of October 31, 2022 and 2021, the balances of guarantee bills issued by the Company to freight forwarding agents as pledge deposits were NTD 1,600,000 (US \$ 49,665.6) and NTD 1,000,000 (US \$ 36,127), respectively.

12. Major disaster losses: None

13. Subsequent even: None

14. Other: None

ULI International CO., LTD.

Reconciliation of financial statements to U. S. GAAP

As of 31 October 2022 And 2021

ULI International CO., LTD.
Reconciliation Report

The Company's financial statements have been prepared in accordance with the Business Entity Accounting Act and the Regulation on Business Entity Accounting Handling, as well as Enterprise Accounting Standards (hereinafter referred to as "EAS") and their related Interpretations announced by the Accounting Research and Development Foundation of the Republic of China. There is no significant differences between EAS and United States GAAP, in terms of impact on the Company's financial statements.

ULI International CO., LTD.
Balance Sheets
At 31 October 2022 And 2021
(Expressed in U.S. dollars)

As at 31 October 2022	As Reported	Increase (Decrease)	U.S. GAAP
Assets			
Cash and cash equivalent	\$ 2,960,798.76	\$ -	\$ 2,960,798.76
Notes receivable	7,464.18	-	7,464.18
Accounts receivable	2,088,796.94	-	2,088,796.94
Other current assets	154,269.70	-	154,269.70
Property, plant and equipment	49,654.52	-	49,654.52
Refundable deposit	226,716.63	-	226,716.63
Total assets	\$ 5,487,700.73	\$ -	\$ 5,487,700.73
liabilities			
Notes payable	\$ 59,285.76	\$ -	\$ 59,285.76
Accounts payable	1,120,914.26	-	1,120,914.26
Other payables	824,762.70	-	824,762.70
Current tax liabilities	206,612.03	-	206,612.03
Other current liabilities	42,660.24	-	42,660.24
Other noncurrent liabilities	336,794.85	-	336,794.85
Total liabilities	2,591,029.84	-	2,591,029.84
Stockholders' equity			
Share Capital	286,575.00	-	2,960,798.76
Accumulated profit or loss	2,610,095.89	-	2,960,798.76
Total stockholders' equity	2,896,670.89	-	5,921,597.52
Total liabilities and stockholders' equity	\$ 5,487,700.73	\$ -	\$ 8,512,627.36

As at 31 December 2021	As Reported	Increase (Decrease)	U.S. GAAP
Assets			
Cash and cash equivalent (Note 5)	\$ 1,687,967.08	\$ -	\$ 1,687,967.08
Notes receivable	77,850.83	-	77,850.83
Accounts receivable (Note 6)	2,577,494.61	-	2,577,494.61
Other current assets	237,803.24	-	237,803.24
Property, plant and equipment	57,810.07	-	57,810.07
Refundable deposit	297,873.20	-	297,873.20
Total assets	\$ 4,936,799.03	\$ -	\$ 4,936,799.03
liabilities			
Notes payable	\$ 163,391.32	\$ -	163,391.32
Accounts payable	558,088.08	-	558,088.08
Other payables	742,746.82	-	742,746.82
Current tax liabilities	280,184.95	-	280,184.95
Other current liabilities	28,353.49	-	28,353.49
Other noncurrent liabilities	390,144.30	-	390,144.30
Total liabilities	2,162,908.96	-	2,162,908.96
Stockholders' equity (Note 7)			
Share Capital	286,575.00	-	286,575.00
Accumulated profit or loss	2,487,315.07	-	2,487,315.07
Total stockholders' equity	2,773,890.07	-	2,773,890.07
Total liabilities and stockholders' equity	\$ 4,936,799.03	\$ -	\$ 4,936,799.03

ULI International CO., LTD.
statement of comprehensive income
(Expressed in U.S. dollars)

The application of U. S. GAAP would have the following effect on net income as reported:

Item	Ten Months Ended October 31,2022	Ten Months Ended October 31,2021
Net income for the period, as reported	\$ 828,543.01	\$ 705,762.19
Adjustments:		
Revenue	-	-
Costs of sales	-	-
General and Administrative expenses	-	-
Other income and expenses	-	-
Income tax expense	-	-
Net income - U. S. GAAP	<u>\$ 828,543.01</u>	<u>\$ 705,762.19</u>

TGF UNIQUE LIMITED

**UNAUDITED SPECIAL PURPOSE
FINANCIAL STATEMENTS
FOR THE 7 MONTH PERIOD ENDED
31 OCTOBER 2022**

TGF UNIQUE LIMITED
COMPANY INFORMATION

Directors R Lee
FCW Ha
PMB Lee
PM Larsen
A Berkshire
S Whittingham

Company number 03920217

Registered office 672 Spur Road
North Feltham Trading Estate
Feltham
Middlesex
TW14 0SL

TGF UNIQUE LIMITED

ACCOUNTANT'S REPORT TO THE BOARD OF DIRECTORS OF TGF UNIQUE LIMITED ON THE UNAUDITED SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE 7 MONTH PERIOD ENDED 31 OCTOBER 2022

We prepared for your approval the special purpose financial statements of TGF Unique Limited which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the related notes in accordance with the financial reporting framework set out therein from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance>.

This report is made solely to the Board of Directors of TGF Unique Limited, as a body, in accordance with the terms of our engagement letter dated 3 February 2023. Our work has been undertaken solely to prepare for your approval the special purpose financial statements of TGF Unique Limited and state those matters that we have agreed to in accordance with ICAEW Technical Release 07/16 AAF. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights against RSM UK Tax and Accounting Limited for any purpose or in any context. Any party other than the Board of Directors which obtains access to this report or a copy and chooses to rely on this report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM UK Tax and Accounting Limited will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

It is your duty to ensure that TGF Unique Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and profit of TGF Unique Limited under the Companies Act 2006.

We have not been instructed to carry out an audit or a review of the special purpose financial statements of TGF Unique Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the special purpose financial statements.

RSM UK TAX AND ACCOUNTING LIMITED

Chartered Accountants

Third Floor

One London Square, Cross Lanes

Guildford

Surrey

GU1 1UN

February 2023

TGF UNIQUE LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE 7 MONTH PERIOD ENDED 31 OCTOBER 2022

	<u>Note</u>	<u>2022</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>
Revenue	3	12,485	13,249
Cost of sales		(10,362)	(11,408)
Gross profit		2,123	1,841
Administrative expenses		(934)	(826)
Profit before taxation		1,189	1,015
Income tax expense	4	(103)	(61)
Profit for the period		1,086	954
Other comprehensive income net of taxation			
Exchange differences on translation to presentational currency - may not be reclassified to profit and loss		(390)	4
Total comprehensive income for the period		696	958

The notes on pages 6 to 11 form part of these special purpose financial statements.

	Note	2022 \$'000	2021 \$'000
Non-current assets			
Property, plant and equipment		3	5
Total non-current assets		3	5
Current assets			
Trade and other receivables	5	3,497	6,108
Cash		4,032	1,172
Total current assets		7,529	7,280
Current liabilities			
Trade and other payables	6	(4,003)	(4,137)
Corporation tax payable		(58)	-
Total current liabilities		(4,061)	(4,137)
Net current assets		3,468	3,143
Net assets		3,471	3,148
Equity			
Share capital	7	311	311
Translation reserve	8	(930)	(367)
Retained earnings	8	4,090	3,204
Total equity		3,471	3,148

The notes on pages 6 to 11 form part of these special purpose financial statements.

TGF UNIQUE LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE 7 MONTH PERIOD ENDED 31 OCTOBER 2022

	Share capital \$'000	Translation reserve \$'000	Retained earnings \$'000	Total \$'000
Balance at 1 April 2021	311	(371)	2,450	2,390
Period ended 31 October 2021:				
Profit for the period	-	-	954	954
Other comprehensive income net of taxation:				
Foreign currency differences on translation to presentation currency	-	4	-	4
Total comprehensive income for the period	-	4	954	958
Transactions with owners:				
Dividends paid	-	-	(200)	(200)
Balance at 31 October 2021	311	(367)	3,204	3,148
	Share capital \$'000	Translation reserve \$'000	Retained earnings \$'000	Total \$'000
Balance at 1 April 2022	311	(540)	3,004	2,775
Period ended 31 October 2022:				
Profit for the period	-	-	1,086	1,086
Other comprehensive income net of taxation:				
Foreign currency differences on translation to presentation currency	-	(390)	-	(390)
Total comprehensive income for the period	-	(390)	1,086	696
Balance at 31 October 2022	311	(930)	4,090	3,471

The notes on pages 6 to 11 form part of these special purpose financial statements.

1 General information

Company information

TGF Unique Limited ('the Company') is a private company limited by shares incorporated in the United Kingdom and registered in England and Wales. The principal activities and nature of the Company's operations are disclosed in the Directors' Report on page 2. The registered office is 672 Spur Road, North Feltham Trading Estate, Feltham, England, TW14 0SL.

2 Accounting policies

The principal accounting policies applied in the preparation of these special purpose financial statements are set out below. They have, unless otherwise stated, been applied consistently to all periods presented.

Basis of accounting

The transactions in these special purpose financial statements have been recognised and measured in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. The company is a qualifying entity under Financial Reporting Standard 101 ('FRS 101'). These special purpose financial statements were presented in accordance with IAS 34 'Interim financial statements', applying FRS 101 'Reduced Disclosure Framework'. IAS 34 requires the presentation of the statement of financial position as of the end for the immediately preceding financial year as a comparative. These special purpose financial statements do not present the statement of financial position as at 31 March 2022, as would be required by IAS 34. Instead, the special purpose financial statements present the comparative statement of financial position as at 31 October 2021.

These special purpose financial statements are not the statutory accounts of the Company. Instead, they are non-statutory unaudited special purpose financial statements prepared on the basis set out above, the Companies Act 2006 and regulations thereunder and are presented in accordance with section 435 of the Companies Act 2006. At the date of approving these non statutory financial statements the statutory financial statements for the period ended 31 March 2022 had been delivered to the registrar and they have been subject to audit.

The special purpose financial statements are prepared in US Dollars ('\$') and monetary amounts are rounded to the nearest \$'000. The currency of the primary economic environment in which the company operates is sterling (its 'functional currency'). The special purpose financial statements have been prepared under the historical cost convention.

Reduced disclosures

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments;
- the requirements of IFRS 15 (disaggregation of revenue);
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
-paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures; and
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

2 Accounting policies (continued)

The company's ultimate parent company, Japan Post Holdings Co., Ltd, includes the company in its consolidated financial statements. The consolidated financial statements of Japan Post Holdings Co., Ltd, are prepared in accordance with Japanese GAAP which is recognised as an equivalent to International Financial Reporting Standards ('IFRS') and are available to the public and may be obtained from the registered office 1-3-2 Kasumigaseki, Chiyoda-ku, Tokyo, 100-8798.

Reporting period

These special purpose financial statements cover the 7-month period from 1 April 2022 to 31 October 2022 with the comparative figures covering the 7-month period from 1 April 2021 to 31 October 2021.

Going concern

The special purpose financial statements have been prepared on a going concern basis which the directors consider to be appropriate. The directors have prepared cash flow forecasts which indicate that the company will have sufficient funds to meet its liabilities as they fall due for at least 12 months from the date of approval of the special purpose financial statements.

Foreign currency translation

Transactions in foreign currencies are translated to the company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income.

In addition to the above, the special purpose financial statements' presentation currency is different from the functional currency. Assets and liabilities are translated at the closing rate as at the statement of financial position date. Income and expenses are translated at the annual average exchange rate, as this average exchange rate approximates the exchange rate applicable at the date of the transaction. All resulting exchange differences are recognised as other comprehensive income in the statement of comprehensive income.

Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the profit or loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income respectively.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided on temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

2 Accounting policies (continued)

Non-derivative financial instruments

Non-derivative financial instruments comprise, trade and other debtors, cash and cash equivalents, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Accounting estimates and judgements

There are no judgements made by the directors, in the application of these accounting policies that have a significant effect on the special purpose financial statements or estimates with a significant risk of material adjustment in the next period.

Tangible fixed assets

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets. Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

- Computer equipment 3-4 years

Expected Credit Loss

IFRS 9 uses an 'expected credit loss' (ECL) model. This requires considerable judgement about how changes in economic factors affect ECLs, which are determined on a probability-weighted basis. An allowance for expected credit loss is formed based on historic client delinquencies which the management adjust for based on changes in the macro-economic environment, operational reasons, and client portfolio.

TGF UNIQUE LIMITED
NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE 7 MONTH PERIOD ENDED 31 OCTOBER 2022

2 Accounting policies (continued)

Revenue

The principal operation of the Company is the provision of freight forwarding services, the turnover of which is all generated from the UK.

Revenue is recognised as follows:

- Date of departure for export shipments and consolidated jobs.
- Arrival date for import shipments and consolidated jobs, including domestic.
- Where international freight is part of an import shipment, this will be recognised at departure.

Revenue shall be recognised when or as performance obligations are satisfied by transferring control of a promised service to the customer. Control either transfers over time or at a point in time.

3 Revenue

	2022	2021
	\$'000	\$'000
Provision of services	<u>12,485</u>	<u>13,249</u>
Sales by geographic market:		
United Kingdom	<u>12,485</u>	<u>13,249</u>

4 Income Tax Expense

	2022	2021
	\$'000	\$'000
Income tax		
UK corporation tax for the current period	103	61
The charge for the period can be reconciled to the profit per the statement of comprehensive income as follows:		
Profit before taxation	<u>1,189</u>	<u>1,015</u>
Expected tax at the statutory tax rate of corporation tax in the UK of 19% (2021: 19%)	226	193
Tax effect amounts which are not deductible/(taxable) in calculating taxable income	<u>(123)</u>	<u>(132)</u>
Income tax expense	<u>103</u>	<u>61</u>

5 Debtors

	2021	2020
	\$'000	\$'000
Amounts falling due within one year:		
Trade debtors	2,912	5,247
Other debtors	585	861
	<u>3,497</u>	<u>6,108</u>

The fair value of the Company's trade and other receivables approximates their book value stated above. The Company has assessed the credit risk of its financial assets measured at amortised cost by reference to the historic default experience of each debtor and the analysis of the debtor's financial position. The Company has determined that the loss allowance for expected credit losses of those assets is \$0 (2021: \$0).

6 Creditors: amounts falling due within one year

	2022	2021
	\$'000	\$'000
Trade creditors	2,169	2,165
Accruals and other liabilities	1,834	1,972
	<u>4,003</u>	<u>4,137</u>

The fair value of the Company's trade and other creditors approximates their book value stated above.

7 Share capital

	2022	2021
	\$'000	\$'000
Ordinary share capital		
Authorised, issued and fully paid 200,000 (2021: 200,000) ordinary shares of £1 each	<u>311</u>	<u>311</u>

8 Reserves

Translation reserve

The translation reserve represents foreign exchange gains and losses on the retranslation of the results and net assets of the Company from the functional currency (£) to the presentational currency (\$).

Retained earnings

Retained earnings reflects cumulative profits and losses net of distributions to owners.

9 Ultimate parent company and controlling party

The company is a subsidiary of Toll Global Forwarding Group (UK) Limited. The directors consider the ultimate parent undertaking to be Japan Post Holdings Co., Ltd., a public company incorporated in Japan and listed on the Tokyo Stock Exchange.

The smallest group for which financial statements are prepared, and of which the company is a member of is Toll Group Forwarding Limited and consolidated financial statements can be obtained from Toll Global Forwarding Limited, 30/F. Tower Two, Enterprise Square Five, 38 Wang Chiu Road, Kowloon Bay, Kowloon Hong Kong.

The largest group for which financial statements are prepared, and of which the company is a member is Japan Post Holdings Co., Ltd. and consolidated financial statements can be obtained from Japan Post Holdings Co., Ltd., 1-3-2 Kasumigaseki, Chiyoda-ku, Tokyo, 100-8798

B M CHATRATH & CO LLP
 (FORMERLY B M CHATRATH & CO.)
 CHARTERED ACCOUNTANTS
 LLPIN : AAJ-0682

REGD. OFFICE : CENTRE POINT, 4th FLOOR, Suite No. 440
 21, HEMANTA BASU SARANI, KOLKATA - 700 001
 TEL : 2248-4575/4667/6810/6798, 2210-1385, 2248-9934
 E-mail: bmccal@bmchatrath.in
 website : www.bmchatrath.com

Report on Review of Interim Financial Information

To,

The Board of Directors,

UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED

Introduction

We have reviewed the accompanying condensed balance sheet of **UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED** ("the Company") as of October 31, 2022 and the related condensed statements of profit & loss for the seven-month period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with the Accounting Principles generally accepted in India including the Accounting Standard 25 specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 (as Amended). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with the Accounting Principles generally accepted in India including the Accounting Standard 25 specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 (as Amended).

Restriction on Use and Distribution

The specified financial statements have been prepared for purposes of providing information to the Company to enable it to prepare the group financial statements. As a result, the specified financials are not a complete set of financial statements of **UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED** in accordance with Accounting Principles generally accepted in India including the Accounting Standard 25 specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 (as Amended) and are not intended to present fairly, in all material respects of the financial position of the Company as of October 31st 2022 and of its financial performance, for the seven months period then ended in accordance with Accounting Principles generally accepted in India including the Accounting Standard 25 specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 (as Amended). The specified financials may, therefore, not be suitable for another purpose.

For B M Chatrath & Co LLP
 Chartered Accountants
 FRN: 301011E/E300025

/s/ Priya Agarwal
 Priya Agarwal
 Partner
 Membership Number 303874
 UDIN: 23303874BGTXCA4576

Place: Kolkata

Date: 6th February 2023

NOIDA:- D-26, 2nd Floor, Sector - 3, Noida - 201301 (Uttar Pradesh), Ph No. - 0120-4593360, 0120-4593361

DELHI:- Flat No. - 10, 45 Friends Colony East, New Delhi 110065

MUMBAI:- 104, Building No. B69, Nitin Shanti Nagar CHSL, Shanti Nagar, Sector -1, Mira Road East. Dist. - Thane, Mumbai - 401107

HYDERABAD:- Mangalgiri Vinaygar Apartments, Flat No. - 202, 8-2-616/3/E/2, Road No - 10, Banjara Hills, Pin : 500034

JAIPUR:- B-269, Janta Colony, Jaipur-302004, Ph : 0141-2601727

UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED
CONDENSED BALANCE SHEET AS AT 31ST OCT 2022

		As at 31st Oct, 2022 Amount (Rs. In Lacs)	Oct 2022 : Average Ex Rate : 78.2378 As at 31st Oct, 2022 Amount (in \$k)	As at 31st Mar, 2022 Amount (Rs. In Lacs)	Mar 2022 : Average Ex Rate : 73.9245 As at 31st Mar, 2022 Amount (in \$k)
	Note No.				
I. EQUITY AND LIABILITIES					
1. Shareholders' Funds					
(a) Share Capital	2	130.86	167.26	130.86	177.02
(b) Reserves and Surplus	3	1,498.30	1,915.07	1,239.17	1,676.27
		<u>1,629.17</u>	<u>2,082.33</u>	<u>1,370.03</u>	<u>1,853.29</u>
2. Non-Current Liabilities					
(a) Long- Term Borrowings	4	7.80	9.97	12.31	16.65
(b) Long-Term Provisions	5	369.57	472.37	221.40	299.50
		<u>377.37</u>	<u>482.34</u>	<u>233.71</u>	<u>316.15</u>
3. Current Liabilities					
(a) Short-Term Borrowings	6	7.79	9.96	8.60	11.64
(b) Trade Payables	7	9,607.41	12,279.75	8,743.51	11,827.60
(c) Other Current Liabilities	8	100.64	128.64	111.42	150.72
(d) Short-Term Provisions	9	172.40	220.35	332.65	449.99
		<u>9,888.24</u>	<u>12,638.70</u>	<u>9,196.18</u>	<u>12,439.95</u>
		<u>11,894.77</u>	<u>15,203.37</u>	<u>10,799.92</u>	<u>14,609.39</u>
II. ASSETS					
1. Non-Current Assets					
(a) Property, Plant & Equipment & Intangible Assets					
(i) Property, Plant & Equipment	10	81.11	103.67	54.79	74.12
(ii) Intangible Assets		-	-	-	-
(iii) Capital Work in Progress		-	-	-	-
		<u>81.11</u>	<u>103.67</u>	<u>54.79</u>	<u>74.12</u>
(c) Deferred Tax Assets (net)		39.88	50.97	43.12	58.33
(d) Long-Term Loans and Advances	11	261.28	333.96	305.12	412.74
		<u>301.16</u>	<u>384.93</u>	<u>348.24</u>	<u>471.07</u>
2. Current Assets					
(a) Trade Receivables	12	8,919.55	11,400.57	8,696.56	11,764.12
(b) Cash and Cash Equivalents	13	1,803.60	2,305.28	1,005.12	1,359.66
(c) Short-Term Loans and Advances	14	33.72	43.10	21.77	29.44
(d) Other Current Asset	15	755.62	965.81	673.44	910.98
		<u>11,512.50</u>	<u>14,714.76</u>	<u>10,396.89</u>	<u>14,064.20</u>
		<u>11,894.77</u>	<u>15,203.37</u>	<u>10,799.92</u>	<u>14,609.39</u>
Significant Accounting Policies	1				

The accompanying notes are an integral part of the financial statements.
In terms of our report attached

For B M CHATRATH & Co LLP
Chartered Accountants
Firm Registration No. 301011E/E300025

For UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED

/s/ Sanjeev Ranjan Ambasta
Sanjeev Ranjan Ambasta - General Manager Finance

/s/ Priya Agarwal
Priya Agarwal
Partner
Membership No. - 303874
Place: KOLKATA
Date: 06-02-2023

UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED
CONDENSED STATEMENT OF PROFIT AND LOSS FOR THE SEVEN MONTHS PERIOD ENDED 31ST OCT 2022

		Oct 2022 : Average Ex Rate: 78.2378	Oct 2021 : Average Ex Rate : 73.9245
	Note No.	For the Seven months period ended 31st Oct. 2022 Amount (Rs. In Lacs)	For the Seven months period ended 31st Oct, 2021 Amount (Rs. In Lacs)
		For the Seven months period ended 31st Oct, 2022 Amount (in \$k)	For the Seven months period ended 31st Oct, 2021 Amount (in \$k)
I. INCOME			
(a) Revenue from Operations (Gross)	16	21,877.62	27,962.98
(b) Other Income	17	118.15	151.01
Total Income		21,995.77	28,114.00
II. EXPENSES			
(a) Operating Expenses	18	20,188.21	25,803.66
(b) Employee Benefits Expense	19	1,102.33	1,408.95
(c) Finance Cost	20	0.83	1.07
(d) Depreciation and Amortisation Expense	21	21.10	26.97
(e) Other Expenses	22	329.91	421.68
Total Expenses		21,642.39	27,662.32
III. Profit Before Exceptional and Extraordinary Items and Tax (I-II)			
Exceptional Items		353.38	451.68
IV. Profit Before Extraordinary Items and Tax		353.38	346.68
Extraordinary Items		-	-
V. Profit Before Tax		353.38	346.68
VI. Tax Expense:			
(a) Current tax	23	91.00	116.31
(b) Deferred Tax Expense / (Income)	24	3.25	4.15
		94.25	120.46
		259.14	331.22
VII. Profit After Taxation (V-VI)			
Basic and diluted Earning per Share (in Rs.)	25	19.80	0.25
		19.71	0.26
Significant Accounting Policies	1		

The accompanying notes are an integral part of the financial statements.
In terms of our report attached

For B M CHATRATH & Co LLP
Chartered Accountants
Firm Registration no: 301011E/E300025

/s/ Priya Agarwal
Priya Agarwal
Partner
Membership No - 303874
Place: KOLKATA
Date: 06-02-2023

For UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED

/s/ Sanjeev Ranjan Ambasta
Sanjeev Ranjan Ambasta - General Manager Finance

UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED
CONDENSED NOTES TO FINANCIAL STATEMENTS AS AT 31ST OCT, 2022

Notes:-

1. The Condensed Financial Statements of **UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED** have been prepared in conformity with Generally Accepted Accounting Principles, to comply in all material respects with the Accounting Standards notified by the Companies (Accounting Standards) Rules, 2015 (as amended) and the relevant provisions of the Companies Act, 2013. The Financial Statements have been prepared under the historical cost convention and on Accrual Basis. The accounting policies have been constantly applied by the Company and are consistent with those used in the previous years.
 2. Previous period figures have been regrouped and re-arranged whenever necessary to conform with the classification for adopting in this financial results.
-

UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED
CONDENSED NOTES TO FINANCIAL STATEMENTS AS AT 31ST OCT, 2022

Note - 2: Share Capital

Particulars	As at 31st Oct, 2022		Oct 2022 : Average Ex Rate: 78.2378	As at 31st March, 2022		Mar 2022 : Average Rate: 73.9245
	Number of shares	Amount (Rs in Lacs)	Amount (in SK)	Number of shares	Amount (Rs in Lacs)	Amount (in SK)
	A. Authorised Capital					
2000000 Equity Shares of Rs. 10/- each	2000000	200.00	255.63	2000000	200.00	270.55
II. Issued, Subscribed and Paid up Capital						
Opening Balance at the beginning of the year	1308631	130.86	167.26	1308631	130.86	177.02
Add. Addition during the year	-	0.00	0.00	-	0.00	0.00
Closing Balance (1308631 number of Equity Shares @ Rs 10/-each)	1308631	130.86	167.26	1308631	130.86	177.02
Total	1308631	130.86	167.26	1308631	130.86	177.02

2 (a) The Company has one class of Shares having par value of Rs 10/- each. Each Equity Shareholder is eligible for 1 vote per share held. In the event of liquidation the equity shareholders are eligible to receive the remaining assets of the Company

2 (b) Reconciliation of Shares Outstanding:

Particulars	As at 31st Oct, 2022		Amount (in USD)	As at 31st March, 2022		Amount (in USD)
	Number of shares	Amount (Rs in Lacs)		Number of shares	Amount (Rs in Lacs)	
Equity Shares outstanding at the beginning of the Period						
Equity Shares application received during the period	1308631	130.86	16.73	1308631	130.86	17.70
Equity Shares allotted during the period						
Equity Shares outstanding at the end of the Period	1308631	130.86	16.73	1308631	130.86	17.71

2 (c) Equity Shares held by the Holding Company, the detail is given below:

Particulars	As at 31st Oct, 2022		Percentage (%)	As at 31st March, 2022		Percentage (%)
	Number of shares	Percentage (%)		Number of shares	Percentage (%)	
Unique Logistics Holdings Limited	850261	65		850261	65	65

2 (d) Disclosure of Shareholders holding more than 5 percent share in the Company:

Particulars	As at 31st Oct, 2022		Percentage (%)	As at 31st March, 2022		Percentage (%)
	Number of shares	Percentage (%)		Number of shares	Percentage (%)	
Unique Logistics Holdings Limited	850261	65		850261	65	65
Frangipani Trade Services, INC., USA	458370	35		458370	35	35

2 (e) Equity Shares held by the Promoters. The detail is given below:

Particulars	As at 31st Oct, 2022		Percentage (%)	As at 31st March, 2022		Percentage (%)
	Number of shares	Percentage (%)		Number of shares	Percentage (%)	
Unique Logistics Holdings Limited	8,50,261	65		8,50,261	65	65
Frangipani Trade Services, INC., USA	4,58,370	35		4,58,370	35	35

2 (f) No Shares have been reserved for issue under Option and Contracts/Commitments for the sale of shares/Disinvestment as at the Balance Sheet date.

2 (g) No Shares have been allotted by way of Bonus share or pursuant to contracts or has been bought back by the Company during the period of five years preceding the date at which the

2(h) No convertible securities have been issued by the Company during the year

2 (i) No calls are unpaid by any Director, an Officer of the Company during the year



UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED
CONDENSED NOTES TO FINANCIAL STATEMENTS AS AT 31ST OCT, 2022

Note - 3: Reserves and Surplus

Particulars	As at	Oct 2022 : Average	As at	Mar 2022 : Average
	31st	Ex Rate: 78.2378	31st	Ex Rate: 73.9245
	Oct, 2022	Oct, 2022 Amount (in	March, 2022 Amount	March, 2022
	Amount (Rs in lacs)	₹K)	(Rs in lacs)	Amount (in ₹K)
(a) Securities Premium Reserve				
Balance Brought Forward	81.83	104.59	81.83	110.70
Add During the year on issue of shares	-	-	-	-
Closing Balance	81.83	104.59	81.83	110.70
(b) Surplus in the Statement of Profit and Loss				
Opening Balance as per Statement	1,157.34	1,479.26	690.35	933.85
Add Adjustment of retained earning	0.00	0.00	0.00	0.00
Add Profit / (Loss) during the year	259.14	331.22	466.99	631.72
Closing Balance	1,416.48	1,810.48	1,157.34	1,565.57
Total (a+b)	1,498.31	1,915.07	1,239.17	1,676.27

Note - 4: Long Term Borrowings

Particulars	As at	As at	As at	As at
	31st Oct, 2022	31st Oct, 2022	31st March, 2022	31st March, 2022
	Amount	Amount	Amount	Amount
	(Rs in Lacs)	(in ₹K)	(Rs in Lacs)	(in ₹K)
Secured Loan				
HDFC Bank Car Loan - Secured against Hypothecation of Car, repayable in 3 years from date of purchase	7.80	9.97	12.31	16.65
Total	7.80	9.97	12.31	16.65

Note - 5: Long-Term Provisions

Particulars	As at	As at	As at	As at
	31st Del. 2022	31st Del. 2022	31st March, 2022	31st March, 2022
	Amount (Rs in Lacs)	Amount	Amount (Rs in Lacs)	Amount (in ₹K)
		(in ₹K)		
Provision for Employee Benefits:				
Gratuity	105.42	134.74	108.04	146.14
		0.00		0.00
Other Provision:				
Taxation	264.15	337.63	113.37	153.35
Total	369.57	472.37	221.40	299.50

Note - 6: Short Term Borrowings

Particulars	As at	As at	As at	As at
	31st Oct, 2022	31st Oct, 2022	31st March, 2022	31st March, 2022
	Amount (Rs in Lacs)	Amount (in ₹K)	Amount (Rs in Lacs)	Amount (in ₹K)
Current Maturity Of Car Loan				
HDFC Bank Car Loan - Secured against Hypothecation of Car, repayable in 3 years from date of purchase	7.79	9.96	8.60	11.64
Total	7.79	9.96	8.60	11.64

Note - 7: Trade Payables

Particulars	As at	As at	As at	As at
	31st Del. 2022	31st Del. 2022	31st March, 2022	31st March, 2022
	Amount (Rs in Lacs)	Amount (in ₹K)	Amount (Rs in Lacs)	Amount (in ₹K)
Dues to Micro, Medium and Small Enterprises				
Trade Payables (Not being covered under Micro, Small & Medium Enterprises Development Act, 2006):				
- Related Parties	2,478.17	3,167.48	1,363.00	1,813.77
- Others	7,129.24	9,112.27	7,380.49	9,983.83
Total	9,607.41	12,279.75	8,743.49	11,827.60

In absence of any specific information available with the Company from suppliers regarding their status under the Micro Small and Medium Enterprise Development Act, 2006, no disclosure have been considered necessary in this regard as at



Note - 8: Other Current Liabilities

Particulars	As at 31st Oct. 2022 Amount (Rs in Lacs)	As at 31st Oct. 2022 Amount (in \$K)	As at 31st March. 2022 Amount (Rs in Lacs)	As at 31st March. 2022 Amount (in \$K)
Statutory Liabilities				
TDS Payable	26.85	34.31	68.80	93.06
P.F. Payable (Employer's contribution)	6.35	8.12	5.60	7.57
P.F. Payable (Employees contribution)	6.00	8.82	6.95	9.40
ESI Payable	0.16	0.21	0.28	0.38
Professional Fax Payable	0.62	0.79	0.15	0.21
GST Payable	54.98	70.28	24.94	33.74
		0.00		0.00
Outstanding Liability				
Audit Fees	4.78	6.11	4.71	6.37
Total	100.64	128.61	111.42	150.72

Note - 9: Short-Term Provisions

Particulars	At at 31st Oct. 2022 Amount (Rs in Lacs)	As at 31st Oct, 2022 Amount (in \$K)	As at 31st March, 2022 Amount (Rs in Lacs)	As at 31st March. 2022 Amount (in \$K)
Provision for Income Tax:				
Provision for Income Tax Current year	91.00	116.31	150.79	203.98
Provision for Employee Benefits:		0.00		0.00
Gratuity	17.16	21.93	11.66	15.78
Leave Encashment	14.96	19.13	20.54	27.79
Bonus & Ex-Gratia	37.01	47.31	48.49	65.59
LTA	1.06	1.35	4.59	6.20
Salaries	2.42	3.09	84.86	114.79
Medical Reimbursement	0.40	0.62	5.37	7.27
Other Provision:		0.00		0.00
Others	8.31	10.62	6.35	8.59
Total	172.40	220.35	332.65	449.99

On 31/12/19
Average Rate :
(15.2130)
On 31/12/18
Average Rate :
(17.9089)

Net 19: Property, Plant & Equipment & Intangible Assets

Description of assets	Original Cost										Depreciation/Amortization										Net Book		
	Balance As At 1st April, 2015 (in US\$)	Balance As At 30th April, 2016 (in US\$)	Exchange Difference	Revaluation During the Period (US\$)	Additional Purchase During the Period (US\$)	Disposal of Assets During the Period (US\$)	Balance As at 30th April, 2016 (in US\$)	Balance As at 30th March, 2017 (in US\$)	Balance As at 30th March, 2018 (in US\$)	Balance As at 30th March, 2019 (in US\$)	For the Period (US\$)	For the Period (US\$)	For the Period (US\$)	For the Period (US\$)	For the Period (US\$)	For the Period (US\$)	For the Period (US\$)	For the Period (US\$)	For the Period (US\$)	For the Period (US\$)	Balance As At 30th March, 2019 (in US\$)	Balance As At 30th March, 2020 (in US\$)	
PROPERTY, PLANT & EQUIPMENT																							
Office V.A.S.	47.67	52.19	4.52	0.00	0.00	0.00	47.67	57.90	71.92	75.18	4.13	3.83	0.00	0.00	27.00	13.80	13.80	13.80	13.80	13.80	13.80	13.80	
Computer	100.00	100.00	0.00	100.00	0.00	0.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	
Vehicle Expenses	20.00	20.00	0.00	0.00	0.00	0.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	
Leasing & Rental	10.00	10.00	0.00	0.00	0.00	0.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	
End	177.67	192.19	4.52	100.00	0.00	0.00	177.67	197.90	211.92	215.18	17.06	16.66	0.00	0.00	147.00	73.60	73.60	73.60	73.60	73.60	73.60	73.60	
INTANGIBLE ASSETS																							
Software Development	1.00	1.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	
End	1.00	1.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	
Property, Plant & Equipment	178.67	193.19	4.52	100.00	0.00	0.00	178.67	198.90	212.92	216.18	18.06	17.66	0.00	0.00	148.00	74.60	74.60	74.60	74.60	74.60	74.60	74.60	



UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED
CONDENSED NOTES TO FINANCIAL STATEMENTS AS AT 31ST

Note - 11: Long-Term Loans and Advances

Particulars	Oct 2022 : Average Ex Rate : 78.2378		Mar 2022 : Average Ex Rate : 73.9245	
	As at 31st Oct, 2022	As at 31st Oct, 2022	As at 31st March, 2022	As at 31st March, 2022
	Amount (Rs in Lacs)	Amount (in \$K)	Amount (Rs in Lacs)	Amount (in \$K)
Unsecured considered Good				
Security Deposit	66.79	85.36	54.63	73.90
TDS Receivable	194.50	248.60	250.49	338.84
Total	261.28	333.96	305.12	412.74

Note - 12: Trade receivables

Particulars	As at 31st Oct, 2022	As at 31st Oct, 2022	As at 31st March, 2022	As at 31st March, 2022
	Amount (Rs in Lacs)	Amount (in \$K)	Amount (Rs in Lacs)	Amount (in \$K)
	Trade Receivables			
Unsecured Considered Good	8,919.55	11,400.57	8,696.56	11,764.12
Unsecured Considered Doubtful	19.96	25.51	12.96	17.53
Less Provision for Doubtful Debts	19.96	25.51	12.96	17.53
Total	8,919.55	11,400.57	8,722.48	11,764.12

Note - 13: Cash and Cash Equivalents

Particulars	As at 31st Oct, 2022	As at 31st Oct, 2022	As at 31st March, 2022	As at 31st March, 2022
	Amount (Rs in Lacs)	Amount (in \$K)	Amount (Rs in Lacs)	Amount (in \$K)
	Cash in hand	0.32	0.40	0.51
Balances with Banks in Current Accounts	198.29	253.44	849.61	1,149.29
Fixed Deposit with HSBC Bank	1,605.00	2,051.44	155.00	209.67
Total	1,803.60	2,305.28	1005.12	1,359.66

Note - 14: Short-Term Loans and Advances

Particulars	As at 31st Oct, 2022	As at 31st Oct, 2022	As at 31st March, 2022	As at 31st March, 2022
	Amount (Rs in Lacs)	Amount (in \$K)	Amount (Rs in Lacs)	Amount (in \$K)
	(Unsecured, Considered Good)		0	
Prepaid Expenses	27.00	34.51	11.83	16.00
Staff Advance	6.72	8.59	9.93	13.44
Total	33.72	43.10	21.77	29.44

Note - 15: Other Current Asset

Particulars	As at 31st Oct, 2022	As at 31st Oct, 2022	As at 31st March, 2022	As at 31st March, 2022
	Amount (Rs in Lacs)	Amount (in \$K)	Amount (Rs in Lacs)	Amount (in \$K)
	(Unsecured, Considered Good)			
GST Receivable	44.32	56.65	57.44	77.70
Accrued Interest on Fixed Deposit	10.66	13.63	241	3.26
TDS Receivable - Current	700.64	895.53	593.25	802.50
Advance Paid to Suppliers	0.00	0.00	20.35	27.52
Total	755.62	965.81	673.44	910.98

UNIQUE LOGISTICS INTERNATIONAL (INDIA) PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS AS AT 31ST OCT, 2022

Note - 16: Revenue from Operations

Particulars	For the seven months period ended 31st Oct, 2022 Amount (Rs in Lacs)	Oct 2022 : Average Ex Rate : 78.2378	For the seven months period ended 31st Oct, 2021 Amount (Rs in Lacs)	Oct 2021 : Average Rate : 73.9245
		For the seven months period ended 31st Oct, 2022 Amount (in \$K)		For the seven months period ended 31st Oct, 2021 Amount (in \$K)
Services				
Logistic Services provided to customer	21,877.62	27,962.98	30,916.22	41,821.34
Total	21,877.62	27,962.98	30,916.22	41,821.34

Note - 17: Other Income

Particulars	For the seven months period ended 31st Oct, 2022 Amount (Rs in Lacs)	For the seven months period ended 31st Oct, 2022 Amount (in \$K)	For the seven months period ended 31st Oct, 2021 Amount (Rs in Lacs)	For the seven months period ended 31st Oct, 2021 Amount (in \$K)
Interest Income				
Interest on Income Tax Refund	-	-	-	-
Bank Interest Income	17.57	22.46	0.02	0.03
Other Non-Operating Income		0.00		0.00
Other Income	0.15	0.19	2.87	3.88
Foreign Exchange Difference (Net)	100.43	128.36	0.73	0.99
Total	118.15	151.01	3.62	4.90

Note - 18: Operational Expenses

Particulars	For the seven months period ended 31st Oct, 2022 Amount (Rs in Lacs)	For the seven months period ended 31st Oct, 2022 Amount (in \$K)	For the seven months period ended 31st Oct, 2021 Amount (Rs in Lacs)	For the seven months period ended 31st Oct, 2021 Amount (in \$K)
Direct Expenses	20,188.21	25,803.66	29,313.33	39,653.06
Total	20,188.21	25,803.66	29,313.33	39,653.06

Note - 19: Employee Benefits Expense

Particulars	For the seven months period ended 31st Oct, 2022 Amount (Rs in Lacs)	For the seven months period ended 31st Oct, 2022 Amount (in \$K)	For the seven months period ended 31st Oct, 2021 Amount (Rs in Lacs)	For the seven months period ended 31st Oct, 2021 Amount (in \$K)
Salaries & Wages	945.85	1208.95	856.67	1,158.85
Contribution to Gratuity, Bonus & Ex-Gratia	48.10	61.48	49.09	66.41
Contribution to Provident Fund & ESI	93.29	119.24	96.33	130.31
Staff Welfare Expenses	15.09	19.29	10.05	13.60
Total	1,102.33	1,408.95	1,012.15	1,369.16

Note - 20: Finance Cost

Particulars	For the seven months period ended 31st Oct, 2022 Amount (Rs in Lacs)	For the seven months period ended 31st Oct, 2022 Amount (in \$K)	For the seven months period ended 31st Oct, 2021 Amount (Rs in Lacs)	For the seven months period ended 31st Oct, 2021 Amount (in \$K)
Interest on HSBC Bank Over Draft	-	0	0.74	1.00
Interest A/C-Company Car loan	0.83	1.07	0.34	0.47
Total	0.83	1.07	1.08	1.46

Note - 21: Depreciation & Amortisation Expense

Particulars	For the seven months period ended 31st Oct. 2022	For the seven months period ended 31st Oct, 2022	For the seven months period ended 31st Oct, 2021	For the seven months period ended 31st Oct, 2021
	Amount (Rs in Lacs)	Amount (in \$K)	Amount (Rs in Lacs)	Amount (in \$K)
Depreciation for the year	21.10	26.97	12.22	16.53
Total	21.10	26.97	12.22	16.53

Note - 22: Other Expenses

Particulars	For the seven months period ended 31st Oct, 2022	For the seven months period ended 31st Oct, 2022	For the seven months period ended 31st Oct. 2021	For the seven months period ended 31st Oct. 2021
	Amount (Rs in Lacs)	Amount (in \$K)	Amount (Rs in Lacs)	Amount (in \$K)
Advertising	0.36	0.46	0.00	0.00
Audit fees	2.76	3.53	2.81	3.80
Bank Charges	19.47	24.89	7.83	10.60
Provision for Bad and Doubtful debts	7.00	8.95	7.00	9.47
Brokerage and Commission	2.78	3.55	0.00	0.00
Asset Written off	0.00	0.00	0.00	0.00
Business Promotion	6.75	8.63	0.97	1.31
Conference Expenses	4.33	5.53	0.00	0.00
Car Hire Charges	1.73	2.21	0.77	1.04
Car Maintenance	0.99	1.26	0.84	1.13
Cleaning	7.13	9.12	6.28	8.50
Consultancy	8.10	10.35	4.14	5.61
Conveyance	7.47	9.54	7.32	9.91
Courier	4.72	6.03	2.98	4.03
Subscriptions	4.93	6.31	3.86	5.22
Donation	0.05	0.06	0.00	0.00
Electricity	20.56	26.27	16.03	21.69
Entertainment	0.52	0.66	0.76	1.02
Employee fuel Expenses Reimbursement	22.19	28.36	18.54	25.08
Foreign Exchange Difference (Net)	0.00	0.00	0.00	0.00
Insurance	1.19	1.52	1.03	1.40
Insurance Overseas	6.30	8.05	3.72	5.03
Penally	0.00	0.00	0.00	0.00
Legal & professional fees	6.60	8.44	4.73	6.40
Office Expenses	3.45	4.41	3.08	4.17
Printing & Stationary	12.75	16.29	10.77	14.57
Professional Tax (Company)	0.10	0.13	0.26	0.36
Rent	110.24	140.91	92.26	124.81
Repairs & Maintenance - Computer Maintenance	8.45	10.80	7.78	10.52
Repairs & Maintenance - Others	25.70	32.85	19.17	25.94
Integrated GST Expenses	0.11	0.14	0.00	0.00
Central GST Expenses	3.01	3.85	0.00	0.00
State GST Expenses	0.18	0.23	0.00	0.00
Taxes / Licenses	0.17	0.22	0.19	0.25
Telephone and Internet	10.80	13.81	8.82	11.93
Training	0.00	0.00	0.00	0.00
Travelling Expenses	12.72	16.26	2.33	3.15
Misc. Expenses	0.35	0.45	0.04	0.05
Manpower Supply service	0.00	0.00	0.00	0.00
Interest & Penaltv-GST	5.96	7.62	0.07	0.09
Total	329.91	421.68	234.38	317.06

Note - 23: Current Tax

Particulars	For the seven months period ended 31st Oct, 2022	For the seven months period ended 31st Oct, 2022	For the seven months period ended 31st Oct, 2021	For the seven months period ended 31st Oct, 2021
	Amount (Rs in Lacs)	Amount (in \$K)	Amount (Rs in Lacs)	Amount (in \$K)
Provision for Taxation	91.00	116.31	88.75	120.05
Total	91.00	116.31	88.75	120.05

Note - 24: Deferred Tax Expense / (Income)

Particulars	For the seven months period ended 31st Oct. 2022 Amount (Rs in Lacs)	For the seven months period ended 31st Oct. 2022 Amount (in \$K)	For the seven months period ended 31st Oct. 2021 Amount (Rs in Lacs)	For the seven months period ended 31st Oct, 2021 Amount (in \$K)
Deferred Tax Expense/ (Income)	3.25	4.15	-	-
Total	3.25	4.15	-	-

Note - 25: Earning Per Share

Particulars	For the seven months period ended 31st Oct, 2022 Amount (Rs in Lacs)	For the seven months period ended 31st Oct, 2022 Amount (in \$K)	For the seven months period ended 31st Oct, 2021 Amount (Rs in Lacs)	For the seven months period ended 31st Oct, 2021 Amount (in \$K)
Basic				
(i) Weighted average number of Equity Shares of Rs. 10 each outstanding during the period	13,08,631	13,08,631	13,08,631	13,08,631
(ii) Net Profit/(Loss) for the year	259.14	331.22	257.93	348.91
(iii) Basic Earnings per Share [(ii)/(i)] (in Rs.)	19.80	0.25	19.71	0.26

(On the letter head of the auditor)

RECONCILIATION OF FINANCIAL STATEMENTS TO US GAAP

To: Unique Logistics International Inc.

Re: Unique Logistics International (INDIA) Pvt. Ltd. Reconciliation of Financial Statements to United States Generally Accepted Accounting Principles

We have audited the Financial Statements of Unique Logistics International (INDIA) Pvt. Ltd., as of October 31, 2022, which comprise the Balance Sheet as at October 31, 2022, the Statement of Profit and Loss, including the Statement of other comprehensive income, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

The below mentioned reconciliation statement of the Indian GAAP financial statements to United States generally accepted accounting principles (U.S. GAAP) as at 31st October, 2022, has been prepared following the same accounting policies and methods of computation as the reconciliation of the consolidated financial statements to U.S. GAAP for the period ended October 31, 2022. The disclosures provided below are incremental to those included with the financial statements and the reconciliation of those financial statements to U.S. GAAP.

The significant differences between Indian generally accepted accounting principles (IGAAP) as they apply to Unique Logistics are as follows:

1. As per ASC 606, the core principle is that a vendor should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the vendor expects to be entitled in exchange for those goods or services. The revenue recognition is on the basis of allocation of the transaction price over the performance obligation and fulfillment of performance obligation.

As per Indian GAAP revenue recognition criteria depend on the category of revenue transaction. In general criteria includes no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods/rendering of services.

The reporting entity (Unique Logistics International (India) Pvt. Ltd.) broadly recognize revenue which is in principal similar to US GAAP revenue recognition criteria. The revenue is recognized on the basis of performance obligation as defined in the service contract.

2. As per ASC 842 there is a requirement that lessee to record operating leases on the balance sheet. As a result, lease liability will be recorded at the present value of future lease obligations and Right of Use (ROU) asset, which represents lease right to use the underlying asset, are recorded at commencement date. Rental charges for operating leases shall be straight lined over the period of the agreement considering the escalation prices and the net activity in lease liability and ROU asset is essentially rent equalization reserve and same shall be created for USD 16,541 as on 31st October 2022.
 3. ASC 830 states that, a reporting entity must use a “functional-currency approach” in which all transactions are first measured in the currency of the primary economic environment in which the reporting entity operates (i.e., the functional currency) and then translated into the reporting currency. **Statement of Profit and Loss** has been translated from Indian Rupees (INR) to United States Dollar (USD) using average rate of **1USD = INR 78.238**. **Balance Sheet** has been translated from Indian Rupees (INR) to United States Dollar (USD) using closing rate of **1USD = INR 82.393**. Impact of Increase (Decrease) in financial position due to creation of rent equalization reserve has been translated using average rate.
-

The application of U.S. GAAP would have the following effect on the financial statements:

Particulars	Period up to October 31,2022	
	INR	USD
Revenue from Operations	2,18,77,62,413	2,79,62,971
Cost of Revenue	2,01,88,21,476	2,58,03,645
Operating Expenses:		
Depreciation and amortization	21,09,785	26,966
Employee benefit expense	11,02,33,246	14,08,951
Other Expense	3,29,91,000	4,21,676
Total Operating expenses	14,53,34,031	18,57,593
Income from operations	2,36,06,906	3,01,733
Other (Income) Expenses:		
Interest Expenses	83,000	1,061
Other Income	1,18,14,888	1,51,012
Total Other(Income) Expenses	1,17,31,888	1,49,952
Income (loss) before income taxes	3,53,38,794	4,51,684
Tax expense (benefit)	94,25,000	1,20,466
Net income (loss) for the period, as reported	2,59,13,794	3,31,218
Adjustments:		
Rent equalisation reserve	12,94,148	16,541
Net income – U.S. GAAP	2,46,19,646	3,14,677
Foreign Currency Translation Reserve	0	0
Comprehensive income – U.S. GAAP	2,46,19,646	3,14,677

*Financial statements have been translated from Indian Rupees (INR) to United States Dollar (USD) using average rate of 1USD = INR 78.238 for Income Statement.

As at October 31, 2022	As Reported		Increase (Decrease)		US GAAP	
	INR	USD	INR	USD	INR	USD
Asset						
Current Assets:						
Cash and cash equivalents	18,03,60,403	21,89,015	-	-	18,03,60,403	21,89,015
Accounts receivable, net	89,19,55,452	1,08,25,569	-	-	89,19,55,452	1,08,25,569
Prepayments and other current assets	7,89,34,988	9,58,026	-	-	7,89,34,988	9,58,026
Total current assets	1,15,12,50,843	1,39,72,610	-	-	1,15,12,50,843	1,39,72,610
Property and equipment, net	81,10,998	98,442	-	-	81,10,998	98,442
Intangible assets, net	-	-	-	-	-	-
Other long term assets	2,61,28,380	3,17,117	83,09,981	1,00,857	3,44,38,361	4,17,975
Deferred Tax Asset	39,88,197	48,404	-	-	39,88,197	48,404
Total Assets	1,18,94,78,418	1,44,36,574	83,09,981	1,00,857	1,19,77,88,399	1,45,37,431
Liabilities and stockholders' equity						
Current liabilities:						
Accounts payable	96,07,40,659	1,16,60,408	-	-	96,07,40,659	1,16,60,408
Accrued expenses and other liabilities	2,80,83,365	3,40,845	-	-	2,80,83,365	3,40,845
Total current liabilities	98,88,24,024	1,20,01,253	-	-	98,88,24,024	1,20,01,253
Other long-term liabilities	3,77,37,128	4,58,012	96,04,129	1,16,564	4,73,41,257	5,74,576
Total liabilities	1,02,65,61,152	1,24,59,264	96,04,129	1,16,564	1,03,61,65,281	1,25,75,829
Stockholders' equity						
Common Stock	1,30,86,310	1,58,827	-	-	1,30,86,310	1,58,827
Reserve and Surplus	14,98,30,955	18,18,482	-12,94,148	-15,707	14,85,36,807	18,02,776
Total liabilities and stockholders' equity	1,18,94,78,418	1,44,36,574	83,09,981	1,00,857	1,19,77,88,399	1,45,37,431

*Financial statements have been translated from Indian Rupees (INR) to United States Dollar (USD) using closing rate of 1USD = INR 82.393 for Financial Positions. Increase (Decrease) in financial position is occurring due to creation of rent equalization reserve which has been translated at average rate.

** Other long term assets include Right of Use (ROU) assets and other long term liabilities include lease liability created for the lease term as per ASC 842.

For B M CHATRATH & CO LLP
CHARTERED ACCOUNTANTS
Firm Registration No. 301011E/E300025

Partner
Membership No.:
Place:
Date:

**UNIQUE LOGISTICS INTERNATIONAL
(VIETNAM) CO., LTD.**

Reviewed financial statements for the period
from 01/01/2022 to 31/10/2022
Prepared in accordance with the US. GAAP

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REPORT OF DIRECTOR

Director of Unique Logistics International (Vietnam) Co., Ltd. ("the Company") has the pleasure in presenting this report and the Company's audited financial statements for the period from 01/01/2022 to 31/10/2022 regarding to US. GAAP.

1. General information

Unique Logistics International (Vietnam) Co., Ltd. is limited liability company with two or more members incorporated in Vietnam pursuant to the Business Registration Certificate No, 0310403753 on 11 October 2010 and the next amendments with the latest amendments registered on the 4th amendment issued on 23 July 2020 issued by the Planning and Investment Department of Ho Chi Minh City regarding the changes of owners' equity.

Operating duration of the Company is 20 years since 11 October 2010.

The Company's head office

- Address : No. 181, Dien Bien Phu Street, Da Kao Ward, District 1, Ho Chi Minh City
- Telephone : 028 3822 2352
- Fax : 028 3829 5440

The Company has a branch in Hanoi operated according to the first Registration Certificate No, 0310403753-001 on 24 June 2011 and the next amendments with the latest amendments registered on the fifth amendment on 03 August 2020 issued by the Planning and Investment Department of Hanoi City.

The branch office is located at Floor 5, Han Viet Building, 203 Minh Khai Street, Minh Khai Ward, Hai Ba Trung District, Ha Noi City.

According to the third Investment Registration Certificate dated 28 October 2020, the principal activities of the Company are to provide forwarding services

In this period, the main activities of the Company are to provide forwarding services.

2. The member of Member Council and Director

Members of Member Council and Director during the financial year and at the date of this report are:

Member Council

<u>Full name</u>	<u>Nationality</u>	<u>Position</u>
Mr. Lee, Patrick Man Bun	Canadian	Chairman
Mr. Tran Duy Hoa	Vietnamese	Member

Director

<u>Full name</u>	<u>Position</u>
Mr. Tran Duy Hoa	Director

Legal representative

The legal representative of the Company during the financial year and at the date of this report is

Mr. Tran Duy Hoa	Director
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3. The Company's financial position and operating results

The Company's financial position as at 31 October 2022 and its operating results for the period from 01/01/2022 to 31/10/2022 are reflected in the accompanying financial statements.

REPORT OF DIRECTOR

4. Events since the balance sheet date

There have been no significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the financial statements.

5. Auditors

AFC Vietnam Auditing Company Limited has been appointed to perform the review for the period from 01/01/2022 to 31/10/2022.

6. Director's statement of responsibility in respect of the financial statements

Director is responsible for the financial statements for the period from 01/01/2022 to 31/10/2022 which give a true and fair view of the state of affair of the Company and of its results and cash flows for the period from 01/01/2022 to 31/10/2022. In preparing these financial statements, Director is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basic unless it is inappropriate to presume that the Company will continue in business; and
- Design, implement and maintain the Company's internal control for prevention and detection of fraud and error.

Director is responsible for ensuring that the proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Company and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Director confirmed that the Company has complied with the above requirements in preparing the financial statements.

7. Publication of the financial statements

Director does hereby publish that the accompanying financial statements which give a true and fair view of the financial position of the Company as at 31 October 2022 and the results of its operations and cash flows of the Company for the period from 01/01/2022 to 31/10/2022 in accordance with the Unites States Generally Accepted Accounting Principles and the statutory requirements relevant to preparation and presentation of the financial statements.

/s/ **TRAN DUY HOA**

Director
Ho Chi Minh City, 03 February 2023

REVIEW REPORTS ON INTERIM FINANCIAL INFORMATION

**To: The members of Member Council and Director
Unique Logistics International (Vietnam) Co., Ltd.**

We have reviewed the accompanying financial statements of Unique Logistics International (Vietnam) Co., Ltd. (“the Company”) prepared on 03 February 2023 and set out from pages from 4 to 23, which comprise the balance sheet and statement of movement equity as at 31 October 2022, and the statement of operations, statement of other comprehensive for the period from 01/01/2022 to 31/10/2022 and notes to the financial statements thereto.

Director’s Responsibility for the Financial Statements

Director is responsible for the preparation and fair presentation of these financial statements in accordance with the Unites States Generally Accepted Accounting Principles and comply with relevant statutory requirements to preparation and presentation of the financial statements and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Company. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor’s conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements does not give a true and fair view, in all material respects, of the financial position of Unique Logistics International (Vietnam) Co., Ltd. as at 31 October 2022 and of the results of its operations for the period from 01/01/2022 to 31/10/2022 in accordance with Unites States Generally Accepted Accounting Principles and the statutory requirements relevant to preparation and presentation of the financial statements.

Limitation

Without qualifying our above opinion, we would like to note that the financial statements are prepared for the purpose of internal management of Unique Logistics International (Vietnam) Co., Ltd. Therefore, this report may not be appropriate for any other purpose. Our audit report is only for Unique Logistics International (Vietnam) Co., Ltd. and its partners. It is not available to any other parties than Unique Logistics International (Vietnam) Co., Ltd.

/s/ PHAM THI NGOC LIEN

/s/ NGUYEN NGOC ANH TRUC

Deputy General Director

Audit Practicing Registration Certificate
No. 1180-2023-009-1

AFC VIETNAM AUDITING COMPANY LIMITED
Ho Chi Minh City, 03 February 2023

Auditor

Audit Practicing Registration Certificate
No. 5517-2021-009-1

UNIQUE LOGISTICS INTERNATIONAL (VIETNAM) CO., LTD.
No.181, Dien Bien Phu Street, Da Kao Ward, District 1, Ho Chi Minh City

STATEMENT OF OPERATIONS

For the period from 01/01/2022 to 31/10/2022

	Note	From 01/01/2022 to 31/10/2022 USD	From 01/01/2021 to 31/10/2021 USD
Net service sales	5	23,891,388.50	43,529,832.42
Total net sales		23,891,388.50	43,529,832.42
Cost of service sales	6	18,943,664.58	35,843,520.67
Total cost of sales		18,943,664.58	35,843,520.67
Gross profit/(loss)		4,947,723.92	7,686,311.75
Selling, general and administrative expenses	7	1,496,475.19	1,766,049.39
Income from operations		3,451,248.73	5,920,262.36
Interest and others, net	8	(140,978.82)	(298,987.00)
Income before income taxes		3,310,269.91	5,621,275.36
Income tax expense	9	662,053.98	1,124,255.07
Net income		2,648,215.93	4,497,020.29

LE THI NGOC AI
Preparer

LE THI NGOC AI
Chief Accountant

TRAN DUY HOA
Director
Ho Chi Minh City, 03 February 2023

UNIQUE LOGISTICS INTERNATIONAL (VIETNAM) CO., LTD.
No.181, Dien Bien Phu Street, Da Kao Ward, District 1, Ho Chi Minh City
STATEMENT OF OTHER COMPREHENSIVE INCOME
For the period from 01/01/2022 to 31/10/2022

	From 01/01/2022 to 31/10/2022 USD	From 01/01/2021 to 31/10/2021 USD
Net income	2,648,215.93	4,497,020.29
Foreign currency translation, net of taxes:		
Gain (loss) on foreign currency translation and effective portion of hedges	(303,887.24)	106,727.25
Total comprehensive income, net of taxes	2,344,328.69	4,603,747.54

LE THI NGOC AI
Preparer

LE THI NGOC AI
Chief Accountant

TRAN DUY HOA
Director
Ho Chi Minh City, 03 February 2023

UNIQUE LOGISTICS INTERNATIONAL (VIETNAM) CO., LTD.
No.181, Dien Bien Phu Street, Da Kao Ward, District 1, Ho Chi Minh City

STATEMENT OF OWNER'S EQUITY

For the period from 01/01/2022 to 31/10/2022

	Owner's equity USD	Contributed equity USD	Rate %	Retained earnings USD	Accumulated USD	Total USD
As at 01/01/2021	160,650.00			1,899,910.65	47,033.61	2,107,594.26
<i>In which:</i>						
<i>Unique Logistics Holding Limited</i>		109,242.00	68%			
<i>Tran Duy Hoa</i>		51,408.00	32%			
Profit in first 10 months of 2021	-			4,497,020.29	106,727.25	4,603,747.54
Distributing in first 10 months of 2021	-			(415,060.05)	-	(415,060.05)
Foreign currency translation and effective portion of hedges	-			2,652.26		2,652.26
As at 31/10/2021	160,650.00			5,984,523.15	153,760.86	6,298,934.01
Profit in last 2 months of 2021	-			2,889,015.18	(2,263.17)	2,886,752.01
Distributing in last 2 months of 2021	-			(1,598,576.19)	-	(1,598,576.19)
Foreign currency translation and effective portion of hedges	-			111,073.33	-	111,073.33
As at 31/12/2021	160,650.00			7,386,035.47	151,497.69	7,698,183.16
As at 01/01/2022	160,650.00			7,386,035.47	151,497.69	7,698,183.16
<i>In which:</i>						
<i>Unique Logistics Holding Limited</i>		109,242.00	68%			
<i>Tran Duy Hoa</i>		51,408.00	32%			
Profit in first 10 months of 2022	-			2,648,215.93	(303,887.24)	2,344,328.69
Distributing in 2022	-			(7,278,397.38)	-	(7,278,397.38)
Foreign currency translation and effective portion of hedges	-			(107,638.09)	-	(107,638.09)
As at 31/10/2022	160,650.00			2,648,215.93	(152,389.55)	2,656,476.38

LE THI NGOC AI
Preparer

LE THI NGOC AI
Chief Accountant

TRAN DUY HOA
Director
Ho Chi Minh City, 03 February 2023

BALANCE SHEET

As at 31 October 2022

		Reported	Increase/ (Decrease)	US GAAP
		USD	USD	USD
CURRENT ASSETS		7,990,777.65	3,350.82	7,994,128.47
Cash and cash equivalents	10	1,402,000.61	-	1,402,000.61
Current account receivables	11	1,475,417.78	5,094,821.34	6,570,239.12
Other current receivables		5,095,104.53	(5,094,563.90)	540.63
Current advances to supplies		218.26	(218.26)	-
Work in progress		170.86	-	170.86
Other current assets		257.44	(257.44)	-
Current prepaid expenses		17,608.17	3,569.08	21,177.25
NON-CURRENT ASSETS		53,678.91	(3,350.82)	50,328.09
Other non-current receivables	12	49,034.71	-	49,034.71
Tangible fixed assets		1,293.38	-	1,293.38
Non-current prepaid expenses		3,350.82	(3,350.82)	-
TOTAL ASSETS		8,044,456.56	0.00	8,044,456.56
LIABILITIES		5,387,980.19	0.00	5,387,980.19
Current liabilities		5,387,980.19	0.00	5,387,980.19
Current account payables (Obligation in Operating cycles)	13.1	803,840.82	4,584,139.37	5,387,980.19
Current advance from customers		523.34	(523.34)	-
Taxes and obligation payable to the State		2,384,513.28	(2,384,513.28)	-
Payable to employees		1,661,216.39	(1,661,216.39)	-
Current accrued expenses		537,886.36	(537,886.36)	-
Current loan and finance lease	14	-	-	-
Non-current liabilities		-	-	-
Non-current obligation in Operating cycles	13.2	-	-	-
Non-current loans and finance lease	14	-	-	-
OWNER'S EQUITY		2,656,476.37	(0.00)	2,656,476.37
Owners' invested equity		133,889.86	26,760.14	160,650.00
Retained earnings		2,522,586.51	(26,760.14)	2,495,826.37
TOTAL RESOURCES		8,044,456.56	0.00	8,044,456.56

LE THI NGOC AI
Preparer

LE THI NGOC AI
Chief Accountant

TRAN DUY HOA
Director
Ho Chi Minh City, 03 February 2023

BALANCE SHEET

As at 31 December 2021

		Reported	Increase/ (Decrease)	US. GAAP
		USD	USD	USD
CURRENT ASSETS		21,010,354.29	12,496.45	21,022,850.74
Cash and cash equivalents	10	1,399,900.98	-	1,399,900.98
Current trade receivables	11	16,844,141.51	2,733,397.75	19,577,539.26
Other current receivables		2,733,838.28	(2,730,240.13)	3,598.15
Current advances to supplies		18,982.65	(18,982.65)	-
Work in progress		2,803.50	-	2,803.50
Other current assets		3,157.62	(3,157.62)	-
Current prepaid expenses		7,529.75	31,479.10	39,008.85
NON-CURRENT ASSETS		75,683.40	(12,496.45)	63,186.95
Other non-current receivables	12	61,215.25	-	61,215.25
Tangible fixed assets		1,971.70	-	1,971.70
Non-current prepaid expenses		12,496.45	(12,496.45)	-
TOTAL ASSETS		21,086,037.69	0.00	21,086,037.69
LIABILITIES		13,387,854.54	0.00	13,387,854.54
Current liabilities		13,282,389.02	0.00	13,282,389.02
Current account payables (Obligation in Operating cycles)	13.1	8,851,031.28	4,095,159.50	12,946,190.78
Current advance from customers		5,588.21	(5,588.21)	-
Taxes and obligation payable to the State		2,176,153.26	(2,176,153.26)	-
Payable to employees		1,582,563.59	(1,582,563.59)	-
Current accrued expenses		330,854.44	(330,854.44)	-
Current loan and finance lease	14	336,198.24	-	336,198.24
Long-term liabilities		105,465.52	-	105,465.52
Non-current obligation in Operating cycles	13.2	5,465.52	-	5,465.52
Non-current loans and finance lease	14	100,000.00	-	100,000.00
OWNER'S EQUITY		7,698,183.15	-	7,698,183.15
Owners' invested equity		145,677.93	14,972.07	160,650.00
Retained earnings		7,552,505.22	(14,972.07)	7,537,533.15
TOTAL RESOURCES		21,086,037.69	0.00	21,086,037.69

LE THI NGOC AI
Preparer

LE THI NGOC AI
Chief Accountant

TRAN DUY HOA
Director
Ho Chi Minh City, 03 February 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the period from 01/01/2022 to 31/10/2022

1. BUSINESS HIGHLIGHT

1.1 Ownership structure

Unique Logistics International (Vietnam) Co., Ltd, (“the Company”) is limited liability company with two or more members incorporated in Vietnam pursuant to the Business Registration Certificate No. 0310403753 on 11 October 2010 and the next amendments with the latest amendments registered on the 4th amendment issued on 23 July 2020 issued by the Planning and Investment Department of Ho Chi Minh City regarding the changes of owners’ equity.

1.2 Scope of business activities

The scope of business activities is to provide forwarding services.

1.3 The principal activities

According to the third Investment Registration Certificate dated 28 October 2020, the Company’s principal activities are to provide forwarding services.

In this period, the main activities of the Company are to provide forwarding services.

1.4 Normal business cycle

The normal business cycle of the Company is not exceeding 12 months.

1.5 Statement of comparative presentation of information in the financial statements

The figures are presented in the financial statements for the period from 01/01/2022 to 31/10/2022 compared with the corresponding figures of previous period.

1.6 The number of employees

The number of the Company’s employees as at 31 October 2022 was 71 (as at 31 December 2021, the number of employees was 77).

2. FINANCIAL YEAR, ACCOUNTING CURRENCY ACCOUNTING

2.1 Financial year

The Company’s financial year starts from 01 January and ends at 31 December annual.

2.2 Accounting currency

The Company maintains its accounting records in Viet Nam Dong (“VND”).

3. ACCOUNTING STANDARDS AND SYSTEM

The Company’s financial statements comply with Unites States Generally Accepted Accounting Principles.

As at 31 October 2022 (reviewed)

The reconciliation of the reviewed financial statements to Unites States generally accepted accounting principles (U.S. GAAP) as at 31 October 2022 and for the financial period from 01 January 2022 to 31 October 2022, has been prepared following the same accounting policies and methods of computation as the reconciliation of the financial statements to U.S. GAAP for the year ended 31 October 2022. The disclosures provided below are incremental to those included with the annual financial statements and the reconciliation of those financial statements to U.S. GAAP.

The reconciliation of the reviewed financial statements to U.S. GAAP should be read in conjunction with the financial statements and the reconciliation of the consolidated financial statements to U.S. GAAP for the year ended 31 October 2022.

The significant differences between Vietnamese Accounting Standards and Vietnamese Accounting Systems as they apply to Unique Logistics International (Vietnam) Co., Ltd. are as follows:

- a. According to ASC 606 Revenue from Contracts with Customers, revenue is recognised when control of the promised good and service is transfers to the Company's customers. In an amount that reflects the consideration, the Company expects to receive in exchange of service. The Company recognizes revenue upon meeting each performance obligations based on the allocated amount of the total consideration of the contract to each specific performance obligations.

According to VAS 14 Revenue and other income, the revenue of transaction related to the services is recorded when the result of the transaction can be measured reliably. In case that the services are to be provided in many accounting periods, the determination of sales in each period is done based on the service completion rate as of the balance sheet date. Revenue is recognized upon completion of services provided when satisfy all four conditions:

- Revenue can be measured reliably.
- It is possible to obtain economic benefits from the service provision transaction.
- The work volume finished on the date of making the accounting balance sheet can be determined.
- The costs incurred from the service provision transaction and the costs of its completion can be determined.

There is no differences relating to the revenue recognition policies between US. GAAP and VAS. Therefore, no need to make any adjustment with the Company's revenue.

- b. Under US. GAAP, prepaid expenses include insurance, interest, rents, taxes, unused royalties, current paid advertising service not yet received, operating supplies and paid in advance. Current advances to suppliers in VAS classified as current prepaid expenses.
- c. Under US. GAAP, other assets include: cash and claims to cash that are restricted as to withdrawal or use for other than current operations, as designated for expenditure in the acquisition or construction of noncurrent assets, or are segregated for the liquidation of long-term debts; investments in securities or advances that have been made for the purpose of control, affiliation, or other continuing business advantage; receivables arising from unusual transactions that are not expected to be collected within 12 months; cash surrender value of life insurance policies; land and other natural resources; depreciable assets... VAT deductibles, which classified as other current assets in VAS, classified as other current receivables.
- d. Under US. GAAP, prepaid expenses are not current assets in the sense that they will be converted into cash but in the sense that, if not paid in advance, they would require the use of current assets during operating cycle. Non-current prepaid expenses in VAS classified as current prepaid expenses.

NOTES TO THE FINANCIAL STATEMENTS

For the period from 01/01/2022 to 31/10/2022

- e. Under US. GAAP, obligations in the operating cycle include: payables incurred in the acquisition of materials and supplies to be used in the production of good or in providing services to be offered for sales; collection received in advance of the delivery of goods or performance of service; debts that arise from operation directly related to the operating cycles, such as accrual for wage, salaries, commission, rentals, royalties, and income and other taxes. Current advance from customers, Statutory obligations, payables to employees, current/ non-current accrued expenses, payables due to paying on behalf in VAS classified as Obligation in the operating cycle.
- f. According to Note 2.2, the Company maintains its accounting records in Viet Nam Dong. Financial statements prepared in VND are translated to USD for publishing with relating parties under bellowing principles:
- For all items which is reclassifying as assets, the buying exchange at 31 October 2022 of HSBC Bank (Vietnam) Ltd. – Ho Chi Minh City branch shall be used with the mount VND 24.718/ USD;
 - For all items which is reclassifying as assets, the buying exchange at 31 October 2022 of HSBC Bank (Vietnam) Ltd. – Ho Chi Minh City branch shall be used with the mount VND 24,875/ USD;
 - For owner’s equity which is contributed by owners, the exchange rate at the investment date shall be used.
 - For all items in Statement of Operations, the approximate exchange rate in first 10 months of 2022 shall be used.

Translation adjustment result from the process of translating that entity’s financial statements into the reporting currency. Translation adjustments shall not be included in determining net income but shall be reported in other comprehensive income.

As at 31 December 2021

The reconciliation of the audited financial statements to United States generally accepted accounting principles (U.S. GAAP) as at 31 December 2021 and for the financial period from 01 January 2021 to 31 October 2021, has been prepared following the United States generally accepted accounting principles. The disclosures provided below are incremental to those included with the annual financial statements and the reconciliation of those financial statements to U.S. GAAP.

The significant differences between Vietnamese Accounting Standards and Vietnamese Accounting Systems as they apply to Unique Logistics International (Vietnam) Co., Ltd. are as follows:

- a. According to ASC 606 Revenue from Contracts with Customers, revenue is recognised when control of the promised good and service is transfers to the Company’s customers. In an amount that reflects the consideration, the Company expects to receive in exchange of service. The Company recognizes revenue upon meeting each performance obligations based on the allocated amount of the total consideration of the contract to each specific performance obligations.

According to VAS 14 Revenue and other income, the revenue of transaction related to the services is recorded when the result of the transaction can be measured reliably. In case that the services are to be provided in many accounting periods, the determination of sales in each period is done on the basis of the service completion rate as of the balance sheet date. Revenue is recognized upon completion of services provided when satisfy all four conditions:

- Revenue can be measured reliably;
- It is possible to obtain economic benefits from the service provision transaction;
- The work volume finished on the date of making the accounting balance sheet can be determined;
- The costs incurred from the service provision transaction and the costs of its completion can be determined.

There is no any difference relating to the revenue recognition policies between US GAAP and VAS. Therefore, no need to make any adjustment with the Company's revenue.

- b. Under US GAAP, receivables due to receiving on behalf is classified account receivables. Other current account receivables in VAS classified as account receivables.
- c. Under US GAAP, prepaid expenses are not current assets in the sense that they will be converted into cash but in the sense that, if not paid in advance, they would require the use of current assets during operating cycle. Non-current prepaid expenses in VAS classified as current prepaid expenses.
- d. Under US GAAP, obligations in the operating cycle include: payables incurred in the acquisition of materials and supplies to be used in the production of good or in providing services to be offered for sales; collection received in advance of the delivery of goods or performance of service; debts that arise from operation directly related to the operating cycles, such as accrual for wage, salaries, commission, rentals, royalties, and income and other taxes. Current advance from customers, Statutory obligations, payables to employees, current/ non-current accrued expenses, payables due to paying on behalf in VAS classified as Obligation in the operating cycle.
- e. According to Note 2.2, the Company maintains its accounting records in Viet Nam Dong. Financial statements prepared in VND are translated to USD for publishing with relating parties under following principles:
 - For all items which is reclassifying as assets, the buying exchange at 31 December 2021 of HSBC Bank (Vietnam) Ltd. – Ho Chi Minh City branch shall be used with the mount VND 22,700/ USD;
 - For all items which is reclassifying as assets, the buying exchange at 31 December 2021 of HSBC Bank (Vietnam) Ltd. – Ho Chi Minh City branch shall be used with the mount VND 22,880/ USD;
 - For owner's equity which is contributed by owners, the exchange rate at the investment date shall be used.
 - For all items in Statement of Operations, the approximate exchange rate in first 10 months of 2021 shall be used.

Translation adjustment result from the process of translating that entity's financial statements into the reporting currency. Translation adjustments shall not be included in determining net income but shall be reported in other comprehensive income.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of preparation

The financial statements are prepared on the accrual basis (except for information relating to cash flows).

4.2 Translation from VND to USD

According to Note 2.2, the Company maintains its accounting records in Viet Nam Dong. Financial statements prepared in VND are translated to USD for publishing with relating parties under following principles:

- For all items which is reclassifying as assets, the buying exchange at 31 October 2022 of HSBC Bank (Vietnam) Ltd. – Ho Chi Minh City branch shall be used with the mount VND 24,718/ USD;
- For all items which is reclassifying as liabilities, the buying exchange at 31 October 2022 of HSBC Bank (Vietnam) Ltd. – Ho Chi Minh City branch shall be used with the mount VND 24,875/ USD;
- For owner's equity which is contributed by owners, the exchange rate at the investment date shall be used;
- For all items in Statement of Operations, the approximate exchange rate in first 10 months of 2022 shall be used.

Translation adjustment result from the process of translating that entity's financial statements into the reporting currency. Translation adjustments shall not be included in determining net income but shall be reported in other comprehensive income.

4.3 Foreign currency transactions

Transactions in currencies other than VND during the year have been translated into VND at exchange rates ruling at the date of the transaction.

Exchange differences arising from transactions in foreign currencies are recognized in the financial income or financial expense. Exchange differences arising from revaluation of monetary items denominated in foreign currencies at the balance sheet date after offsetting the differences is recognized in the financial income or financial expense.

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at actual rates of exchange ruling at the balance sheet date. The actual rates of exchange applied to retranslate monetary items denominated in foreign currency at reporting date are determined as follows:

- For foreign currency accounts in banks: purchasing foreign exchange rate of the bank where the Company opened the foreign currency account as at 31 October 2022.
- For cash and monetary assets: the foreign currency buying rate at the reporting date quoted by HSBC Bank as at 31 October 2022.
- For monetary liabilities: the foreign currency selling rate at reporting date quoted by HSBC Bank as at 31 October 2022.

4.4 Cash and cash equivalents

Cash comprises cash on hand and cash in banks. Cash equivalents are short-term highly liquid investments with an original maturity of less than three months since the investment date that are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value at reporting date.

4.4 Receivables

Trade and other receivables are presented at cost less provision for doubtful debts.

The classification of receivables is trade receivables and other receivables, which is complied with the following principles:

- Trade receivables reflect the nature of the receivables arising from commercial transactions with purchase – sale between the Company and an independent purchaser.
- Other receivables reflect the nature of the receivables arising from non-commercial transactions, and to be related to the purchase – sale transactions.

The provision for doubtful debts presents the estimated loss due to non-payment arising on receivables that were outstanding at the balance sheet date, Increases and decreases to the provision balance are recognised as general and administration expense in the income statement.

4.5 Prepaid expenses

Prepaid expenses are used to record expenses actually incurred but they are related to operation of many accounting periods, Prepaid expenses mainly include office equipment and other expenses. They are amortised to the income statement over the period for which the amount are paid or the period in which economic benefit are generated in relation to these expenses.

4.6 Obligation in operations

Accounts payable and accrued expenses are recognized for amounts to be paid in the future, which related to receive the goods and services. Accrued expenses are recorded based on reasonable estimates payment.

The classification of liabilities is payable to suppliers, accrued expenses, internal payables and other payables, which complied with the following principles:

- Trade payables reflect the nature of the payables arising from commercial transactions with purchase of goods, services, property between the Company and an independent seller.
- Accrued expenses reflect the payables for goods and services received from the seller or provided with the purchaser but have not been paid until having invoices or having insufficient billing records, accounting records, and payables to employees including salary, production costs, and sales must accruals. Any difference between accrued account and actual expenses shall be recognised.
- Other payables reflect the nature of the payables of non-commercial, not related to the purchase, sale, rendering of service transactions.

4.8 Revenue and income

Revenue from rendering of services

The revenue of transaction related to the services is recorded when the result of the transaction can be measured reliably. In case that the services are to be provided in many accounting periods, the determination of sales in each period is done on the basis of the service completion rate as of the balance sheet date. Revenue is recognized upon completion of services provided when satisfy all four conditions:

- Revenue can be measured reliably;
- It is possible to obtain economic benefits from the service provision transaction;
- The work volume finished on the date of making the accounting balance sheet can be determined;
- The costs incurred from the service provision transaction and the costs of its completion can be determined.

Interest income

Interest is recognised on an accrual basis, are determined on the balance of cash in bank and the actual interest rate unless uncollectible is in doubt.

4.9 Corporate income tax (“CIT”)

Corporate income tax for the year comprises current and deferred tax, Income tax is recognised in the income statement except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current corporate income tax

Current tax is the expected tax payable on the taxable income for the year, using tax rate enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous year.

Deferred tax

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amounts of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

According to Circular No, 78/2014/ TT-BTC on 18 June 2014 issued by the Ministry of Finance, the Company is obligated to pay corporate income tax at the rate of 20% tax rate on taxable income from 01 January 2016.

Tax returns of the Company are subjected to examination by the Tax Authorities. Because the application of tax laws and regulations on taxes on many types of transactions is susceptible to varying interpretations, amounts reported in the financial statements could be changed at a later date upon final determination by the tax authorities.

4.10 Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions,

Parties are also considered to be related if they are subject to common control or common significant influence by the same third party.

The following parties are known as the Company's related parties:

Company	Relationship
Green Trident Logistics (Hangzhou) Ltd.	Intercompany
PT. Unique Logistics International Indonesia	Intercompany
Shenzhen Unique Logistics Int'l Ltd.	Intercompany
TGF Unique Limited	Intercompany
ULI (North & East China) Co Ltd	Intercompany
ULI (South China) Limited	Intercompany
ULI International Company Limited	Intercompany
Unique Freight Solutions (Thailand) Co., Ltd.	Intercompany
Unique Intl Logistics (M) Sdn. Bhd.	Intercompany
Unique Logistics (Korea) Co., Ltd.	Intercompany
Unique Logistics Holdings Limited	Intercompany
Unique Logistics International (India) Pvt. Ltd.	Intercompany
Unique Logistics International (NYC), LLC	Intercompany
Unique Logistics International (Shanghai) Co., Ltd.	Intercompany
Unique Logistics International (SIN) Pte. Ltd.	Intercompany
Unique Logistics Intl (BOS) Inc	Intercompany
Unique Logistics Int'l (H.K.) Ltd	Parent company
Unique Logistics Intl (South China) Ltd	Intercompany
Uniquorn Int'l Logistics (Shenzhen) Co.,Ltd	Intercompany
Board of Director	Key members

5. NET SERVICE SALES

	From 01/01/2022 to 31/10/2022	From 01/01/2021 to 31/10/2021
	USD	USD
Forwarding service sales by airway	14,229,568.79	29,605,805.38
Forwarding service sales by seaway	9,554,709.36	13,920,134.27
Other service sales	107,110.35	3,892.77
	23,891,388.50	43,529,832.42

6. COST OF SERVICE SALES

	From 01/01/2022 to 31/10/2022	From 01/01/2021 to 31/10/2021
	USD	USD
Cost of forwarding service sales by airway	12,764,233.61	25,320,925.98
Cost of forwarding service sales by seaway	6,102,106.18	10,519,532.10
Cost of other services	77,324.79	3,062.59
	18,943,664.58	35,843,520.67

7. SELLING AND GENERAL ADMINISTRATIVE EXPENSES

	From 01/01/2022 to 31/10/2022	From 01/01/2021 to 31/10/2021
	USD	USD
Human resource expenses	1,120,110.33	1,283,794.20
Marketing expenses	15,581.16	5,947.56
Motor vehicle expenses	4,422.45	4,485.46
Professional expenses	4,181.09	3,874.60
General administrative expenses	147,760.52	159,727.78
Corporate fee expense	192,632.62	296,466.16
Other selling and administrative expenses	11,787.02	11,753.63
	1,496,475.19	1,766,049.39

8. INTEREST AND OTHERS, NET

	From 01/01/2022 to 31/10/2022	From 01/01/2021 to 31/10/2021
	USD	USD
Exchange rate difference due to payment, net	(144,466.57)	(286,457.71)
Bank interest	758.71	526.79
Interest expenses	(2,108.34)	(11,922.59)
Other income	6,001.27	3,153.23
Other expenses	(1,163.89)	(4,286.72)
	(140,978.82)	(298,987.00)

9. INCOME TAX EXPENSE

	From 01/01/2022 to 31/10/2022	From 01/01/2021 to 31/10/2021
	USD	USD
Accounting net profit before tax	3,310,269.91	5,621,275.36
Adjustment to increase/(decrease) profit	-	-
<i>Exchange difference losses</i>	-	-
Taxable income	3,310,269.91	5,621,275.36
Tax rate	20%	20%
Current corporate income tax expenses	662,053.98	1,124,255.07

10. CASH AND CASH EQUIVALENTS

	<u>31/10/2022</u>	<u>31/12/2021</u>
	USD	USD
Cash on hand	9,567.49	5,525.66
Cash in bank – VND	207,854.35	1,220,486.99
Cash in bank – USD	1,184,578.77	173,888.33
	<u>1,402,000.61</u>	<u>1,399,900.98</u>

11. ACCOUNT RECEIVABLES

	<u>31/10/2022</u>	<u>31/12/2021</u>
	USD	USD
Receivables from customer	1,475,417.78	16,844,141.51
- Related parties	1,211,143.57	14,814,664.51
- Third parties	264,274.21	2,029,477.00
Receivables due to pay or receive on behalf	5,094,821.34	2,733,397.75
	<u>6,570,239.12</u>	<u>19,577,539.26</u>

12. OTHER NON-CURRENT RECEIVABLES

	<u>31/10/2022</u>	<u>31/12/2021</u>
	USD	USD
Deposit for office rental	12,476.33	13,420.10
Deposit for warehouse rental	12,136.90	30,894.27
Deposit for service	23,869.25	15,286.34
Other deposit	552.23	1,614.54
	<u>49,034.71</u>	<u>61,215.25</u>

13. OBLIGATION IN OPERATION

13.1 Current obligation in operation

	<u>31/10/2022</u>	<u>31/12/2021</u>
	USD	USD
Account payables to vendors	803,840.82	8,851,031.27
- Related parties	8,770.48	4,036,140.39
- Third parties	795,070.34	4,814,890.88
Advances from customers	523.34	5,588.20
Taxes and other obligation payables to State	(1) 2,384,513.28	2,176,153.26
Payables to employees	(2) 1,661,216.38	1,582,563.59
Accrued expenses	(3) 537,886.36	330,854.44
	<u>5,387,980.18</u>	<u>12,946,190.76</u>

(1) Details of taxes and other obligation payables to State as below:

	<u>31/10/2022</u>	<u>31/12/2021</u>
	USD	USD
Value added tax payables	221.43	-
Corporation income tax payables	2,378,213.13	2,161,979.49
Personal income tax payables	6,078.72	14,173.77
	<u>2,384,513.28</u>	<u>2,176,153.26</u>

(2) Details of payables to employees as below:

	<u>31/10/2022</u>	<u>31/12/2021</u>
	USD	USD
Salary for seasonal staff	40,201.01	-
Bonus for employees	1,621,015.38	1,582,563.59
	<u>1,661,216.39</u>	<u>1,582,563.59</u>

(3) Details of accrued expenses

	<u>31/10/2022</u>	<u>31/12/2021</u>
	USD	USD
Corporation fee expenses	29,640.90	280,119.58
Expenses for services	472,633.45	7,254.48
Year-end party expenses	-	13,111.89
Interest expenses	-	1,747.22
Others	35,612.01	28,621.27
	<u>537,886.36</u>	<u>330,854.44</u>

13.2 Non-current obligation in operation

	<u>31/10/2022</u>	<u>31/12/2021</u>
	USD	USD
Interest expenses	-	5,465.52
	<u>-</u>	<u>5,465.52</u>

14. LOAN

(1) Loans from the Parent Company according to Loan agreement No. 40605-002HK/293020 dated 22 January 2011, the appendix signed on 21 January 2020 with a total value of USD 68,000,00, its interest rate 3%/ year. Loan term: up to 21 January 2023, the Company uses the loan to carry out the investment project in the forwarding industry.

(2) This is a short-term loan according to the Agreement No. 2018-01-VJ dated 24 April 2018 and the appendix dated 24 April 2020 with an amount of VND 743,840,000 (equivalent to USD 32,000,00) from Mr. Tran Duy Hoa. The interest rate is 3%/ year. Term of the loan: up to 23 April 2023. The Company uses these loans to carry out the investment projects in the forwarding industry.

15. OTHER INFORMATION

15.1 Transactions and balances with key management members, the individuals involved with key management members.

The key management members include members of the Management Board and Director. Individuals associated with key management members are close members in the family of key management members.

Transactions with key management members, the individuals involved with key management members

The Company had transactions with key management member and individuals related to key management members as below:

	From 01/01/2022 to 31/10/2022 USD	From 01/01/2021 to 31/10/2021 USD
Interest	376.31	802.56
Dividend	2,329,087.16	227,619.23

Liabilities to key management members and individuals related to key management members

The Company had liabilities to key management members and individuals related to key management members in the period.

The remuneration of the Board of Management and Director

	From 01/01/2022 to 31/10/2022 USD	From 01/01/2021 to 31/10/2021 USD
Income and allowance	62,072.39	46,139.11
	62,072.39	46,139.11

15.2 Significant transactions with related parties during the year

The transactions with related parties are as follows:

Related parties	Transaction	From 01/01/2022 to 31/10/2022 USD	From 01/01/2021 to 31/10/2021 USD
Green Trident Logistics (Hangzhou) Ltd.	Providing service	191.38	105.05
PT. Unique Logistics International Indonesia	Purchasing service	59.26	20.94
Shenzhen Unique Logistics Int'l Ltd.	Providing service	22,544.78	1,798.17
	Purchasing service	21,541.40	10,337.17
TGF Unique Limited	Providing service	3,925.12	-
	Purchasing service	-	508.30
ULI (North & East China) Co Ltd	Providing service	79,117.77	150,924.28
	Purchasing service	271,270.44	167,990.44
ULI (South China) Limited	Providing service	215.87	52.68
	Purchasing service	5,692.93	4,529.90
ULI International Company Limited	Providing service	1,601.81	2,235.63
	Purchasing service	42.05	43.97
Unique Freight Solutions (Thailand) Co., Ltd.	Purchasing service	99.78	2,191.14
Unique Intl Logistics (M) Sdn. Bhd.	Purchasing service	416.36	2,665.61
Unique Logistics (Korea) Co., Ltd.	Providing service	32,335.69	42,932.00
	Purchasing service	4,025.02	5,169.23
Unique Logistics Holdings Limited	Providing service	-	1,047.42
	Purchasing service	55,127.31	95,931.76
	Corporate fee	192,632.62	296,466.16
	Interest	779.40	1,705.44
	Other fees	9,862.99	8,285.94
Unique Logistics International (India) Pvt. Ltd.	Providing service	18,272.24	-
	Purchasing service	480.77	625.07
Unique Logistics International (NYC), LLC	Providing service	11,485,623.67	26,985,057.77
	Purchasing service	2,641,004.73	5,499,067.28
Unique Logistics International (Shanghai) Co., Ltd.	Purchasing service	433.86	-
Unique Logistics International (SIN) Pte. Ltd.	Providing service	-	1,606.49

	Purchasing service	28,175.22	35,364.44
Unique Logistics International (BOS) Inc	Providing service	-	2,808.80
Unique Logistics International (H.K.) Ltd	Providing service	29,677.96	10,341.84
	Purchasing service	63,566.48	8,142.12
	Pay/ receive on behalf	5,423,038.23	4,960,920.77
	Other fees	55,572.67	57,054.44
	Interest	-	5,112.74
	Dividend	4,949,310.22	566,640.87
Unique Logistics International (South China) Ltd	Providing service	42.01	26.53
	Purchasing service	10.13	136.94
Uniquorn International Logistics (Shenzhen) Co.,Ltd	Providing service	59.37	653.72
	Purchasing service	11,340.99	8,460.20

Liability balances with related parties

The balances of receivable/ (payable) with the related parties are as follows:

Related parties		31/10/2022	31/12/2021
		USD	USD
Green Trident Logistics (Hangzhou) Ltd.	Account receivables	55.35	54.25
PT. Unique Logistics International Indonesia	Account receivables	-	1,476.48
	Obligation in operation	(4.62)	(26.05)
Shenzhen Unique Logistics Int'l Ltd.	Account receivables	4,380.70	-
	Obligation in operation	-	(1,849.42)
TGF Unique Limited	Account receivables	109.75	796.98
	Obligation in operation	-	(510.39)
ULI (North & East China) Co Ltd	Account receivables	-	24,861.50
	Obligation in operation	-	(87,464.28)
ULI (South China) Limited	Obligation in operation	(526.26)	(542.40)
ULI International Company Limited	Account receivables	20.70	25.79
	Obligation in operation	(5.00)	-
Unique Freight Solutions (Thailand) Co., Ltd.	Obligation in operation	(70.92)	(1,183.92)
Unique Intl Logistics (M) Sdn. Bhd.	Obligation in operation	-	(2,058.29)
Unique Logistics (Korea) Co., Ltd.	Account receivables	-	2,292.65
	Obligation in operation	(1,169.76)	(3,043.55)
Unique Logistics Holdings Limited	Obligation in operation	(3,593.32)	(110,393.10)
Long-term loan		-	(68,000.00)
Unique Logistics International (India) Pvt. Ltd.	Account receivables	6,558.21	-
Unique Logistics International (NYC), LLC	Account receivables	1,199,878.14	14,782,381.95
	Obligation in operation	(2,348.09)	(3,779,400.44)
Unique Logistics International (SIN) Pte. Ltd.	Obligation in operation	-	(36,259.04)
Unique Logistics International (BOS) Inc	Account receivables	-	2,485.46
Unique Logistics International (H.K.) Ltd	Account receivables	5,094,962.05	2,733,578.07
	Obligation in operation	-	(11,278.60)
Unique Logistics International (South China) Ltd	Account receivables	-	8.44
	Obligation in operation	-	(9.97)
Uniquorn International Logistics (Shenzhen) Co.,Ltd	Account receivables	-	100.70
	Obligation in operation	(1,052.52)	(2,120.94)

15.3 Events after the balance sheet date

There has been no significant event occurring after the balance sheet date which would require adjustments or disclosures to be made the notes to the financial statements.

LE THI NGOC AI
Preparer

LE THI NGOC AI
Chief Accountant

TRAN DUY HOA
Director
Ho Chi Minh City, 03 February 2023

(a) UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

On February 21, 2023, Unique Logistics International, Inc. (the “Company”) completed the acquisition by and between the Company and Unique Logistics Holdings Limited, a Hong Kong corporation (the “ULHL”), whereby the Company acquired from ULHL all of ULHL’s share capital in eight (8) of ULHL’s operating subsidiaries (“ULHL Entities” or “Targets”).

Name of acquired operating subsidiary	Purchased Percentage	Designation
Unique Logistics International (H.K.) Limited	100%	Consolidated subsidiary
Unique Logistics International (Vietnam) Co., Ltd.	65%	Consolidated subsidiary
ULI (South China) Limited	70%	Consolidated subsidiary
Unique Logistics International (South China) Limited	70%	Consolidated subsidiary
Unique Logistics International (India) Private Ltd.	65%	Consolidated subsidiary
ULI (North & East China) Company Limited	50%	Equity-method investment
Unique Logistics International Co., Ltd	50%	Equity-method investment
TGF Unique Limited	49.99%	Equity-method investment

Simultaneously with Closing, pursuant to a separate Stock Purchase Agreement, the Company entered into a related-party transaction with Frangipani Trade Services, Inc. (“FTS”). FTS is owned by the Chief Executive Officer of the Company. Pursuant to the FTS Purchase Agreement, the Company purchased the remaining 35% of shares of Unique-India owned by FTS, which resulted in the Company owning all of the share capital of Unique-India. In consideration for the 35% of shares of Unique-India, the Company issued a promissory note to FTS in the principal amount of \$500,000, bearing no interest with a maturity date of February 21, 2025.

The following unaudited pro forma condensed combined financial statements and related notes are based on the Company’s and the ULHL Entities’ historical financial statements after giving effect to the ULHL Entities Acquisition, and the assumptions, reclassifications, and adjustments described in the accompanying notes to the unaudited pro forma condensed combined financial statements. The unaudited pro forma financial information should be read in conjunction with the accompanying notes to the unaudited pro forma financial information and:

- A stock purchase agreement (the “SPA Agreement”), signed on April 28, 2022, by and between the Company and Unique Logistics Holdings Limited, a Hong Kong corporation (the “Seller”), whereby the Company acquired from the Seller all of Seller’s share capital (the “Purchased Shares”) in eight (8) of Seller’s subsidiaries as listed in Schedule I of the Purchase Agreement, as included in the Current Report on Form 8-K, filed with the SEC on May 3, 2022.
- The historical audited financial statements of the Company for the year ended May 31, 2022, included in the Company’s Annual Report on Form 10-K filed with the SEC on September 13, 2022.
- The historical unaudited condensed consolidated financial statements of the Company for the three and nine months ended November 30, 2022, included in the Company’s Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission (“SEC”) on January 17, 2023.

This unaudited pro forma financial information has been presented for illustrative purposes only and do not necessarily reflect what the combined company’s financial condition or results of operations would have been had the acquisition of ULHL Entities occurred on the dates indicated. The unaudited pro forma combined statement of operations for the six months ended November 30, 2022, and the year ended May 31, 2022, give effect to the ULHL Entities acquisition as if it had occurred on June 1, 2021. The unaudited proforma combined balance sheet as of November 30, 2022, gives effect to the ULHL Entities acquisition as if it had occurred on November 30, 2022, with recurring acquisition related adjustments reflected for such period.

Further, the unaudited pro forma financial information also may not be useful in predicting the future financial condition and results of operations of the combined company. The actual financial position and results of operations may differ significantly from the pro forma amounts reflected herein due to a variety of factors. The unaudited pro forma transaction accounting adjustments represent management’s estimates based on information available as of the date of these unaudited pro forma condensed combined financial statements and are subject to change as additional information becomes available and analyses are performed.

(b) UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

UNIQUE LOGISTICS INTERNATIONAL INC.
Unaudited Condensed Combined Balance Sheets
As of November 30, 2022
(Unaudited)

	Registrant Historical	Target Historical	Acquisitions		Proforma Adjustments	Notes	Proforma Combined
Current assets:							
Cash and cash equivalents	\$ 1,244,044	\$ 11,045,792	\$ (3,500,000)	1	\$ -		\$ 8,789,836
Accounts receivable, net	51,348,532	22,950,709	-		(11,436,143)	3	62,863,098
Contract assets	13,804,866	8,304,512	-		-		22,109,378
Other current assets	2,260,969	-	-		-		2,260,969
	<u>68,658,411</u>	<u>42,301,013</u>	<u>(3,500,000)</u>		<u>(11,436,143)</u>		<u>96,023,281</u>
Non-current assets:							
Goodwill	4,463,129	-	3,294,251	1	-		7,757,380
Intangible assets, net	6,984,131	-	6,515,000	1	-		13,499,131
Equity in net assets of affiliated companies	-	-	18,940,749	1	(7,794,749)	2	11,146,000
Deferred tax asset	987,648	-	-		-		987,648
Property and equipment, net	223,757	485,975	-		-		709,732
Right of use asset	10,579,787	-	-		-		10,579,787
Other long-term assets, net	1,596,926	479,650	-		-		2,076,576
	<u>19,254,388</u>	<u>995,625</u>	<u>0</u>		<u>0</u>		<u>20,250,013</u>
Total Assets	<u>\$ 93,493,789</u>	<u>\$ 43,266,638</u>	<u>\$ 25,250,000</u>		<u>\$ (19,230,892)</u>		<u>\$ 142,779,535</u>
Liabilities and Stockholders' Equity							
Current liabilities							
Accounts payable	\$ 30,955,524	\$ 30,950,517	\$ -		\$ (11,436,143)	3	\$ 50,469,898
Accrued expenses and other current liabilities	4,898,634	-	-		1,063,479	5;	5,962,113
Accrued freight	1,195,946	-	-		-		1,195,946
Revolving credit facility	20,691,815	-	-		-		20,691,815
Current portion of notes payable – net of discount	304,167	-	-		-		304,167
Current portion of long-term debt due to related parties	349,631	-	23,750,000	1	-		24,099,631
Current portion of operating lease liability	1,796,661	-	-		-		1,796,661
	<u>60,192,378</u>	<u>30,950,517</u>	<u>23,750,000</u>		<u>(10,106,794)</u>		<u>104,520,231</u>
Non-current liabilities							
Other long-term liabilities	141,330	1,053,602	-		-		1,194,932
Long-term-debt due to related parties, net of current portion	150,655	-	1,500,000	1	-		1,650,655
Operating lease liability, net of current portion	8,891,206	-	-		-		8,891,206
Derivative Liability	11,693,338	-	-		-		11,693,338
	<u>12,785,849</u>	<u>1,053,602</u>	<u>0</u>		<u>0</u>		<u>13,839,451</u>
Total Liabilities	<u>81,068,907</u>	<u>32,004,119</u>	<u>25,250,000</u>		<u>(10,106,794)</u>		<u>127,950,363</u>
Stockholders' Equity							
Preferred stock	941	-	-		-		941
Common stock	799,142	2,989,310	-		(2,989,310)	2	799,142
Additional paid-in capital	180,220	-	-		-		180,220
Retained earnings	11,444,579	4,805,439	-		(5,868,918)	2; 5;	10,381,100
Total Stockholders' Equity attributable to the registrant	<u>12,424,882</u>	<u>7,794,749</u>	<u>0</u>		<u>(8,858,228)</u>		<u>11,361,403</u>
Noncontrolling Interest	-	\$ 3,467,770	-		-		3,467,770
Total Stockholders' Equity	<u>12,424,882</u>	<u>11,262,519</u>	<u>0</u>		<u>(8,858,228)</u>		<u>14,563,303</u>
Total Liabilities and Stockholders' Equity	<u>\$ 93,493,789</u>	<u>\$ 43,266,638</u>	<u>\$ 25,250,000</u>		<u>\$ (19,230,892)</u>		<u>\$ 142,779,535</u>

UNIQUE LOGISTICS INTERNATIONAL INC.
Unaudited Pro Forma Condensed Combined Statements of Operations
For six month ended November 30, 2022
(Unaudited)

	<u>Registrant Historical</u>	<u>Target Historical</u>	<u>Proforma Adjustments</u>	<u>Notes</u>	<u>Proforma Combined</u>
Revenue	\$ 225,346,105	\$ 110,145,514	\$ (16,073,150)	4	\$ 319,418,469
Cost of revenue	204,591,472	99,795,870	(16,073,150)	4	288,314,192
Gross profit	<u>20,754,633</u>	<u>10,349,644</u>	<u>-</u>		<u>31,104,277</u>
Operating Expenses:					
Depreciation and amortization	402,640	78,186	-		480,826
Selling, general and administrative	10,509,579	5,527,949	-		16,037,528
Equity investments (Income)	-	(2,850,912)	-		(2,850,912)
Total operating expenses	<u>10,912,219</u>	<u>2,755,223</u>	<u>-</u>		<u>13,667,442</u>
Income from operations	9,842,414	7,594,421	-		17,436,835
Other (Income) Expense					
Interest	2,329,985	36,076	570,925	5	2,936,986
Change in fair value of derivative liabilities	(744,656)	-	-		(744,656)
Total Other Expense	<u>1,585,329</u>	<u>36,076</u>	<u>570,925</u>		<u>2,192,330</u>
Income before income taxes	<u>8,257,085</u>	<u>7,558,345</u>	<u>(570,925)</u>		<u>15,244,505</u>
Income tax expense (benefit)	<u>1,664,047</u>	<u>389,033</u>	<u>(114,185)</u>	5	<u>1,938,895</u>
Net income (loss)	<u>6,593,038</u>	<u>7,169,312</u>	<u>(456,740)</u>		<u>13,305,610</u>
Less net income attributable to noncontrolling interest	-	(812,149)	-		(812,149)
Net Income (loss) attributable to registrant	<u>\$ 6,593,038</u>	<u>\$ 6,357,163</u>	<u>\$ (456,740)</u>		<u>\$ 12,493,461</u>
Net income (loss) per common share - common	<u>\$ 0.01</u>				<u>\$ 0.02</u>
Net income (loss) per common share - diluted	<u>\$ 0.00</u>				<u>\$ 0.00</u>
Weighted average common shares outstanding - basic	<u>771,683,232</u>				<u>771,683,232</u>
Weighted average common shares outstanding - diluted	<u>9,650,508,886</u>				<u>9,650,508,886</u>

UNIQUE LOGISTICS INTERNATIONAL INC.
Unaudited Pro Forma Condensed Combined Statements of Operations
For the Year Ended May 31, 2022

	Registrant Historical (Audited)	Target Historical (Unaudited)	Proforma Adjustments	Notes	Proforma Combined
Revenue	\$ 1,014,486,680	\$ 360,616,588	\$ (103,589,227)	4	\$ 1,271,514,041
Cost of revenue	971,610,651	324,269,814	(103,589,227)	4	1,192,291,238
Gross profit	<u>42,876,029</u>	<u>36,346,774</u>	<u>-</u>		<u>79,222,803</u>
Operating Expenses:					
Depreciation and amortization	782,352	-	-		782,352
Selling, general and administrative	25,569,260	14,562,973	-		40,132,233
Equity investments (Income)	-	(14,623,125)	-		(14,623,125)
Total operating expenses	<u>26,351,612</u>	<u>(60,152)</u>	<u>-</u>		<u>26,291,460</u>
Income from operations	16,524,417	36,406,926	-		52,931,343
Other Expense					
Interest expense, net	5,632,551	389,178	758,425	5	6,780,154
Losses on extinguishment of debt	922,316	-	-		922,316
Change in fair value of derivative liabilities	4,020,698	-	-		4,020,698
Total Other Expense	<u>10,575,565</u>	<u>389,178</u>	<u>758,425</u>		<u>11,723,168</u>
Net income before income tax	<u>5,948,852</u>	<u>36,017,748</u>	<u>(758,425)</u>		<u>41,208,175</u>
Income tax expense (benefit)	<u>2,414,298</u>	<u>2,871,447</u>	<u>(151,685)</u>	5	<u>5,134,060</u>
Net income (loss)	<u>3,534,554</u>	<u>33,146,301</u>	<u>(606,740)</u>		<u>36,074,115</u>
Deemed Dividend	(4,565,725)	-	-		(4,565,725)
Less net income attributable to noncontrolling interest	<u>-</u>	<u>(5,412,908)</u>	<u>-</u>		<u>(5,412,908)</u>
Net Income (loss) attributable to registrant	<u>\$ (1,031,171)</u>	<u>\$ 27,733,393</u>	<u>(606,740)</u>		<u>\$ 26,095,482</u>
Net income (loss) per common share - common	<u>\$ (0.00)</u>				<u>\$ 0.04</u>
Net income (loss) per common share - diluted	<u>\$ (0.00)</u>				<u>\$ 0.04</u>
Weighted average common shares outstanding - basic	<u>605,817,180</u>				<u>605,817,180</u>
Weighted average common shares outstanding - diluted	<u>605,817,180</u>				<u>605,817,180</u>

(c) NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The unaudited proforma condensed combined financial statements are based on Company's and ULHK Entities historical financial statements as adjusted to give effect to the acquisition of ULHL Entities and issuance of debt necessary to finance the acquisition. The unaudited pro forma combined statement of operations for the six months ended November 30, 2022, and the year ended May 31, 2022, give effect to the ULHL Entities acquisition as if it had occurred on June 1, 2021. The unaudited proforma combined balance sheet as of November 30, 2022, gives effect to the ULHL Entities acquisition as if it had occurred on November 30, 2022, with recurring acquisition related adjustments reflected for such period.

The Company and the ULHL's operating subsidiaries have different fiscal year ends. The historical unaudited pro forma condensed combined statement of operations for the six months ended November 30, 2022, combines the Company's historical unaudited consolidated statement of operations for the six months ended November 30, 2022, with the results of the ULHL's operating subsidiaries for the six months ended September 30, 2022, as derived from the historical statement of operations of ULHL's operating subsidiaries. The historical unaudited statement of operations of ULHL's operating subsidiaries for the six months ended September 30, 2022, was determined by adding the historical audited statement of operations of ULHL's operating subsidiaries for the nine-month ended September 30, 2022, and subtracting the historical condensed statement of operations for the three months ended March 31, 2022.

The historical unaudited pro forma condensed combined statement of operations for the year ended May 31, 2022 combines the Company's historical audited consolidated statement of operations for the year ended May 31, 2022 with the results of the ULHL's operating subsidiaries for the year ended March 31, 2022, as derived from the historical statement of operations of ULHL's operating subsidiaries. The historical unaudited statement of operations of ULHL's operating subsidiaries for the year ended March 31, 2022 was determined by adding the historical unaudited condensed statement of operations of ULHL's operating subsidiaries for the three months ended March 31, 2022 to its historical audited statement of operations for the year ended December 31, 2021, and then subtracting the historical unaudited condensed statement of operations for the three months ended March 31, 2021.

2. DESCRIPTION OF TRANSACTION

On February 21, 2023, Unique Logistics International, Inc. (the "Company") completed the acquisition via a stock purchase agreement signed on April 28, 2022, and applicable amendments (the "Purchase Agreement"), by and between the Company and Unique Logistics Holdings Limited, a Hong Kong corporation (the "ULHL"), whereby the Company acquired from ULHL all of ULHL's share capital in eight (8) of ULHL's operating subsidiaries as listed in Schedule I of the SPA Agreement (the "ULHL Entities Acquisition").

Promissory Notes:

Under the SPA, payment of the Initial Purchase Price was to be made by the Company's delivery of \$21,000,000 in cash and issuance by the Company of a promissory note in favor of the Seller in the principal amount of \$1,000,000 (the "Original Note") for a total of \$22,000,000. As part of the Company and the Seller's agreement to restructure the Transaction under Amendment No. 2, the Company and the Seller agreed to the following: (a) the Company would, as contemplated under the SPA, issue the Original Note; (b) reduce the cash portion of the Initial Purchase Price payable at Closing from \$21,000,000 (the "Initial Cash Portion") to \$3,500,000; and (c) in lieu of payment in cash of the balance of the Initial Cash Portion, equal to \$17,500,000, the Company would issue certain additional promissory notes consisting of the following:

- Promissory Note in the principal amount of \$4,500,000 which matures March 7, 2023, having an interest rate of 15%.
- Promissory Note in the principal amount of \$5,000,000 which matures April 7, 2023, having an interest rate of 15%.
- Promissory Note in the principal amount of \$5,000,000 which matures June 30, 2023, having an interest rate of 15%.
- Promissory Note in the principal amount of \$2,000,000 due June 30, 2023 (the "Initial Taiwan Maturity Date"), bearing no interest and payable on: (a) July 15, 2023, provided that all government and other regulatory approvals necessary or required by Taiwan in order to consummate the Transaction as the same relates to Unique-Taiwan (the "Taiwan Approvals") have been received by the Initial Taiwan Maturity Date; or (b) in the event that the Taiwan Approvals have not been received by the Taiwan Maturity Date, payment under this promissory note will be due and payable within fifteen (15) days of receipt of the Taiwan Approvals. This promissory note was issued in lieu of cash otherwise due under the original Local SPA in respect of the Purchased Shares of Unique-Taiwan.
- Promissory Note in the principal amount of \$1,000,000 due June 30, 2023 (the "Initial Vietnam Maturity Date"), bearing no interest and payable on: (a) July 15, 2023, provided that all government and other regulatory approvals necessary or required by Vietnam in order to consummate the Transaction as the same relates to Unique-Vietnam (the "Vietnam Approvals") have been received by the Initial Vietnam Maturity Date; or (b) in the event that the Vietnam Approvals have not been received by the Vietnam Maturity Date, payment under this promissory note will be due and payable within fifteen (15) days of receipt of the Vietnam Approvals. This promissory note was issued in lieu of cash otherwise due under the original Local SPA in respect of the Purchased Shares of Unique-Vietnam.

Contingent Considerations:

At Closing, the Company issued two additional promissory notes, in lieu of cash, as payment of certain milestones set forth in the SPA that were already achieved, (these additional promissory notes, together with the aforementioned promissory notes, collectively, the "Promissory Notes"):

- Promissory Note in the principal amount of \$2,500,000 due on June 30, 2023, having an interest rate of 15%. This Promissory Note was issued in respect of the purchase price adjustment provided for under the SPA.
- Promissory Note in the principal amount of \$2,000,000 due on February 21, 2024, and bearing no interest. This Promissory Note was issued in respect of the purchase price adjustment provided for under the SPA.

In addition to the Initial Purchase Price, ULHL will be eligible for an additional one-time cash earn-out payment (the "Earn Out Payment"), in the amount of (i) \$2,500,000, if the EBITDA of the Purchased Shares, in the aggregate, exceeds \$5,000,000 for the one-year period beginning on July 1, 2022 and ending June 30, 2023 (the "Earn Out Period"), or (ii) \$2,000,000, if the EBITDA of the Purchased Shares, in the aggregate is equal to or less than \$5,000,000 but exceeds \$4,500,000, for the Earn Out Period, in each case, to be paid by the Company within 90 days of June 30, 2023. Management estimated fair value of the earnout payment based on the actual up to date performance of the acquired entities and the probability of the earn out payment occurrence to be at \$1,750,000 as of November 30, 2022.

3. ACCOUNTING POLICIES

The Company will account for the ULHL Entities Acquisition using the acquisition method of accounting for business combinations. Under the acquisition method of accounting, the total consideration paid is allocated to an acquired company's tangible and intangible assets, liabilities, and any non-controlling interest based on their estimated fair values as of the acquisition date. Once we complete our final valuation processes for the ULHL Entities Acquisition, we may report changes to the value of the assets acquired, as well as the amount of goodwill, and those changes could differ materially from what we present here.

During the year ended May 31, 2022 and the six months ended November 30, 2022, the Registrant incurred \$0.5 million and \$0.3 million of non-recurring transaction costs associated with these transactions which were directly expensed in the period incurred.

4. PRELIMINARY PURCHASE PRICE CONSIDERATION

	<u>Maturity Date</u>	<u>Description</u>	<u>Amount</u>	<u>Interest rate</u>
Cash at closing			\$ 3,500,000	
Promissory Notes				
	3/7/2023	Note 1 to ULHL	4,500,000	15.0%
	4/7/2023	Note 2 to ULHL	5,000,000	15.0%
	6/30/2023	Note 3 to ULHL	5,000,000	15.0%
	2/21/2025	Note 4 to ULHL	1,000,000	-
	2/21/2025	Note 5 to FTS	500,000	-
	6/30/2023	Note 6 to ULHL*	2,000,000	-
	6/30/2023	Note 7 to ULHL*	1,000,000	-
			<u>19,000,000</u>	
Contingent considerations				
	6/30/2023	Note 8 to ULHL	2,500,000	15.0%
	2/21/2024	Note 9 to ULHL	2,000,000	-
	2/21/2024	Earnout payment	1,750,000	-
			<u>6,250,000</u>	
Total Purchase Price			\$ 28,750,000	

* The Principal Amount outstanding under these Notes shall mature on June 30, 2023 and be payable on: (a) July 15, 2023, provided that the government (Taiwan and Vietnam) approvals have been received by the Maturity Date; or (b) in the event that the government approval have not been received by the Maturity Date, payment under this Note shall be due and payable thereafter within fifteen (15) days of receipt of the government approvals.

5. PRELIMINARY PURCHASE PRICE ALLOCATION

	As of November 30, 2022 (Unaudited) Fair Value
Assets Acquired:	
Current assets	\$ 42,301,013
Equity method investments	11,146,000
Identifiable intangible assets	6,514,999
Other non-current assets	965,625
Liabilities Assumed:	
Current liabilities	(30,950,517)
Long term liabilities	(1,053,602)
Less non-controlling interest	(3,467,770)
Goodwill	3,294,251
Purchase Price	<u>\$ 28,750,000</u>

6. TRANSACTION ACCOUNTING ADJUSTMENTS

(1) Reflects the purchase price of \$28,750,000 to be paid for ULHL entities as a combination of cash \$3,500,000 paid in cash at closing and issuance of the related party notes (notes 1,2, 3, 6, 7, 8 and 9) recorded as \$23,750,000 in current liabilities, and \$1,500,000 in promissory notes (notes 4 and 5) as a long-term debt. The total purchase price is the basis for preliminary estimate of goodwill, in the amount of \$3,294,251 which represents excess of the purchase price over the fair value of ULHL entities identifiable assets acquired and liabilities assumed. The preliminary fair value of equity in net assets of acquired affiliated companies equals \$4,875,473 plus the equity method goodwill of \$6,270,527 for a total of \$11,146,000.

(2) Reflects elimination of Investment in affiliated companies on the books of the Registrant against the equity of the acquired ULHL entities

(3) Reflects elimination of intercompany balances in accounts payable and receivable.

(4) Reflects elimination of intercompany balances in revenue and expenses. Any intercompany profit would not be material and will be passed onto the ultimate third-party customer.

(5) Reflects an assumption that the acquisitions took place in the beginning of the reporting period, or June 1, 2021, and financed with notes, accordingly interest expense was estimated and added as an additional expense to the combined proforma financial statements. This interest was estimated to be \$758,425 for the year ended May 31, 2022 and \$570,925 for the six months ended November 30, 2022, net of the anticipated tax benefit of \$151,685 and \$114,185, respectively.
