

DOTASIA ORGANISATION LIMITED

Reports and Financial Statements
For the year ended 30 September 2019

**DOTASIA ORGANISATION LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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DOTASIA ORGANISATION LIMITED
DIRECTORS' REPORT

The directors have pleasure in presenting their annual report together with the audited consolidated financial statements of the Group for the year ended 30 September 2019.

1. PRINCIPAL ACTIVITIES

The principal activities of the Company include; (1) organising and supporting community projects with charitable purposes that fulfill its mandate of bridging digital divide, advancing education, and promoting internet development in Asia; (2) operating the domain name registry for the “.ASIA” internet top-level domain; and (3) promoting general awareness of the “.ASIA” internet top-level domain and the community activities of the DotAsia Organisation.

The principal activities of its subsidiaries, associates and joint ventures are set out in notes 16, 17 and 18 to the consolidated financial statements.

2. RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30 September 2019 are set out in the consolidated statement of profit or loss and other comprehensive income on page 8.

3. RESERVES

Details of the movements in the reserves of the Group and of the Company are set out in the statement of changes in equity on page 10 and note 26 to the consolidated financial statements.

4. PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group and of the Company are set out in note 15 to the consolidated financial statements.

**DOTASIA ORGANISATION LIMITED
DIRECTORS' REPORT**

5. DIRECTORS

(a) Directors of the Company

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

I-Ting CHAN	(appointed on 17 February 2020)
Sathees Babu CHELLIKATTUVELI SIVANANDAN	
Mooho CHEON	(appointed on 17 February 2020)
Edmon Wang On CHUNG	
J. Emmanuel DISINI	(retired on 17 February 2020)
Atsushi ENDO	(resigned on 30 June 2020)
Lianna GALSTYAN	(appointed on 24 February 2019)
Maureen HILYARD	
Yong Wan JU	(resigned on 20 May 2019)
Xiao Dong LI	(retired on 24 February 2019)
Choon Sai LIM	
Toshifumi MATSUMOTO	
Yiu Kwok THAM	

In accordance with article 38 of the Company's Articles of Association, all retiring directors shall be eligible for re-election.

(b) Directors of the Company's subsidiaries

During the year and up to the date of this report, Mr. Edmon Wang On CHUNG and Mr. Yiu Kwok THAM are also directors in certain subsidiaries of the Company as appointed by DotAsia Organisation Limited.

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

Except as discussed in note 29 to the consolidated financial statements, no other transactions, arrangements and contracts of significance to which the Company or any of its subsidiaries was a party, and in which a director of the Company and the director's connected party had a material interest, whether directly and indirectly, subsisted at the end of the year or at any time during the year.

**DOTASIA ORGANISATION LIMITED
DIRECTORS' REPORT**

7. DIRECTORS' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES, AND DEBENTURES 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 any of its subsidiaries a party to any arrangements to enable the directors of the Company (including their spouse and children under 18 years of age) to hold any interest or short positions in the shares or underlying shares in, or debentures of, the Company or its specified undertakings or other associated corporation.

8. 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.

9. PERMITTED INDEMNITY PROVISIONS

During the year and up to the date of this Report of the Directors, a permitted indemnity provision for the benefit of the directors of the Company was in force. The Company has arranged for appropriate insurance cover for the directors' liabilities in respect of legal actions against its directors arising out of corporate activities.

10. 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



Edmon Wang On CHUNG
Director

Hong Kong, 29 October 2020



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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
DOTASIA ORGANISATION LIMITED
(Incorporated in Hong Kong with limited liability by guarantee)**

Opinion

We have audited the consolidated financial statements of DotAsia Organisation Limited (the "Company") and its subsidiaries (the "Group") set out on pages 8 to 65, which comprise the consolidated statement of financial position as at 30 September 2019, and the 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 30 September 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "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.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
DOTASIA ORGANISATION LIMITED
(Incorporated in Hong Kong with limited liability by guarantee)**

Material Uncertainty Related to Going Concern

We draw attention to note 3, which indicates that the Group is subject to a claim from a joint venturer amounted to Canadian dollar 2,000,000 (approximately United States dollar (“US\$”) 1,540,600) together with unstated damages and interest. We also draw attention to note 4, which indicates that as at 30 September 2019 the Group had net current liabilities of US\$3,472,982. These situations indicated that material uncertainties existed that may cast significant doubt on the Group’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 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.

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 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
DOTASIA ORGANISATION LIMITED
(Incorporated in Hong Kong with limited liability by guarantee)**

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.
- 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
DOTASIA ORGANISATION LIMITED
(Incorporated in Hong Kong with limited liability by guarantee)**

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

- 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, 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.

A handwritten signature in blue ink, appearing to read 'RSM', is written over the printed text.
Certified Public Accountants
Hong Kong

29 October 2020


DOTASIA ORGANISATION LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Note	<u>2019</u> US\$	<u>2018</u> US\$
Revenue	10	2,212,735	2,079,185
Cost of services rendered		<u>(769,884)</u>	<u>(745,761)</u>
Gross profit		1,442,851	1,333,424
Other income	10	338,814	563,804
Administrative expenses		<u>(1,685,968)</u>	<u>(1,884,050)</u>
Profit from operations		95,697	13,178
Provision for legal proceedings	3	(247,718)	-
Finance costs	11	(12,355)	(64,996)
Share of profits of associates	17	21,298	18,295
Impairment on amounts due from joint ventures	18	(21,773)	(23,592)
Gain on disposal of available-for-sale financial assets		<u>-</u>	<u>118,238</u>
(Loss)/profit before tax		(164,851)	61,123
Income tax expense	12	<u>-</u>	<u>-</u>
(Loss)/profit for the year	13	(164,851)	61,123
Other comprehensive income:			
(Loss)/gain on property revaluation	15	(111,431)	383,832
Fair value changes of available-for-sale financial assets		-	2,974
Fair value changes reclassified to profit or loss on disposal of available-for-sale financial assets		<u>-</u>	<u>(118,238)</u>
Other comprehensive income for the year, net of tax		<u>(111,431)</u>	<u>268,568</u>
Total comprehensive income for the year		<u>(276,282)</u>	<u>329,691</u>
(Loss)/profit of the year attributable to the Company		<u>(164,851)</u>	<u>61,123</u>
Total comprehensive income for the year attributable to the Company		<u>(276,282)</u>	<u>329,691</u>

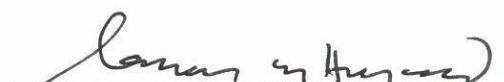
DOTASIA ORGANISATION LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2019

	Note	<u>2019</u> US\$	<u>2018</u> US\$
Non-current assets			
Property, plant and equipment	15	3,342,906	3,613,699
Investments in associates	17	154,174	152,941
Investments in joint ventures	18	-	-
		<u>3,497,080</u>	<u>3,766,640</u>
Current assets			
Financial assets at fair value through other comprehensive income ("FVTOCI")	19	-	550,000
Prepayments, deposits and other receivables		208,674	766,245
Contract assets	22	511,731	-
Due from joint ventures	18	-	-
Due from associates	17	253,288	222,548
Due from related companies	23	155	15,246
Bank and cash balances	20	394,698	320,884
		<u>1,368,546</u>	<u>1,874,923</u>
Current liabilities			
Trade payables		129,160	144,240
Accruals and other payables		523,222	574,764
Provision for legal proceedings	3	787,610	577,500
Promissory note payable	21	-	750,000
Deposits received		852,216	727,054
Contract liabilities	22	1,561,507	1,730,546
Due to a director	23	218	17,645
Due to related companies	23	460,320	460,000
Bank loans	24	527,275	559,434
		<u>4,841,528</u>	<u>5,541,183</u>
Net current liabilities		<u>(3,472,982)</u>	<u>(3,666,260)</u>
NET ASSETS		<u>24,098</u>	<u>100,380</u>
EQUITY			
Reserves	26	<u>24,098</u>	<u>100,380</u>

Approved by the Board of Directors on 29 October 2020 and are signed on its behalf by:



Edmon Wang On CHUNG



Maureen HILYARD

DOTASIA ORGANISATION LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Investment revaluation reserve (note 26(b)(i)) US\$	Property revaluation reserve (note 26(b)(ii)) US\$	Financial assets at FVTOCI reserve (note 26(b)(i)) US\$	Accumulated losses US\$	Total US\$
At 1 October 2017	115,264	1,717,176	-	(2,061,751)	(229,311)
Total comprehensive income for the year	(115,264)	383,832	-	61,123	329,691
At 30 September 2018	-	2,101,008		(2,000,628)	100,380
Adjustment on initial application of - HKFRS 9	-	-	200,000	-	200,000
Restated balance at 1 October 2018	-	2,101,008	200,000	(2,000,628)	300,380
Total comprehensive income for the year	-	(111,431)	-	(164,851)	(276,282)
Disposal of financial assets at FVTOCI	-	-	(200,000)	200,000	-
At 30 September 2019	-	1,989,577	-	(1,965,479)	24,098

DOTASIA ORGANISATION LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Note	<u>2019</u> US\$	<u>2018</u> US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before tax		(164,851)	61,123
Adjustments for:			
Depreciation	15	164,678	172,230
Provision for legal proceedings	3	247,718	-
Share of profits of associates	17	(21,298)	(18,295)
Impairment on amounts due from joint ventures	18	21,773	23,592
Gain on disposal of available-for-sale financial assets		-	(118,238)
Interest income from bank deposits	10	(1,457)	(69)
Interest income from available-for-sale financial assets	10	-	(55,371)
Finance costs	11	12,355	64,996
Net exchange gain	13	(50)	(7,419)
Operating profit before working capital changes		<u>258,868</u>	122,549
(Increase)/decrease in prepayments, deposits and other receivables		(37,660)	5,619
Decrease in contract assets		83,500	-
Increase in due from joint ventures		(21,773)	(23,592)
Increase in due from associates		(30,740)	(24,375)
Decrease in amounts due from related companies		15,091	11,713
Decrease in trade payables		(15,080)	(16,627)
Decrease in accruals and other payables		(89,150)	(64,300)
Increase/(decrease) in deposits received		125,162	(220,190)
Decrease in contract liabilities		(169,039)	(60,799)
(Decrease)/increase in due to directors		(17,427)	7,232
Increase/(decrease) in due to related companies		320	(40,000)
Net cash generated from/(used in) operating activities		<u>102,072</u>	<u>(302,770)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		1,457	55,440
Dividends received		19,791	39,812
Purchases of property, plant and equipment		(5,316)	(10,645)
Proceeds from disposal of available-for-sale financial assets		-	2,499,582
Net cash generated from investing activities		<u>15,932</u>	<u>2,584,189</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Borrowings repaid		(31,835)	(2,124,930)
Decrease in pledged bank deposits		-	2,153
Interest paid		(12,355)	(64,996)
Net cash used in financing activities		<u>(44,190)</u>	<u>(2,187,773)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		73,814	93,646
CASH AND CASH EQUIVALENTS AT 1 OCTOBER		320,884	227,238
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER		394,698	320,884
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank and cash balances		<u>394,698</u>	320,884

DOTASIA ORGANISATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019

1. GENERAL INFORMATION

DotAsia Organisation Limited (the “Company”) was incorporated in Hong Kong with limited liability by guarantee. The address of its registered office and principal place of business is 12/F., Daily House, 35-37 Haiphong Road, Tsim Sha Tsui, Kowloon, Hong Kong.

During the year, the Company’s principal activities include: (1) organising and supporting community projects with charitable purposes that fulfill its mandate of bridging digital divide, advancing education, and promoting internet development in Asia; (2) operating the domain name registry for the “.ASIA” internet top-level domain; and (3) promoting general awareness of the “.ASIA” internet top-level domain and the community activities of the DotAsia Organisation.

The principal activities of its subsidiaries, associates and joint ventures are set out in notes 16, 17 and 18 to the consolidated financial statements.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. These consolidated financial statements also comply with the requirements of the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 5 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.

3. LEGAL PROCEEDINGS

The Company, Namesphere Holdings Limited, a subsidiary of the Company, together with one of its directors, Mr. Edmon Wang On Chung, were claimed by a joint venturer, and sought damages of Canadian dollars (“CA\$”) 2,000,000 equivalent to approximately US\$1,540,600. The Company had made provisions in relation to such legal proceedings amounted to US\$787,610 (2018: US\$577,500) in the financial statements after seeking legal advices. While the final outcome of the proceedings is uncertain, the directors are of the view that such provision is adequate and reflecting the best estimation of the outcome of the legal proceedings.

DOTASIA ORGANISATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019

4. GOING CONCERN BASIS

In addition to the legal proceedings as described in note 3, as at 30 September 2019 the Group had net current liabilities of US\$3,472,982. These conditions indicated the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the outcome of the legal proceedings against the Company as described in note 3, and the continue development of the Group's principal activities. The directors are confident that the provision made against the proceedings reflected the best estimation of the outcome, and the revenue and profit of the Group will be increased in the next year. The directors are therefore of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets as current assets.

5. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) Application of new and revised HKFRSs

The HKICPA has issued a number of new and revised HKFRSs that are first effective for annual periods beginning on or after 1 October 2018. Of these, the following developments are relevant to the Group's consolidated financial statements:

- (i) HKFRS 9 Financial Instruments; and
- (ii) HKFRS 15 Revenue from Contracts with Customers

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

DOTASIA ORGANISATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019

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

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

HKFRS 9 Financial instruments

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements retrospectively to instruments that have not been derecognised as at 1 October 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 October 2018. The difference between carrying amounts as at 30 September 2018 and the carrying amounts as at 1 October 2018 are recognised in the opening accumulated losses and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 Financial Instruments: Recognition and Measurement.

The adoption of HKFRS 9 resulted in the following changes to the Group's accounting policies.

(a) Classification

From 1 October 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at FVTOCI or fair value through profit or loss ("FVTPL"), and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVTOCI.

DOTASIA ORGANISATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019

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

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

HKFRS 9 Financial instruments (cont'd)

(b) Measurement

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

At initial recognition, the Group measures a financial assets at its fair value plus, in the case of a financial assets not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

DOTASIA ORGANISATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019

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

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

HKFRS 9 Financial instruments (cont'd)

(b) Measurement (cont'd)

- **FVTOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment losses are presented as separate line item in the statement of profit or loss.
- **FVTPL:** Assets that do not meet the criteria for amoristed cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

DOTASIA ORGANISATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019

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

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

HKFRS 9 Financial instruments (cont'd)

(c) Impairment

From 1 October 2018, the Group assesses on a forward looking basis the expected credit losses (“ECL”) associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

There is no material impact of the adoption of HKFRS 9 on the Group related to ECL.

The following table and the accompanying notes below explain the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group’s financial assets as at 1 October 2018.

Financial assets	Note	Classification under HKAS 39	Classification under HKFRS 9	Carrying amount under HKAS 39 US\$	Carrying amount under HKFRS 9 US\$
Equity investments	(a)	Available-for-sale	FVTOCI	550,000	750,000
Deposits and other receivables	(b)	Loans and receivables	Amortised cost	119,216	119,216
Due from associates	(b)	Loans and receivables	Amortised cost	222,548	222,548
Due from related companies	(b)	Loans and receivables	Amortised cost	15,246	15,246
Bank and cash balances	(b)	Loans and receivables	Amortised cost	320,884	320,884

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

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

HKFRS 9 Financial instruments (cont'd)

The impact of these changes on the Group's equity is as follows:

	Note	Effect on financial	Effect on
		assets at FVTOCI	accumulated
		reserve	losses
		US\$	US\$
Opening balance - HKAS 39		-	(2,000,628)
Reclassify non-trading equity investments from available-for-sale to financial assets at FVTOCI with fair value gain at initial application of HKFRS 9	(a)	200,000	-
Total impact		200,000	-
Opening balance - HKFRS 9		200,000	(2,000,628)

The measurement categories for all financial liabilities remain the same. The carrying amounts for all financial liabilities at 1 October 2018 have not been impacted by the initial application.

The Group did not designate or de-recognise any financial assets or financial liabilities at FVTPL at 1 October 2018.

Note:

- (a) These equity investments represent investments that the Group intends to hold long term for strategic purposes. The Group elected to present in other comprehensive income changes in the fair value of these investments. As a result, investments amounted to US\$550,000 were reclassified from available-for-sale financial assets to financial assets at FVTOCI and fair value gains of US\$200,000 at initial application were included in the FVTOCI reserve on 1 October 2018. Unlike HKAS 39, the accumulated fair value reserve related to these investments will never be reclassified to profit or loss.

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

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

HKFRS 9 Financial instruments (cont'd)

Note: (cont'd)

- (b) Deposits and other receivables, due from associates, due from related companies and bank and cash balances that were classified as loans and receivables under HKAS 39 are now classified at amortised cost. No further impairment allowance was recognised in opening accumulated losses at 1 October 2018 on transition to HKFRS 9.

HKFRS 15 Revenue from contracts with customers

HKFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 October 2018. Any difference at the date of initial application is recognised in the opening accumulated losses (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 October 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 Revenue.

The adoption of HKFRS 15 resulted in the following changes to the Group's accounting policies.

The Group provides domain names registration related services. Such services are recognised as a performance obligation satisfied over time. Revenue from domain names registration is recognised based on the specific contracted service period. Consideration is recorded as contract liabilities when received, which is typically at the time of sale, and revenue is recognised ratably over the period in which the performance obligation are satisfied, which is generally over the contract term.

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

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

HKFRS 15 Revenue from contracts with customers (cont'd)

The adoption of HKFRS 15 does not have a significant impact on how the Group recognises revenue from provision of services (see note 6(o)).

There is no impact of the adoption of HKFRS 15 on the Group's opening accumulated losses as at 1 October 2018.

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

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 October 2018. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
HKFRS 16 Leases	1 January 2019
HK(IFRIC) 23 Uncertainty over Income Tax Treatments	1 January 2019
Annual Improvements to HKFRSs 2015 -2017 Cycle	1 January 2019
Amendments to HKAS 28 Long-term Interest in Associates and Joint Ventures	1 January 2019
Amendments to HKFRS 3 Definition of a Business	1 January 2020
Amendments to HKAS 1 and HKAS 8 Definition of Material	1 January 2020
Amendments to HKFRS 9, HKAS 39 and HKFRS 7 Interest Rate Benchmark Reform	1 January 2020

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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6. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared under the historical cost convention except for buildings and certain financial instruments which are measured at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgements in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 7.

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 30 September. 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.

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.

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).

DOTASIA ORGANISATION LIMITED
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6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policies 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 Group 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.

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of investment over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of an associate's post-acquisition profits or losses and other comprehensive income is recognised in consolidated statement of profit or loss and other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

DOTASIA ORGANISATION LIMITED
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6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Relevant activities are activities that significantly affect the returns of the arrangement. When assessing joint 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.

A joint arrangement is either a joint operation or a joint venture. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The Group has assessed the type of each of its joint arrangements and determined them to all be joint ventures.

Investment in a joint venture is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the joint venture in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of the investment over the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of a joint venture's post-acquisition profits or losses and other comprehensive income is recognised in consolidated statement of profit or loss and other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

DOTASIA ORGANISATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Joint arrangements (cont'd)

Unrealised profits on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interests in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's statement of financial position, investments in joint venture are stated at cost less impairment losses, unless classified as held for sale (or included in a disposal group that is classified as held for sale).

(d) 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 ("US\$"), which is the Company's functional and presentation currency.

(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 values 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.

DOTASIA ORGANISATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Foreign currency translation (cont'd)

(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. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

DOTASIA ORGANISATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

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

Office equipment	20%
Furniture and fittings	20%

The useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant 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.

(f) Property, plant and equipment - Land and buildings using the revaluation model

Land and buildings held for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

DOTASIA ORGANISATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Property, plant and equipment - Land and buildings using the revaluation model (cont'd)

Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income and accumulated in properties revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation of revalued buildings is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

(g) Operating leases

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

(h) Contract assets and contract liabilities

Contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses ("ECL") in accordance with the policy set out in note 6(u) and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the group has an unconditional right to receive consideration before the Group recognizes the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

DOTASIA ORGANISATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Contract assets and contract liabilities (cont'd)

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

(i) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group entity 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 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 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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6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) 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

Debt investments held by the Group 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.
- 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, 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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6. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(j) **Financial assets (cont'd)**

Equity investments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVTOCI, are recognised in profit or loss as other income.

Policy prior to 1 October 2018

Investments in securities held for trading were classified as financial assets measured at FVTPL. Any attributable transaction costs were recognised in profit or loss as incurred. At the end of each reporting period the fair value was remeasured, with any resultant gain or loss being recognised in profit or loss.

Dated debt securities that the group had the positive ability and intention to hold to maturity were classified as held-to-maturity securities. Held-to-maturity securities were stated at amortised cost.

Investments which did not fall into any of the above categories were classified as available-for-sale financial assets. At the end of each reporting period the fair value was remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve (recycling). Dividend income from equity investments and interest income from debt securities calculated using the effective interest method were recognised in profit or loss respectively. Foreign exchange gains and losses arising from debt securities were also recognised in profit or loss. When the investments were derecognised or impaired, the cumulative gain or loss recognised in equity was reclassified to profit or loss.

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6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) 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.

(l) 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 ECL.

(m) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability under HKFRSs. The accounting policies adopted for specific financial liabilities are set out below.

(n) 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 Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(o) 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.

DOTASIA ORGANISATION LIMITED
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6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Revenue recognition and other income

Revenue is recognised when control over a product or 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 domain names registration and related services is recognised based on the specific contracted service period. Domain names registration related fees and charges are received in advance and they are initially recognised as contract liabilities. The revenue is recognised ratably over the terms of the respective service contracts in which the performance obligation is satisfied, as the services rendered representing the entity's right to consideration for the services rendered 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.

Dividend income is recognised when the shareholders' rights to receive payment are established.

Policy prior to 1 October 2018

Revenue is measured at the fair value of the consideration received or receivables and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Domain names registration related fees and charges are paid in advance in respect of such services for a specific contracted service period. All revenues are initially deferred when received and recognised as deferred revenue, and revenue is recognised rateably over the terms of the respective service contracts as the services are rendered.

Interest income is recognised on a time-apportioned basis using the effective interest method.

Dividend income is recognised when the shareholders' rights to receive payment are established.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) 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.

(r) Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

DOTASIA ORGANISATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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 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 investments in subsidiaries and associates, and interests in joint arrangements, 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Taxation (cont'd)

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.

(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 consolidated statement of profit or loss to its estimated recoverable amount unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. 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 unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Impairment of financial assets and contract assets

The Group recognises a loss allowance for ECL on financial assets that are measured at amortised cost and contract assets. 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 recognises lifetime ECL on financial instruments 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.

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.

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6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Impairment of financial assets and contract 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 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.

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.

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6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Impairment of financial assets and contract assets (cont'd)

Significant increase in credit risk (cont'd)

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

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 90 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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6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Impairment of financial assets and contract 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 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 accounts 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.

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6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Impairment of financial assets and contract assets (cont'd)

Measurement and recognition of ECL (cont'd)

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; for financial guarantee contracts, the exposure includes the amount drawn down as 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.

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.

Policy prior to 1 October 2018

At the end of each reporting period, the Group assesses whether its financial assets (other than those at fair value through profit or loss) are impaired, based on objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows of the (group of) financial asset(s) have been affected.

For available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered also to be objective evidence of impairment.

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6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Impairment of financial assets and contract assets (cont'd)

Policy prior to 1 October 2018 (cont'd)

For receivables that are assessed not to be impaired individually, the Group assesses them collectively for impairment, based on the Group's past experience of collecting payments, an increase in the delayed payments in the portfolio, observable changes in economic conditions that correlate with default on receivables, etc. The carrying amount of financial assets is directly reduced by the impairment loss.

For financial assets measured at amortised cost, if the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss. However, the reversal must not result in a carrying amount that exceeds what the amortised cost of the financial asset would have been had the impairment not been recognised at the date the impairment is reversed.

For available-for-sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss. In respect of available-for-sale equity securities, an increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated in revaluation reserve; impairment losses are not reversed through profit or loss.

(v) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present 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 expenditures 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 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 is remote.

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6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(w) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

7. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

(a) Going concern basis

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the outcome of the legal proceedings against the Company as described in note 3, and the continue development of the Group's principal activities at a level sufficient to finance the working capital requirements of the Group. Details are explained in note 4 to the consolidated financial statements.

(b) Significant increase in credit risk

As explained in note 6(u), ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. HKFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

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7. CRITICAL JUDGEMENTS AND KEY ESTIMATES (CONT'D)

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Property, plant and equipment and depreciation

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned.

The carrying amount of property, plant and equipment as at 30 September 2019 was US\$3,342,906 (2018: US\$3,613,699).

(b) Fair value of land and buildings

The Group appointed an independent professional valuer to assess the fair value of the land and buildings. In determining the fair values, the valuer has utilised a method of valuation which involves certain estimates. The directors have exercised their judgement and are satisfied that the method of valuation and inputs used are reflective of the current market conditions.

The carrying amount of land and buildings as at 30 September 2019 was US\$3,319,426 (2018: US\$3,576,766).

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8. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, price risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group operates in Hong Kong and its principal activity is transacted in either Hong Kong dollars ("HK\$") or US\$, which is the Group's functional currency. The directors consider that the exchange rates of HK\$ against US\$ in the foreseeable future are expected to be relatively stable. There is no significant exposure to fluctuations in foreign exchange rates and any related hedges.

(b) 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.

Financial assets at amortised cost

All of the Group's financial assets at amortised cost are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12-month expected losses. The instruments are considered to be low credit risk when they have a low of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Financial assets at amortised cost include bank and cash balances, deposits and other receivables, due from associates and related companies.

There is no material impact for the adoption of HKFRS 9 on the Group.

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8. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity risk

The Group's policy is to regularly monitor 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 based on contractual undiscounted cash flows of the Group's non-derivative financial liabilities is as follows:

	Less than 1 year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
	US\$	US\$	US\$	US\$	US\$
At 30 September 2019					
Trade payables	129,160	-	-	-	129,160
Accruals and other payables	523,222	-	-	-	523,222
Provision for legal proceedings	787,610	-	-	-	787,610
Due to a director	218	-	-	-	218
Due to related companies	460,320	-	-	-	460,320
Bank loans	44,236	44,236	132,709	394,530	615,711
At 30 September 2018					
Trade payables	144,240	-	-	-	144,240
Accruals and other payables	574,764	-	-	-	574,764
Provision for legal proceedings	577,500	-	-	-	577,500
Promissory note payable	750,000	-	-	-	750,000
Due to a director	17,645	-	-	-	17,645
Due to related companies	460,000	-	-	-	460,000
Bank loans	44,229	44,261	132,784	439,014	660,288

(d) Interest rate risk

The Company's exposure to interest-rate risk arises from its bank balances and bank loans. These bank balances and bank loans bear interests at variable rates varied with the then prevailing market condition.

At 30 September 2019, if interest rates at that date had been 50 basis points lower with all other variables held constant, loss for the year would have been decreased by approximately US\$229 (2018: US\$731), arising mainly as a result of a gain on lower interest expenses on bank borrowings but partly offset by a loss on lower interest income on bank balances. If interest rates had been 50 basis points higher, with all other variables held constant, loss for the year would have been increased by approximately US\$229 (2018: US\$731), arising mainly as a result of a loss on higher interest expenses on bank borrowings but partly offset by a gain on higher interest income on bank balances.

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8. **FINANCIAL RISK MANAGEMENT (CONT'D)**

(e) **Categories of financial instruments at 30 September**

	<u>2019</u> US\$	<u>2018</u> US\$
Financial assets:		
Financial assets measured at amortised cost	816,860	-
Loans and receivables (including bank and cash balances)	-	677,894
Available-for-sale financial assets	-	550,000
	<u>816,860</u>	<u>1,227,894</u>
	<u>2019</u> US\$	<u>2018</u> US\$
Financial liabilities:		
Financial liabilities at amortised cost	<u>2,427,805</u>	<u>3,083,583</u>

(f) **Fair values**

Except as disclosed in notes 15 and 19 to the consolidated financial statements, the carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

9. **FAIR VALUE MEASUREMENTS**

Fair value is 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 following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

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9. **FAIR VALUE MEASUREMENTS (CONT'D)**

(a) **Disclosures of level in fair value hierarchy at 30 September:**

Description	Fair value measurements using:		Total 2019 US\$
	Level 1 US\$	Level 3 US\$	
Property, plant and equipment			
Land and buildings	-	3,319,426	3,319,426
Description	Fair value measurements using:		Total 2018 US\$
	Level 1 US\$	Level 3 US\$	
Property, plant and equipment			
Land and buildings	-	3,576,766	3,576,766

(b) **Reconciliation of assets measured at fair value based on level 3:**

Description	Land and Buildings US\$
At 1 October 2018	3,576,766
Total gains or losses recognised in profit or loss	(145,909)
in other comprehensive income	(111,431)
	<u>(111,431)</u>
At 30 September 2019	<u>3,319,426</u>

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9. **FAIR VALUE MEASUREMENTS (CONT'D)**

(b) **Reconciliation of assets measured at fair value based on level 3: (cont'd)**

Description	Land and Buildings US\$
At 1 October 2017	3,343,535
Total gains or losses recognised in profit or loss	(150,601)
in other comprehensive income	<u>383,832</u>
At 30 September 2018	<u><u>3,576,766</u></u>

The total gains or losses recognised in other comprehensive income are presented in gain on property revaluation in the statement of profit or loss and other comprehensive income.

(c) **Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 September 2019:**

The Group's financial manager is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The financial manager reports directly to the Board of Directors for these fair value measurements.

For level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

Key unobservable inputs used in level 3 fair value measurement are mainly price per square feet estimated based on comparable sales evidences as available on the open market.

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Effect on fair value for increase of inputs	Fair value	
				<u>2019</u> US\$	<u>2018</u> US\$
Land and buildings	Market comparable approach	Price per square feet	Increase	3,319,426	3,576,766

During the year, there were no changes in the valuation techniques used (2018: Nil).

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10. **REVENUE AND OTHER INCOME**

Revenue represents the Group's turnover, which consists of revenue from the registration of ".ASIA" domain names and any registration related fees and charges.

An analysis of revenue and other income is as follows:

Revenue

Disaggregation of revenue from contracts with customers by major service line for the year from continuing operations is as follows:

	<u>2019</u> US\$	<u>2018</u> US\$
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major service line		
- Domain names registration related fees	2,084,312	1,958,423
Revenue from other sources		
Premium domains and domain names management fee	<u>128,423</u>	<u>120,762</u>
	<u>2,212,735</u>	<u>2,079,185</u>
<u>Other income</u>		
Interest income from bank deposits	1,457	69
Interest income from available-for-sale financial assets	-	55,371
Expiration of contributions for sponsor community	114,228	125,704
Sale of internet top-level domain	-	185,000
Other service fee	206,774	140,537
Others	<u>16,355</u>	<u>57,123</u>
	<u>338,814</u>	<u>563,804</u>

11. **FINANCE COSTS**

	<u>2019</u> US\$	<u>2018</u> US\$
Interest on bank loans	<u>12,355</u>	<u>64,996</u>

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12. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax is required since the Company's revenue was derived from overseas sources which are not subject to Hong Kong Profits Tax.

The reconciliation between the income tax expense and the product of (loss)/profit before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	<u>2019</u> US\$	<u>2018</u> US\$
(Loss)/profit before tax	<u>(164,851)</u>	<u>61,123</u>
Tax at the Hong Kong profits tax rate of 16.5% (2018: 16.5%)	(27,200)	10,085
Tax effect of income that is not taxable	(398,980)	(433,726)
Tax effect of expenses that are not deductible	430,319	421,033
Tax effect of share of profits of associates	(3,468)	(3,018)
Tax effect of share of losses of joint ventures	-	-
Tax effect of tax losses not recognised	-	5,626
Tax effect of utilisation of tax losses not previously recognised	<u>(671)</u>	<u>-</u>
Income tax expense	<u>-</u>	<u>-</u>

No provision for deferred taxation has been made in the financial statements as the tax effect of temporary differences is immaterial to the Group.

13. PROFIT/(LOSS) FOR THE YEAR

The Group's profit/(loss) for the year is stated after charging/(crediting) the following:

	<u>2019</u> US\$	<u>2018</u> US\$
Auditor's remuneration	21,577	19,402
Amortisation	-	-
Depreciation	164,678	172,230
Impairment on amounts due from joint ventures	21,773	23,592
Net exchange gain	(50)	(7,419)
Provision for legal proceedings	247,718	-
Staff costs including directors' emoluments		
Salaries, bonuses and allowances	536,972	926,834
Retirement benefit scheme contributions	20,502	27,030
	<u>557,474</u>	<u>953,864</u>

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14. **BENEFITS AND INTERESTS OF DIRECTORS**

(a) **Directors' emoluments**

The remuneration of the directors is set out below:

	<u>2019</u>	<u>2018</u>
	US\$	US\$
As directors	-	-
For management		
- Salaries, bonuses and allowances	148,806	149,210
- Retirement benefit scheme contributions	2,297	2,306
	<u>151,103</u>	<u>151,516</u>

Directors' emoluments also represent compensation of key management personnel for the year.

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

Except as disclosed elsewhere in the consolidated financial statements, no other significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which the directors of the Company and the directors' 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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15. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Office equipment	Furniture and fittings	Total
	US\$	US\$	US\$	US\$
Cost or valuation				
At 1 October 2017	3,343,535	116,573	207,300	3,667,408
Additions	-	10,645	-	10,645
Surplus on revaluation	233,231	-	-	233,231
At 30 September 2018 and 1 October 2018	3,576,766	127,218	207,300	3,911,284
Additions	-	5,316	-	5,316
Deficit on revaluation	(257,340)	-	-	(257,340)
At 30 September 2019	3,319,426	132,534	207,300	3,659,260
Accumulated depreciation				
At 1 October 2017	-	104,283	171,673	275,956
Charge for the year	150,601	7,710	13,919	172,230
Write back on revaluation	(150,601)	-	-	(150,601)
At 30 September 2018 and 1 October 2018	-	111,993	185,592	297,585
Charge for the year	145,909	5,008	13,761	164,678
Write back on revaluation	(145,909)	-	-	(145,909)
At 30 September 2019	-	117,001	199,353	316,354
Carrying amount				
At 30 September 2019	<u>3,319,426</u>	<u>15,533</u>	<u>7,947</u>	<u>3,342,906</u>
At 30 September 2018	<u>3,576,766</u>	<u>15,225</u>	<u>21,708</u>	<u>3,613,699</u>

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15. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The analysis of the cost or valuation at 30 September 2019 of the above assets is as follows:

	<u>Land and buildings</u>	<u>Office equipment</u>	<u>Furniture and fittings</u>	<u>Total</u>
	US\$	US\$	US\$	US\$
At cost	-	132,534	207,300	339,834
At valuation	3,319,426	-	-	3,319,426
	<u>3,319,426</u>	<u>132,534</u>	<u>207,300</u>	<u>3,659,260</u>

The analysis of the cost or valuation at 30 September 2018 of the above assets is as follows:

	<u>Land and buildings</u>	<u>Office equipment</u>	<u>Furniture and fittings</u>	<u>Total</u>
	US\$	US\$	US\$	US\$
At cost	-	127,218	207,300	334,518
At valuation	3,576,766	-	-	3,576,766
	<u>3,576,766</u>	<u>127,218</u>	<u>207,300</u>	<u>3,911,284</u>

The Group's land and buildings was revalued at 30 September 2019 and 2018 on the open market value basis by reference to market evidence of recent transactions for similar properties by an independent surveyor.

The carrying amount of the Group's land and buildings would have been US\$1,646,930 (2018: US\$1,719,323) had they been stated at cost less accumulated depreciation and impairment losses.

At 30 September 2019, the carrying amount of property, plant and equipment pledged as security for the Group's bank loans amounted to US\$3,319,426 (2018: US\$3,576,766).

The Group's land and buildings is held in Hong Kong under medium-term leases.

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16. INVESTMENTS IN SUBSIDIARIES

The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

Particulars of the subsidiaries as at 30 September 2019 are as follows:

Name	Place of incorporation and operation	Particular of issued share capital	Percentage of ownership interest/ voting power/ profit sharing		Principal activities
			Direct	Indirect	
ATIC Asia Limited	Hong Kong	1 ordinary share	100%	-	Investment holding, prospective operation of trademark clearing house
Dotkids Applicant Limited (formerly known as Dotkids Foundation Limited)	Hong Kong	10,000 ordinary shares	100%	-	Applicant entity for the “.KIDS” internet top-level domain
Namesphere Limited	Hong Kong	10,000 ordinary shares	100%	-	Investment holding
Namesphere Holdings Limited	Hong Kong	10,000 ordinary shares	-	100%	Investment holding
GTLD Limited	Hong Kong	10,000 ordinary shares	-	100%	Inactive
NS2 Limited	Hong Kong	10,000 ordinary shares	-	100%	Prospective domain name registrar
DotBox Limited	Hong Kong	1 ordinary share	-	100%	Investment holding

The above list contains the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

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17. **INVESTMENTS IN ASSOCIATES**

	<u>2019</u> US\$	<u>2018</u> US\$
Unlisted investment:		
Share of net assets	<u>154,174</u>	<u>152,941</u>

The amounts due from/(to) associates are unsecured, interest-free and have no fixed terms of repayment.

Details of the Group's associates at 30 September 2019 are as follows:

Name	Place of incorporation/ registration	Issued and paid up capital	Percentage of ownership interest/ voting power/ profit sharing	Principal activities
HNET Asia Limited	Macau	Registered capital of MOP 1,000,000	40%	Operating the domain name registry for the “.MO” internet top-level domain
Global Website Asia Limited	Hong Kong	10,000 ordinary shares	50%	Investment holding
Global Website TLD Asia Limited	Hong Kong	10,000 ordinary shares	50%	Application entity and prospective registry operator of the “.网站” internet top-level domain

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17. **INVESTMENTS IN ASSOCIATES (CONT'D)**

The following table shows information on the associates that are material to the Group. These associates are accounted for in the consolidated financial statements using the equity method. The summarised financial information presented is based on the financial statements of the associates.

Name	<u>HNet Asia Limited</u>	
	<u>2019</u>	<u>2018</u>
Principal place of business/ country of incorporation	Macau/Macau	
Principal activities	Operating the domain name registry for the “.MO” internet top-level domain	Operating the domain name registry for the “.MO” internet top-level domain
% of ownership interests / voting rights held by the Group	40%/40%	40%/40%
	US\$	US\$
At 30 September:		
Non-current assets	-	-
Current assets	527,086	472,073
Current liabilities	(141,651)	(89,720)
Net assets	385,435	382,353
Group's share of carrying amount of interest	154,174	152,941
Year ended 30 September:		
Revenue	495,224	579,958
Profit for the year and total comprehensive income	53,246	45,736
Dividends received from associates	19,791	39,812

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17. INVESTMENTS IN ASSOCIATES (CONT'D)

The following table shows, in aggregate, the Group's share of the amounts of all individually immaterial associates that are accounted for using the equity method.

	<u>2019</u> US\$	<u>2018</u> US\$
At 30 September:		
Carrying amounts of interests	-	-
Year ended 30 September:		
Loss for the year and total comprehensive income	(14,456)	(11,897)

18. INVESTMENTS IN JOINT VENTURES

	<u>2019</u> US\$	<u>2018</u> US\$
Unlisted investments:		
Share of net assets	-	-

The amounts due from joint ventures are unsecured, interest-free and have no fixed terms of repayment.

Details of the Group's joint ventures at 30 September 2019 are as follows:

Name	Place of incorporation / registration	Issued and paid up capital	Percentage of ownership interest / voting power / profit sharing	Principal activities
.BOX Inc.	Cayman Islands	100 ordinary shares of US\$1 each	50% (Note)	Registry operator of the ".BOX" internet top-level domain
NS1 Limited	Hong Kong	10,000 ordinary shares of HK\$1 each	50%	Inactive

Note: Subsequent to the reporting date, .BOX Inc. allotted a total of 340 ordinary shares to a shareholder at US\$1 each. The percentage of equity interest held by the Group decreased from 50% to 11%.

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18. INVESTMENTS IN JOINT VENTURES (CONT'D)

The following tables show information on the joint ventures that are material to the Group. These joint ventures are accounted for in the consolidated financial statements using the equity method. The summarised financial information presented is based on the HKFRS financial statements of the joint ventures.

Name	<u>.BOX Inc.</u>		<u>NS1 Limited</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Principal place of business/ country of incorporation	Cayman Islands/Cayman Islands	Cayman Islands/Cayman Islands	Hong Kong/ Hong Kong	Hong Kong/ Hong Kong
Principal activities	Registry operator of the “BOX” internet top-level domain	Registry operator of the “BOX” internet top-level domain	Inactive	Inactive
% of ownership interests / voting rights held by the Group	50%/50%	50%/50%	50%/50%	50%/50%
At 30 September:				
Non-current assets	-	-	36,145	36,145
Current assets	14,980	21,882	-	1,286
Current liabilities	<u>(3,055,951)</u>	<u>(3,030,665)</u>	<u>(284,921)</u>	<u>(285,409)</u>
Net liabilities	<u><u>(3,040,971)</u></u>	<u><u>(3,008,783)</u></u>	<u><u>(248,776)</u></u>	<u><u>(247,978)</u></u>
Group’s share of carrying amount of interests	<u><u>(1,520,486)</u></u>	<u><u>(1,504,391)</u></u>	<u><u>(124,388)</u></u>	<u><u>(123,989)</u></u>
Cash and cash equivalents included in current assets	<u><u>14,930</u></u>	<u><u>21,832</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Current financial liabilities (excluding trade and other payables and provisions) included in current liabilities	<u><u>(3,052,730)</u></u>	<u><u>(3,028,629)</u></u>	<u><u>(282,538)</u></u>	<u><u>(283,525)</u></u>
Year ended 30 September:				
Revenue	-	-	-	-
Interest	2	2	-	-
(Loss)/gain for the year and total comprehensive income	<u><u>(32,189)</u></u>	<u><u>(3,005,930)</u></u>	<u><u>(798)</u></u>	<u><u>2,983,210</u></u>

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19. FINANCIAL ASSETS AT FVTOCI (2018:AVAILABLE-FOR-SALE FINANCIAL ASSETS)

	<u>2019</u> US\$	<u>2018</u> US\$
Unlisted equity securities, at cost	-	550,000
Analysed as		
Current assets	-	550,000

Unlisted equity securities with carrying amount of US\$550,000 was carried at cost as they do not have a quoted market price in an active market and their fair value cannot be reliably measured.

Pursuant to a letter of intent signed by the Group with a third party (the “buyer”) on 23 November 2016, the unlisted equity securities are to be resold to the buyer. The consideration of US\$750,000 would be offset with the promissory note due to the buyer amounted to US\$750,000 (note 21). As at 30 September 2019, the unlisted equity securities were successfully transferred to the buyer.

Financial assets at FVTOCI (2018: Available-for-sale financial assets) were denominated in US\$.

20. BANK AND CASH BALANCES

As at 30 September 2019, the bank and cash balances of the Group are denominated in the following currencies.

	<u>2019</u> US\$	<u>2018</u> US\$
HK\$	36,870	52,680
US\$	357,828	268,204
	<u>394,698</u>	<u>320,884</u>

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21. PROMISSORY NOTE PAYABLE

As at 30 September 2018, the promissory note with principal amount of US\$750,000 represented consideration received in advance for the acquisition of the unlisted equity securities as disclosed in note 19.

The promissory note was unsecured, interest free and with maturity date on 30 June 2019. The Group was not required to repay the loan if the unlisted equity securities were successfully transferred to the buyer as disclosed in note 19.

As at 30 September 2019, the unlisted equity securities were successfully transferred to the buyer as disclosed in note 19 with consideration as stated above. The Group was thus not required to repay the loan.

22. CONTRACT ASSETS / CONTRACT LIABILITIES

Contract assets	<u>2019</u> US\$	<u>2018</u> US\$
Technical service fee on domain names operation	<u>511,731</u>	<u>-</u>
Analysed as:		
Current assets	<u>511,731</u>	<u>-</u>

Contract assets arises in respect of the technical service provided by a supplier for the Group's operation of the domain name registry for the ".ASIA" internet top-level domain. This is recognised as cost of service based on the contract terms and the periods of domain name sold.

Contract liabilities	<u>2019</u> US\$	<u>2018</u> US\$
Domain names registration related fees and charges	<u>1,561,507</u>	<u>1,730,546</u>
Analysed as:		
Current liabilities	<u>1,561,507</u>	<u>1,730,546</u>

Contract liabilities arises in respect of the Group's operation of the domain name registry for the ".ASIA" internet top-level domain. This is amortised based on the contract terms and the periods of domain name sold.

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23. DUE FROM/(TO) A DIRECTOR / RELATED COMPANIES

The amounts due from/(to) a director and related companies are unsecured, interest-free and have no fixed terms of repayment.

24. BANK LOANS

	<u>2019</u> US\$	<u>2018</u> US\$
Bank loans	<u>527,275</u>	<u>559,434</u>
The borrowings are repayable as follows:		
Within one year	32,548	31,862
More than one year, but not exceeding two years	33,328	32,566
More than two years, but not more than five years	104,630	102,359
More than five years	<u>356,769</u>	<u>392,647</u>
	527,275	559,434
Less: Portion of bank loans that are due for repayment after one year but contain a repayment on demand clause (shown under current liabilities)	<u>(527,275)</u>	<u>(559,434)</u>
Amount due for settlement after 12 months	<u>-</u>	<u>-</u>

The carrying amounts of the Group's borrowings are denominated in HK\$.

The average interest rates at 30 September were as follows:

	<u>2019</u>	<u>2018</u>
Bank loans	2.275%	2.24% - 3.09%

Bank loans of US\$527,275 (2018: US\$559,434) are secured by a charge over the Group's property and guarantee by Mr. Chung Edmon Wang On for an unlimited amount.


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25. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	Note	<u>2019</u> US\$	<u>2018</u> US\$
Non-current assets			
Property, plant and equipment		3,342,906	3,613,699
Investments in subsidiaries	16	2,573	2,573
Investment in an associate		154,174	152,941
		<u>3,499,653</u>	<u>3,769,213</u>
Current assets			
Prepayments, deposits and other receivables		107,953	695,191
Contract assets		511,731	-
Due from subsidiaries	16	630,778	689,433
Due from a joint venture		-	-
Due from associates		253,288	222,548
Due from a related company		-	15,091
Bank and cash balances		394,698	320,884
		<u>1,894,448</u>	<u>1,943,147</u>
Current liabilities			
Trade payables		129,160	144,240
Accruals and other payables		1,246,837	1,123,676
Deposits received		852,216	727,054
Contract liabilities		1,561,507	1,730,546
Due to a director		218	17,646
Due to a related company		320	-
Due to subsidiaries		310,915	315,443
Bank loans		527,275	559,434
		<u>4,628,448</u>	<u>4,618,039</u>
Net current liabilities		<u>(2,730,000)</u>	<u>(2,674,892)</u>
NET ASSETS		<u>769,653</u>	<u>1,094,321</u>
Equity			
Reserves	26(b)	<u>769,653</u>	<u>1,094,321</u>

Approved by the Board of Directors on 29 October 2020 and are signed on its behalf by:


 Edmon Wang On CHUNG


 Maureen HILYARD

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25. **STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (CONT'D)**

(b) **Reserve movement of the Company**

	Investment revaluation reserve US\$	Property revaluation reserve US\$	Accumulated losses US\$	Total US\$
At 1 October 2017	115,264	1,717,176	(1,020,660)	811,780
Total comprehensive income for the year	<u>(115,264)</u>	<u>383,832</u>	<u>13,973</u>	<u>282,541</u>
At 30 September 2018 and 1 October 2018	-	2,101,008	(1,006,687)	1,094,321
Total comprehensive income for the year	<u>-</u>	<u>(111,431)</u>	<u>(213,237)</u>	<u>(324,668)</u>
At 30 September 2019	<u>-</u>	<u>1,989,577</u>	<u>(1,219,924)</u>	<u>769,653</u>

26. **RESERVES**

(a) **Group**

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

(b) **Nature and purpose of reserves**

(i) **Investment revaluation reserve/financial assets at FVTOCI reserve**

The investment revaluation reserve/financial assets at FVTOCI reserve comprises the cumulative net change in the fair value of available-for-sale financial assets/financial assets at FVTOCI held at the end of the reporting period and is dealt with in accordance with the accounting policy in note 6(j) to the consolidated financial statements.

(ii) **Property revaluation reserve**

The property revaluation reserve comprises the cumulative net change in the fair value of land and buildings at the end of the reporting period and is dealt with in accordance with the accounting policy in note 6(f) to the consolidated financial statements.

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27. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of liability/asset arising from financing activity

The table below details changes in the Company's liability/asset arising from financing activity. Liability/asset arising from financing activity is that for which cash flow was, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activity.

	1 October 2018 US\$	Interest expenses US\$	Exchange differences US\$	Cash flows US\$	30 September 2019 US\$
Bank loans	559,434	12,355	(324)	(44,190)	527,275
	1 October 2017 US\$	Interest expenses US\$	Exchange differences US\$	Cash flows US\$	30 September 2018 US\$
Pledged bank deposits	(2,153)	-	-	2,153	-
Bank loans	2,692,029	64,996	(7,665)	(2,189,926)	559,434
	2,689,876	64,996	(7,665)	(2,187,773)	559,434

28. CONTINGENT LIABILITIES

The Company, Namesphere Holdings Limited, a subsidiary of the Company, together with one of its directors, Mr. Edmon Wang On Chung, were claimed by a joint venturer, and sought damages of CA\$2,000,000 (equivalent to approximately US\$1,540,600). The Company had made provisions in relation to such legal proceedings amounted to US\$787,610 (2018: US\$577,500) in the financial statements after seeking legal advices. While the final outcome of the proceedings is uncertain, the directors are of the view that such provision is adequate and reflecting the best estimation of the outcome of the legal proceedings.

Except the above, at 30 September 2019, the Group and the Company did not have any significant contingent liabilities (2018: Nil).

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29. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with its related parties during the year:

	<u>2019</u> US\$	<u>2018</u> US\$
Service charge received from an associate	117,723	115,625
Dividend income received from an associate	19,791	39,812
Sponsorship paid to a related company	219,319	192,706
Consulting fee paid by a subsidiary to a director	-	12,000
Share of top-level domain income to a related company	-	111,000
	<u>-</u>	<u>111,000</u>

30. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting period, during March 2020, a legal claim was filed against the Company for orders compelling the Company to transfer particular shares of a directly held subsidiary in the plaintiff's name and claim damages for breach of trust on the equity interest on the aforesaid shares. As at 30 September 2019, the plaintiff was a creditor of the aforesaid subsidiary. A representative of the plaintiff, J. Emmanuel Disini, was also a director of the Company, until his retirement on 17 February 2020. The Company considered it not a valid claim and has sought legal advices with a defense filed in July 2020. The Company incurred legal expenses of approximately US\$49,000 after the reporting period. While the final outcome of the proceedings is uncertain, the directors are of the view that the future expenses to be incurred in this legal proceeding is manageable.

After the COVID-19 outbreak in early 2020, a series of precautionary and control measures have been and continued to be implemented across the globe. The Group is paying close attention to the development of, and the disruption to business and economic activities caused by, the COVID-19 outbreak and evaluate its impact on the financial position, cash flows and operating results of the Group. Given the dynamic nature of the COVID-19 outbreak, it is not practicable to provide a reasonable estimate of its impact on the Group's financial position, cash flows and operating results at the date on which these financial statements are authorised for issue.