Directors' Report
Audited Consolidated Financial Statements

DotAsia Organisation Limited

Year ended 30 September 2020

DotAsia Organisation Limited

Directors' Report

The directors submit herewith their report together with the audited consolidated financial statements of DotAsia Organisation Limited (the "Company") for the year ended 30 September 2020.

Principal activities
The principal activities of the Company and its subsidiaries are (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.

Results and appropriations
The results of the Company and its subsidiaries (together the "Group") for the year ended 30 September 2020 are set out in the consolidated statement of comprehensive income on page 6.

Directors
The directors who held office during the year or during the period from the end of the year to the date of this report were:

As a director of the Company only or of the Company and its subsidiaries:

Santanu ACHARYA	(appointed on 28 February 2021)
Kashif ADEEL	(appointed on 28 February 2021)
Andi BUDIMANSYAH	(appointed on 28 February 2021)
I-Ting CHAN	(appointed on 17 February 2020)
Sathees Babu CHELLIKATTUVELI SIVANANDAN	
Mooho CHEON	(appointed on 17 February 2020)
Edmon Wang On CHUNG	
Jose Emmanuel DISINI	(retired on 17 February 2020 and reappointed on 28 February 2021)
Atsushi ENDO	(resigned on 30 June 2020)
Lianna GALSTYAN	(resigned on 24 November 2020)
Maureen Moari Marama HILYARD	
Choon Sai LIM	(retired on 28 February 2021)
Toshifumi MATSUMOTO	(retired on 28 February 2021)
Ellen Iresa STRICKLAND	(appointed on 28 February 2021)
Yiu Kwok THAM	(retired on 28 February 2021)

As a director of the Company's subsidiaries only:
DotAsia Organisation Limited
Namesphere Holdings Limited
Yiu Kwok THAM

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

Arrangements for acquisition of shares or debentures
At no time during the year was the Company, any of its holding companies, fellow subsidiaries or subsidiaries a party to any arrangements to enable directors of the Company to acquire benefit by means of the acquisition of shares in, or debentures of, the Company or any other company.

Material interests in transactions, arrangements or contracts
After consideration, the directors are of the opinion that no transactions, arrangements and contracts of significance in relation to the Company's business to which any of the Company's holding companies, fellow subsidiaries or subsidiaries was a party (other than those to which the Company was a party which are disclosed in note 24 to the consolidated financial statements) and in which the directors of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

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

Permitted indemnity provisions
During the year and up to the date of this report, 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 director's liabilities in respect of legal actions against its directors arising out of corporate activities.

Auditor
Subsequent to the end of the reporting period, the auditor, RSM Hong Kong, *Certified Public Accountants*, resigned and Mazars CPA Limited, *Certified Public Accountants*, was appointed as the auditor of the Company. A resolution will be submitted to the annual general meeting to re-appoint Mazars CPA Limited.

Approved by the Board of Directors and signed on its behalf by

Edmon Wang On CHUNG
Director
26 JAN 2022

Independent Auditor's Report

To the members of
DotAsia Organisation Limited
(incorporated in Hong Kong with limited liability by guarantee and not having a share capital)

Opinion
We have audited the consolidated financial statements of DotAsia Organisation Limited (the "Company") and its subsidiaries (the "Group") set out on pages 6 to 44, which comprise the consolidated statement of financial position as at 30 September 2020, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the 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 2020, 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.

Other Matter
The statutory consolidated financial statements of the Group for the year ended 30 September 2019 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 29 October 2020.

Other Information
The directors are responsible for the other information. The other information comprises the directors' report.

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.

Independent Auditor's Report

To the members of
DotAsia Organisation Limited
(incorporated in Hong Kong with limited liability by guarantee and not having a share capital)

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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 405 of 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.

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Independent Auditor's Report

To the members of
DotAsia Organisation Limited
(incorporated in Hong Kong with limited liability by guarantee and not having a share capital)

Auditor's responsibilities for the audit of the consolidated financial statements (Continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Certified Public Accountants
Hong Kong, 26 JAN 2022

The engagement director on the audit resulting in this independent auditor's report is:
Chan Hiu Fun
Practising Certificate number: P05709

DotAsia Organisation Limited

Consolidated Statement of Comprehensive Income

Year ended 30 September 2020

	Note	2020 US$	2019 US$
Revenue	3	**2,120,200**	2,212,735
Cost of services		**(674,880)**	(769,884)
Gross profit		**1,314,979**	1,442,851
Other income	4	**211,954**	338,814
Administrative expenses		**(1,653,953)**	(1,685,968)
Finance costs	5	**(8,856)**	(12,355)
Impairment loss on amounts due from joint ventures		**-**	(21,773)
Impairment loss on amounts due from associates	21(a)	**(283,593)**	-
Provision for legal proceedings	17	**(1,302,900)**	(247,718)
Share of profits of associates	10	**26,477**	21,298
Loss before tax	6	**(1,565,551)**	(164,851)
Income tax	7	**-**	-
Loss for the year	7	**(1,565,551)**	(164,851)
Other comprehensive loss			
Items that will not be classified to profit or loss:			
Loss on property revaluation	8	**(359,443)**	(111,431)
Total other comprehensive loss for the year		**(359,443)**	(111,431)
Loss and total comprehensive loss for the year attributable to the Company		**(1,924,994)**	(276,282)

DotAsia Organisation Limited

Consolidated Statement of Financial Position
At 30 September 2020

	Note	2020 US$	2019 US$
Non-current assets			
Property, plant and equipment	8	**2,842,350**	3,342,906
Investments in associates	10	**162,066**	154,174
Investments in joint venturers	11	**-**	-
		3,004,416	3,497,080
Current assets			
Prepayments, deposits and other receivables	12	**336,773**	208,674
Contract assets	13	**502,950**	511,731
Financial assets at fair value through profit or loss	14	**-**	-
Due from associates	21(a)	**-**	253,288
Due from related companies	21	**155**	155
Bank balances and cash		**958,229**	394,698
		1,798,107	1,368,546
Current liabilities			
Trade payables	15	**145,968**	129,160
Accruals and other payables	16	**735,216**	523,222
Provision for legal proceedings	17	**1,907,680**	787,610
Deposits received	18	**1,641,506**	852,216
Contract liabilities	19	**1,528,040**	1,561,507
Due to joint venturers	21	**50**	-
Due to a director	21	**3,102**	218
Due to related companies	21	**247,486**	460,320
Bank loans	20	**494,371**	527,275
		6,703,419	4,841,528
Net current liabilities		**(4,905,312)**	(3,472,982)
NET (LIABILITIES) ASSETS		**(1,900,896)**	24,098
TOTAL (DEFICIT) EQUITIES			
Reserves	22	**(1,900,896)**	24,098

These consolidated financial statements on page 6 to 44 were approved and authorised for issue by the Board of Directors on 26 JAN 2022 *and signed on its behalf by*

Edmon Wang On CHUNG
Director

Maureen Moari Marama HILYARD
Director

Consolidated Statement of Changes in Equity
Year ended 30 September 2020

	Property revaluation reserves *(note 22)* ***US$***	**Financial assets at FVOCI reserve** *(note 22)* ***US$***	**Accumulated losses** ***US$***	**Total** ***US$***
At 1 October 2018	2,101,008	200,000	(2,000,628)	300,380
Loss for the year	-	-	(164,851)	(164,851)
Other comprehensive loss:				
Loss on property revaluation	(111,431)	-	-	(111,431)
Other comprehensive loss for the year	(111,431)	-	-	(111,431)
Total comprehensive loss for the year	(111,431)	-	(164,851)	(276,282)
Disposal of financial assets at FVOCI	-	(200,000)	200,000	-
At 30 September 2019 and **1 October 2019**	1,989,577	-	(1,965,479)	24,098
Loss for the year	-	-	(1,565,551)	(1,565,551)
Other comprehensive loss:				
Loss on property revaluation	(359,443)	-	-	(359,443)
Other comprehensive loss for the year	(359,443)	-	-	(359,443)
Total comprehensive loss for the year	(359,443)	-	(1,565,551)	(1,924,994)
At 30 September 2020	**1,630,134**	**-**	**(3,531,030)**	**(1,900,896)**

DotAsia Organisation Limited

Consolidated Statement of Cash Flows
Year ended 30 September 2020

	Note	**2020 US$**	2019 US$
OPERATING ACTIVITIES			
Loss before tax		**(1,565,551)**	(164,851)
Adjustments for:			
Depreciation	8	**141,434**	164,678
Provision for legal proceedings		**1,302,900**	247,718
Share of profits of associates		**(26,477)**	(21,298)
Impairment loss on amounts due from joint ventures		**-**	21,773
Impairment loss on amounts due from associates		**283,593**	-
Interest income		**(302)**	(1,457)
Finance costs		**8,856**	12,355
Net exchange gain		**(1,211)**	(50)
Operating profit before working capital changes		**143,242**	258,868
Increase in prepayments, deposits and other receivables		**(128,099)**	(37,660)
Decrease in contract assets		**8,781**	83,500
Increase in due to (from) joint ventures		**50**	(21,773)
Increase in due from associates		**(30,305)**	(30,740)
Decrease in due from related companies		**-**	15,091
Increase (decrease) in trade payables		**16,808**	(15,080)
Decrease in accruals and other payables		**(28,006)**	(51,542)
Increase in provision for legal proceedings		**(182,830)**	(37,608)
Increase in deposits received		**789,290**	125,162
Decrease in contract liabilities		**(33,467)**	(169,039)
Increase (decrease) in due to a director		**2,884**	(17,427)
Increase in due to related companies		**27,166**	320
Net cash generated from operating activities		**585,514**	102,072
INVESTING ACTIVITIES			
Interest received		**302**	1,457
Dividends received		**19,796**	19,791
Purchases of property, plant and equipment		**(321)**	(5,316)
Net cash generated from investing activities		**19,777**	15,932
FINANCING ACTIVITIES			
Repayment of bank loans	23	**(32,904)**	(31,835)
Interest paid		**(8,856)**	(12,355)
Net cash used in financing activities		**(41,760)**	(44,190)
Increase in cash and cash equivalents		**563,531**	73,814
Cash and cash equivalents at the beginning of the year		**394,698**	320,884
Cash and cash equivalents at the end of the year, represented by bank and cash balances		**958,229**	394,698

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 12th Floor, Daily House, 35-37 Haiphong Road, Tsim Sha Tsui, Kowloon, Hong Kong. The Company and its subsidiaries (together the "Group") are principally engaged in: (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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation
These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance.

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2019 consolidated financial statements except for the adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current year as detailed below.

Adoption of new/revised HKFRSs
Amendments to HKASs 1 and 8: Definition of Material
The amendments clarify the definition of material and align the definition used across HKFRSs.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to HKFRS 3: Definition of a Business
The amendments, among others, revise the definition of a business and include new guidance to evaluate whether an acquired process is substantive.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Going concern
The Group incurred a loss of US$1,565,551 for the year ended 30 September 2020 and as at 30 September 2020 the Group had net current liabilities and net liabilities of US$4,905,312 and US$1,900,896 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and 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 Group as described in note 17, 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. In addition, the management has prepared a cash flow forecast covering a period up to 31 March 2022 which is satisfied by the directors that the Group will have sufficient working capital to meet its financial obligations as and when they fall due within eighteen months from 30 September 2020. The directors have evaluated all the relevant facts available to them, and are of the opinion that there are no significant adverse conditions precluding the Group from continuing its operations. Accordingly, the consolidated financial statements have been prepared on going concern basis.

A summary of the principal accounting policies by the Group is set out below.

Basis of measurement
The measurement basis used in the preparation of these consolidated financial statements is historical cost, except for buildings and financial assets at fair value through profit or loss, which are measured at fair value as explained in the accounting policies set out below.

Basis of consolidation
The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting year as that of the Company using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. The results of the subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Subsidiary
A subsidiary is an entity that is controlled by the Group. 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 reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

In the Company's statement of financial position which is presented within these notes, investment in subsidiaries are stated at cost less impairment loss. The carrying amount of the investment is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Associates
An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

The Group's investment in associates are accounted for under the equity method of accounting, except when the investment or a portion thereof is classified as held for sale. Under the equity method, the investment is initially recorded at cost and adjusted thereafter for the post-acquisition changes in the Group's share of the investee's net assets and any impairment loss relating to the investment. Except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee, the Group discontinues recognising its share of further losses when the Group's share of losses of the investee equals or exceeds the carrying amount of its interest in the investee, which includes any long-term interests that, in substance, form part of the Group's net investment in the investee.

Goodwill arising on an acquisition of an associate is measured as the excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the acquired associate. Such goodwill is included in interests in associates or joint ventures. On the other hand, any excess of the Group's share of its net fair value of identifiable assets and liabilities over the cost of investment is recognised immediately in profit or loss as an income.

Unrealised profits and losses resulting from transactions between the Group and its associate are eliminated to the extent of the Group's interest in the investees, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

In the Company's statement of financial position which is presented within these notes, an investment in associates are stated at cost less impairment loss determined on individual basis. The results of an associate is accounted for by the Company on the basis of dividends received and receivable.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Joint arrangements (Continued)
Investment in joint ventures are 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 good will. 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 joint ventures' 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 joint ventures 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.

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.

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to the profit or loss during the year in which they are incurred.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment over their estimated useful lives as set out below from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method. Where parts of an item of property, plant and equipment have different useful lives, the cost of valuation of the item is allocated on a reasonable basis and depreciated separately:

Office equipment	5 years
Furniture and fittings	5 years
Land and buildings	Over the remaining term of the leases

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year in which the item is derecognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (Continued)
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.

Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income and accumulated in property 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 property revaluation reserve is transferred directly to retained earnings.

Foreign currency translation
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 Group’s presentation currency and functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

The results and financial position of all the group entities that have a functional currency different from the presentation currency (“foreign operations”) are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;
- Income and expenses for each statement of comprehensive income are translated at average exchange rate;
- All resulting exchange differences arising from the above translation and exchange differences arising from a monetary item that forms part of the Group’s net investment in a foreign operation are recognised as a separate component of equity;
- On the disposal of a foreign operation, which includes a disposal of the Group’s entire interest in a foreign operation, a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest is no longer equity-accounted for, the cumulative amount of the exchange differences relating to the foreign operation that is recognised in other comprehensive income and accumulated in the separate component of equity is reclassified from equity to profit or loss when the gain or loss on disposal is recognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments

Financial assets

Recognition and derecognition

Financial assets are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Group's contractual rights to future cash flows from the financial asset expire or (ii) the Group transfers the financial asset and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset, or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

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.

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 the financial asset to the extent of its continuing involvement and an associated liability for amounts it may have to pay.

Classification and measurement

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing them, in which case all affected financial assets are reclassified on the first day of the first annual reporting period following the change in the business model (the "reclassification date").

(1) Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

(i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
(ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate method and are subject to impairment. Gains and losses arising from impairment, derecognition or through the amortisation process are recognised in profit or loss.

The Group's financial assets at amortised cost include deposits and other receivables, amounts due from related companies and bank balances and cash.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)
Financial assets (Continued)
Classification and measurement (Continued)
(2) Designated at fair value through other comprehensive income ("FVOCI")
Upon initial recognition, the Group may make an irrevocable election to present subsequent changes in the fair value of an investment in an equity instrument that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 applies in other comprehensive income. The classification is determined on an instrument-by-instrument basis.

These equity investments are subsequently measured at fair value and are not subject to impairment. Dividends are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other gains or losses are recognised in other comprehensive income and shall not be subsequently reclassified to profit or loss. Upon derecognition, the cumulative gain or loss is transferred directly to accumulated profits or losses.

(3) Financial assets at fair value through profit or loss ("FVPL")
These investments include financial assets that are not measured at amortised cost or FVOCI, including financial assets held for trading, financial assets designated upon initial recognition as at FVPL, financial assets resulting from a contingent consideration arrangement in a business combination to which HKFRS 3 applies and financial assets that are otherwise required to be measured at FVPL. They are carried at fair value, with any resultant gain and loss recognised in profit or loss, which does not include any dividend or interest earned on the financial assets.

A financial asset is classified as held for trading if it is:
(i) acquired principally for the purpose of selling it in the near term;
(ii) part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking on initial recognition; or
(iii) a derivative that is not a financial guarantee contract or not a designated and effective hedging instrument.

Financial assets are designated at initial recognition as at FVPL only if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains or losses on them on different bases.

The Group's financial assets at FVPL include unlisted equity security.

Financial liabilities
Recognition and derecognition
Financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)
Financial liabilities (Continued)
Classification and measurement
Financial liabilities are initially recognised at their fair value plus, in the case of financial liabilities not carried at FVPL, transaction costs that are directly attributable to the issue of the financial liabilities.

The Group's financial liabilities include trade payables, accruals and other payables, bank loans and amounts due to joint ventures / a director / related companies. All financial liabilities 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 insignificant, in which case they are stated at cost.

Impairment of financial assets
The Group recognises loss allowances for expected credit losses ("ECL") on financial assets that are measured at amortised cost. Except for the specific treatments as detailed below, at each reporting date, the Group measures a loss allowance for a financial asset at an amount equal to the lifetime ECL if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

Measurement of ECL
ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

For financial assets, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument while 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.

Where ECL is measured on a collective basis, the financial instruments are grouped based on the following one or more shared credit risk characteristics:

(i) past due information
(ii) nature of instrument
(iii) nature of collateral
(iv) industry of debtors
(v) geographical location of debtors
(vi) external credit risk ratings

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)
Impairment of financial assets (Continued)
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 the Group may not receive the outstanding contractual amounts in full if the financial instrument that meets any of the following criteria:

(i) 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); or
(ii) there is a breach of financial covenants by the counterparty.

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.

Assessment of 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 as at the reporting date with the risk of a default occurring on the financial instrument as 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. Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days past due.

Notwithstanding 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.

Low credit risk
A financial instrument is determined to have low credit risk if:

(i) it has a low risk of default;
(ii) the borrower 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.

As detailed in note 25 to the consolidated financial statements, deposits and other receivables, amounts due from related companies, and bank balances and cash are determined to have low credit risk.

Simplified approach of ECL
For trade receivables and contract assets without a significant financing components or otherwise for which the Company applies the practical expedient not to account for the significant financing components, the Group applies a simplified approach in calculating ECL. The Group recognises a loss allowance based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)
Impairment of financial assets (Continued)
Credit-impaired financial asset
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 include observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower.
(b) a breach of contract, such as a default or past due event.
(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider.
(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.
(e) the disappearance of an active market for that financial asset because of financial difficulties.
(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Write-off
The Group writes off a financial asset when the Group has no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof. The Group expects no significant recovery from the amount written off based on historical experience of recoveries of similar assets. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities under the Group's procedures for recovery of amounts due, taking into account legal advice if appropriate. Any subsequent recovery is recognised in profit or loss.

Cash and cash equivalents
For the purpose of the consolidated statement of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Revenue recognition
Revenue from contracts with customers within HKFRS 15
Nature of services
The nature of services provided by the Group is provision of domain names registration and related services.

Identification of performance obligations
At contract inception, the Group assesses the services promised in a contract with a customer and identifies as a performance obligation each promise to transfer to the customer either:

(a) a service (or a bundle of services) that is distinct; or
(b) a series of distinct services that are substantially the same and that have the same pattern of transfer to the customer.

A service that is promised to a customer is distinct if both of the following criteria are met:

(a) the customer can benefit from the service either on its own or together with other resources that are readily available to the customer (i.e. the service is capable of being distinct); and
(b) the Group's promise to transfer the service to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the service is distinct within the context of the contract).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)
Revenue from contracts with customers within HKFRS 15 (Continued)
Timing of revenue recognition
Revenue is recognised when (or as) the Group satisfies a performance obligation by transferring a promised service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
(b) the Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or
(c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time, the Group satisfies the performance obligation at a point in time when the customer obtains control of the promised asset. In determining when the transfer of control occurs, the Group considers the concept of control and such indicators as legal title, physical possession, right to payment, significant risks and rewards of ownership of the asset, and customer acceptance.

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 satisified, as the services rendered representing the entity's right to consideration for the services rendered to date.

For revenue recognised over time under HKFRS 15, provided the outcome of the performance obligation can be reasonably measured, the Group applies the input method (i.e. based on the proportion of the actual inputs deployed to date as compared to the estimated total inputs) to measure the progress towards complete satisfaction of the performance obligation because there is a direct relationship between the Group's inputs and the transfer of control of goods or services to the customers and reliable information is available to the Group to apply the method. Otherwise, revenue is recognised only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

Interest income
Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Dividend income
Dividend income is recognised when the shareholders' rights to receive payment are established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contract assets and contract liabilities
If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the contract is presented as a contract asset, excluding any amounts presented as a receivable. Conversely, if a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the contract is presented as a contract liability when the payment is made or the payment is due (whichever is earlier). A receivable is the Group's right to consideration that is unconditional or only the passage of time is required before payment of that consideration is due.

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.

It is common for the Group to receive from the customer the whole or some of the contractual payments before the services are completed or when the goods are delivered (i.e. the timing of revenue recognition for such transactions). The Group recognises a contract liability until it is recognised as revenue. During that period, any significant financing components, if applicable, will be included in the contract liability and will be expensed as accrued unless the interest expense is eligible for capitalisation.

A contract liability represents the Group's obligation to transfer goods or services to a customer from whom the Group has received consideration or an amount of consideration is due from that customer.

Impairment of non-financial assets
At the end of each reporting period, the Group reviews internal and external sources of information to assess whether there is any indication that its investments in subsidiaries and associates may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less cost to sell and value in use.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior years. Reversal of impairment loss is recognised as income in profit or loss immediately.

Government grants
Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the years necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee benefits

Short term employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payments or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Defined contribution plans

The obligations for contributions to defined contribution retirement scheme in Hong Kong are recognised as expense in profit or loss as incurred. The assets of the scheme are held separately from those of the Group in an independently administered fund.

Taxation

The charge for current income tax is based on the results for the year as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, any deferred tax arising from initial recognition of goodwill; or other asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss is not recognised.

The deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Deferred tax is provided on temporary difference arising on investment in subsidiaries and associates, except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

Related parties

A related party is a person or entity that is related to the Group.

(a) A person or a close member of that person's family is related to the Group if that person:
   - (i) has control or joint control over the Group;
   - (ii) has significant influence over the Group; or
   - (iii) is a member of the key management personnel of the Group or of the parent of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related parties (Continued)

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(a) that person's children and spouse or domestic partner;
(b) children of that person's spouse or domestic partner; and
(c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of obligation can be made. Expenditures for which a provision has been recognised are charged against the related provision in the period in which the expenditures are incurred. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount provided is the present value of the expenditures expected to be required to settle the obligation. Where the Company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Contingent liabilities

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Critical accounting estimates and judgements
Estimates and assumptions concerning the future and judgements are made by the management in the preparation of the consolidated financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

<u>Key sources of estimation uncertainty</u>

(i) Loss allowance for ECL
The management of the Group estimates the loss allowance for deposits and other receivables and contract assets by using various inputs and assumptions including risk of a default and expected loss rate. The estimation involves high degree of uncertainty which is based on the Group's historical information, existing market conditions as well as forward-looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amount of deposits and other receivables and contracts assets.

(ii) Impairment of investments and receivables
The Group assesses annually if investment in subsidiaries and associates have suffered any impairment in accordance with HKAS 36 and follows the guidance of HKFRS 9 in determining whether amounts due from these entities are impaired. Details of the approach are stated in the respective accounting policies. The assessment requires an estimation of future cash flows, including expected dividends, from the assets and the selection of appropriate discount rates. Future changes in financial performance and position of these entities would affect the estimation of impairment loss and cause the adjustments of their carrying amounts.

(iii) 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.

(iv) 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.

(v) Provision for legal proceedings
In determining the provision for litigation, management made an assessment based on its best estimate and judgement of whether it is probable that an outflow of resources will be required to settle the claims and, if applicable, the final amount of the settlements with reference to the legal opinion and relevant laws and regulation in the respective jurisdiction. Where the actual amounts to settle the obligation are more or less than expected, a further provision or reversal may arise. Details of litigation are set out in notes 17 and 31 to the consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Future changes in HKFRSs
At the date of authorisation of these consolidated financial statements, the HKICPA has issued a number of new/revised HKFRSs that are not yet effective for the current year, which the Group has not early adopted.

The directors do not anticipate that the adoption of the new/revised HKFRSs in future periods will have any material impact on the results of the Group.

3. REVENUE

	2020 US$	2019 US$
Revenue from contracts with customers within HKFRS 15 recognised over time		
Domain names registration related services fees	**1,858,228**	2,084,312
Revenue from other sources		
Premium domains and domain names management fee	**261,972**	128,423
	2,120,200	2,212,735

4. OTHER INCOME

	2020 US$	2019 US$
Bank interest income	**302**	1,457
Expiration of contributions for sponsor community	**109,091**	114,228
Gain on deregistration of subsidiaries	**5,295**	-
Government grants *(note)*	**37,928**	-
Service fee income	**-**	206,774
Compensation income	**59,338**	-
Others	**-**	16,355
	211,954	338,814

Note: The government grants represent the grant income from the Employment Support Scheme under Anti-Epidemic Fund of the Hong Kong Special Administrative Region for the use of paying wages of employees from June to November 2020 which had been received during the period ended 30 September 2020. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Group is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees. There are no unfulfilled conditions or contingencies relating to those grant.

5. FINANCE COSTS

	2020	2019
	US$	*US$*
Interest on bank loans	**8,856**	12,355

6. LOSS BEFORE TAX

This stated after charging (crediting):

	2020	2019
	US$	*US$*
Employee benefit expenses (including directors' remuneration)		
- Salaries, bonuses and allowances	**566,632**	536,972
- Contributions to defined contribution plans	**23,017**	20,502
	589,649	557,474
Auditor's remuneration	**22,914**	21,577
Cost of services	**674,881**	769,884
Depreciation of property, plant and equipment	**141,434**	164,678
Exchange gain, net	**(1,211)**	(50)

7. INCOME TAX EXPENSES

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.

Reconciliation of income tax expense	**2020** ***US$***	2019 *US$*
Loss before tax	**(1,565,551)**	(164,851)
Income tax at applicable tax rate of 16.5% *(2019: 16.5%)*	**(258,316)**	(27,200)
Tax effect of income that is not taxable	**(384,806)**	(398,980)
Tax effect of expenses that are not deductible	**647,490**	430,319
Tax effect of share profits of associates	**(4,368)**	(3,468)
Tax effect of utilisation of tax losses not previously recognised	**-**	(671)
Income tax expense for the year	**-**	-

8. PROPERTY, PLANT AND EQUIPMENT

	Land an buildings *US$*	**Office equipment** *US$*	**Furniture and fittings** *US$*	**Total** *US$*
Reconciliation of carrying amount – year ended 30 September 2019				
At 1 October 2018	3,576,766	15,225	21,708	3,613,699
Addition	-	5,316	-	5,316
Deficit on revaluation	(111,431)	-	-	(111,431)
Depreciation	(145,909)	(5,008)	(13,761)	(164,678)
At 30 September 2019	3,319,426	15,533	7,947	3,342,906
Reconciliation of carrying amount – year ended 30 September 2020				
At 1 October 2019	**3,319,426**	**15,533**	**7,947**	**3,342,906**
Addition	**-**	**321**	**-**	**321**
Deficit on revaluation	**(359,443)**	**-**	**-**	**(359,443)**
Depreciation	**(130,110)**	**(3,377)**	**(7,947)**	**(141,434)**
At 30 September 2020	**2,829,873**	**12,477**	**-**	**2,842,350**
At 30 September 2019				
Cost or valuation	3,319,426	132,534	207,300	3,659,260
Accumulated depreciation	-	(117,001)	(199,353)	(316,354)
Net book value	3,319,426	15,533	7,947	3,342,906
At 30 September 2020				
Cost or valuation	**2,829,873**	**132,855**	**207,300**	**3,170,028**
Accumulated depreciation	**-**	**(120,378)**	**(207,300)**	**(327,678)**
Net book value	**2,829,873**	**12,477**	**-**	**2,842,350**

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The analysis of the cost or valuation of the above assets is as follows:

	Land and buildings *US$*	Office equipment *US$*	Furniture and fittings *US$*	Total *US$*
At 30 September 2020				
At cost	**-**	**132,855**	**207,300**	**340,155**
At valuation	**2,829,873**	**-**	**-**	**2,829,873**
	2,829,873	**132,855**	**207,300**	**3,170,028**
At 30 September 2019				
At cost	-	132,534	207,300	339,834
At valuation	3,319,426	-	-	3,319,426
	3,319,426	132,534	2,829,873	3,659,260

The Group's land and buildings was revalued at 30 September 2020 and 2019 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 at the end of the reporting period would have been US$1,574,538 *(2019: US$1,646,930)* had they been stated at cost less accumulated depreciation and impairment losses.

At 30 September 2020, the carrying amount of land and buildings pledged as security for the Group's bank loans amounted to US$2,829,873 *(2019: US$3,319,426)*.

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

9. SUBSIDIARIES

Details of subsidiaries at end of the reporting period are as follows:

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Percentage of registered capital held by the Company		Principal activities
			Directly	*Indirectly*	
Dotkids Applicant Limited (formerly known as DotKids Foundation Limited)	Hong Kong	Registered capital	100% *(2019: 100%)*	-	Applicant entity for the ".KIDS" internet top-level domain
ATIC Asia Limited *(note a)*	Hong Kong	-	- *(2019: 100%)*	-	Deregistered
Namesphere Limited *(note b)*	Hong Kong	Registered capital	100% *(2019: 100%)*	-	Investment holding
Namesphere Holdings Limited	Hong Kong	Registered capital	-	100% *(2019: 100%)*	Investment holding
DotBox Limited	Hong Kong	Registered capital	-	100% *(2019: 100%)*	Investment holding
GTLD Limited *(note a)*	Hong Kong	-	-	- *(2019: 100%)*	Deregistered
NS2 Limited *(note a)*	Hong Kong	-	-	- *(2019: 100%)*	Deregistered

Note:

a. During the year ended 30 September 2020, those were deregistered. As a result, the Group recognised gain on deregistration of subsidiaries of US$5,295 in the profit or loss for the year.

b. Subsequent to the end of the reporting period, Namesphere Limited allotted 12,963 shares, 5,704 shares and 4,667 shares to its immediate holding company, a related company and an independent third party respectively. After the allotment of shares on 4 December 2020, the Group's equity interests in Namesphere diluted from 100% to 68.89%.

10. INVESTMENTS IN ASSOCIATES

	2020	2019
	US$	*US$*
At beginning of the reporting period	**154,174**	152,941
Exchange realignments	**1,211**	(274)
Dividend income	**(19,796)**	(19,791)
Share of results	**26,477**	21,298
At end of the reporting period	**162,066**	154,174

Details of the associates at the end of the reporting period are as follows:

Name of associates	**Place of incorporation/ operation**	**Class of shares held**	**Percentage of registered capital held by the Company**		**Principal activities**
			Directly	***Indirectly***	
HNET Asia Limited	Macau	Registered capital	40% *(2019: 40%)*	-	Operating the domain name of registry for the ".MO" internet top-level domain
Global Website Asia Limited	Hong Kong	Registered capital	-	50% *(2019: 50%)*	Investment holding
Global Website TLD Asia Limited	Hong Kong	Registered capital	-	50% *(2019: 50%)*	Application entity and prospective registry operator of ".网站" internet top-level domain

The above associates are accounted for using the equity method in the consolidated financial statements.

Fair value of investments

The above associates are private companies and there is no quoted market price available for the investments.

10. INVESTMENTS IN ASSOCIATES (CONTINUED)

Financial information of individually material associates

Summarised financial information of associates of the Group is set out below, which represents amounts shown in the associates' financial statements prepared in accordance with HKFRSs and adjusted by the Group for equity accounting purposes including any differences in accounting policies and fair value adjustments.

	HNet Asia Limited	
	2020	2019
	US$	*US$*
At 30 September:		
Gross amount		
Non-current assets		
Current assets	**597,626**	527,086
Current liabilities	**(192,460)**	(141,651)
Net assets	**405,166**	385,435
Reconciliation		
Gross amount of equity	**405,166**	385,435
Group's ownership interest in an associate	**40%**	40%
Group's share of equity	**162,066**	154,174
Carrying amount of the Group's interest in an associate	**162,066**	154,174
Year ended 30 September:		
Revenue	**533,811**	495,224
Total profit and total comprehensive income of an associate for the year	**66,193**	53,246
Share of associates' results	**26,477**	21,298
Dividends received from an associate	**19,796**	19,791

10. INVESTMENTS IN ASSOCIATES (CONTINUED)

Financial information of individually immaterial associates
The table below shows, in aggregate, the carrying amount and the Group's share of results of associates that are not individually material and accounted for using the equity method.

	2020	2019
	US$	*US$*
At 30 September:		
Carrying amount of interests	**-**	-
Year ended 30 September:		
Total comprehensive loss	**(15,164)**	(14,456)

11. INVESTMENTS IN JOINT VENTURES

	2020	2019
	US$	*US$*
At beginning of the reporting period	**-**	-
Transferred to financial asset at FVPL *(Note 14)*	**-**	-
At end of the reporting period	**-**	-

Details of the joint venture at the end of the reporting period are as follows:

Name of joint venturers	**Place of incorporation/ operation**	**Class of shares held**	**Percentage of registered capital held**		**Principal activity**
			Directly	***Indirectly***	
.Box Inc. *(Note a)*	Cayman Islands	Registered capital	11% *(2019: 50%)*	-	Registry operator of the "Box" internet top-level domain
NS1 Limited *(Note b)*	Hong Kong	-	-	- *(2019: 50%)*	Deregistered

Note

a. On 10 December 2019, .BOX Inc. allotted a total of 340 ordinary shares to a shareholder at US$1 each. After the allotment completed in December 2019, the equity interests held by the Group has been diluted from 50% to 11% which the investment was reclassified from investments in joint ventures to financial asset at FVPL *(note 14)*.

b. During the year ended 30 September 2020, the joint venturers namely NS1 Limited is deregistered. No gain or loss is recognised on deregistration of a joint venture in the profit or loss for the year.

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2020	2019
	US$	*US$*
Prepayments	**72,323**	24,036
Deposits	**52,560**	51,060
Compensation receivables	**59,338**	-
Other receivables	**152,552**	133,578
	336,773	208,674

13. CONTRACT ASSETS

The movements of contract assets from contracts with customers within HKFRS 15 during the year are as follows:

	2020	2019
	US$	*US$*
At beginning of the reporting period	**511,731**	595,231
Addition	**511,404**	506,556
Recognised as cost of services	**(520,185)**	(590,056)
At end of the reporting period	**502,950**	511,731

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 services based on the contract terms and the periods of domain name sold.

14. FINANCIAL ASSETS AT FVPL

	2020	2019
	US$	*US$*
Mandatorily measured at FVPL		
Unlisted equity securities	**-**	-

The unlisted equity securities represented shares in .Box Inc., a company incorporated in the Cayman Islands and engaged in registry operator of the "Box" internet top-level domain.

The fair value of the Mandatorily measured at FVPL was determined by the directors based on the unobservable inputs of .Box Inc. and is categorised as Level 3 fair value measurements. During the years ended 30 September 2020 and 2019, there were no transfers of fair value measurement between Level 1 and Level 2 and no transfer into or out of Level 3. In addition, there were no movements in Level 3 fair value measurement during the years ended 30 September 2020 and 2019.

15. TRADE PAYABLES

The credit period of trade payables is normally within 90 days *(2019: 90 days).* As at 30 September 2020 and 2019, all trade payables was aged within 30 days, based on the invoice date.

16. ACCRUALS AND OTHER PAYABLES

	2020	2019
	US$	*US$*
Accruals	**369,972**	370,876
Other payables	**365,244**	152,346
	735,216	523,222

17. PROVISION FOR LEGAL PROCEEDINGS

	2020	2019
	US$	*US$*
At beginning of the reporting period:	**787,610**	577,500
Increase in provision	**1,302,900**	247,718
Payment during the year	**(182,830)**	(37,608)
At end of the reporting period	**1,907,680**	787,610

Legal Proceedings
The Company, Namesphere Holdings Limited, a subsidiary of the Company, together with a director, Mr. Edmon Wang On Chung, were claimed by a joint venturer and seeked damages of Canadian dollars 2,000,000 equivalent to approximately US$1,540,600. The Group had made provisions in relation to this legal proceeding amounted to US$820,965 *(2019: US$787,610)* in the consolidated financial statements after seeking legal advices.

The Company and Namesphere Limited ("Namesphere"), a subsidiary of the Company, were claimed by a company (the "Plaintiff A"), and seeked damages and/or equitable compensation for breach of contract and breach of the trust and for delay in performance of the orders to carry out the declaration or issue shares in Namsphere to the Plaintiff A. The Group had made provisions in relation to this legal proceeding amounted to US$461,355 *(2019: Nil)* in the consolidated financial statements after seeking legal advices.

The Company, Namesphere and certain current and past members of the board of directors of the Company were claimed by two companies (the "Plaintiff B"), and seeked damages for any loss and damage caused by the breach of an investment agreement that entered into between the Company and the Plaintiff B in year 2012. The Group had made provisions in relation to this legal proceeding amounted to US$625,360 *(2019: Nil)* in the consolidated financial statements after seeking legal advices.
.
While the final outcome of the abovementioned 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.

18. DEPOSIT RECEIVED

	2020 *US$*	2019 *US$*
At beginning of the reporting period	**852,216**	727,054
Increase in deposit	**2,676,214**	2,046,785
Recognised as contract liabilities	**(1,828,761)**	(1,915,273)
Refunded	**(66,163)**	(6,350)
At end of the reporting period	**1,641,506**	852,216

19. CONTRACT LIABILITIES

The movements (excluding those arising from increases and decreases both occurred within the same year) of contract liabilities from contracts with customers within HKFRS 15 during the year are as follows:

	2020 *US$*	2019 *US$*
At beginning of the period	**1,561,507**	1,730,546
Recognised as revenue	**(1,748,762)**	(2,084,312)
Transferred from deposit received	**1,828,761**	1,915,273
At end of the period	**1,641,506**	1,561,507

Contract liabilities arise 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 names sold.

20. BANK LOANS

	2020 *US$*	2019 *US$*
Interest-bearing borrowings		
Guaranteed bank loans	**494,371**	527,525
Current portion	**494,371**	527,525

The carrying amounts of the Group's borrowings are denominated in Hong Kong Dollar ("HK$").

The interest rates were carried at the rate of 3.1% per annum below Hong Kong Dollar Best Lending Rate *(2019: the same).*

Bank loans are secured by a charge over the Group's land and buildings *(note 8)* and guarantee by Mr. Edmon Wang On Chung for an unlimited amount and repayable in August 2033.

Interest-bearing borrowings of US$494,371 at 30 September 2020 *(2019: US$527,525)*, with a clause in their terms that gives the lender an overriding right to demand repayment without notice or with notice period of less than 12 months at its sole discretion, are classified as current liabilities even though the directors do not expect that the lenders would exercise their rights to demand repayment.

21. DUE FROM (TO) JOINT VENTURES / ASSOCIATES / RELATED COMPANIES / A DIRECTOR

The amounts due are unsecured, interest-free and have no fixed repayment terms. The carrying amount of the amounts due approximates their fair values.

	2020	2019
	US$	*US$*
21(a) Due from associates		
Gross amount	**283,593**	253,288
Accumulated impairment losses		
At beginning of the reporting period	**-**	-
Charged to profit or loss	**(283,593)**	-
At end of the reporting period	**(283,593)**	-
Net amount	**-**	253,288

22. 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

Financial assets at FVOCI reserve
The financial assets at FVOCI reserve comprises the cumulative net change in the fair value of financial assets at FVOCI held at the end of the reporting period and is dealt with in accordance with the accounting policy in note 2 to the consolidated financial statements. During the year ended 30 September 2019, the entire equity interest held by the Group was sold to a independent third party and derecognised the FVOCI reserves upon disposal.

Property revaluation reserves
The property revaluation reserves 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 2 to the consolidated financial statements.

23. OTHER CASH FLOW INFORMATION

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

	Bank loans *(Note 20)* *US$*
At 1 October 2018	559,434
Changes from financing cash flows:	
Repayment of bank loans	(31,835)
Exchange realignments	(324)
At 30 September 2019 and **1 October 2019**	527,275
Changes from financing cash flows:	
Repayment of bank loans	**(32,904)**
At 30 September 2020	**494,371**

24. RELATED PARTIES TRANSACTIONS

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

Related parties relationship	**Nature of transactions**	**2020** ***US$***	2019 *US$*
Associate	Services charged received	**95,631**	117,723
	Dividend income	**19,796**	19,791
A related company with common directors	Subsidy paid	**204,732**	219,319

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Groups' financial instruments are foreign currency risk, credit risk, liquidity risk and interest rate risk. The management generally adopts conservative strategies on its risk management and limits the Group's exposure to these risks to minimum level as follows:

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

Credit risk
The carrying amount of financial assets recognised on the consolidated statement of financial position, which is net of impairment losses, represents the Group's exposure to credit risk without taking into account the value of any collateral held or other credit enhancements.

<u>Deposits and other receivables</u>
The Group considers that the deposits and other receivables have low credit risk based on the counterparties' strong capacity to meet its contractual cash flow obligations in the near term and low risk of default.

In estimating the ECL and whether the deposits and other receivables are credit-impaired, the Group has taken into account the historical actual credit loss experience over the past 3 years and adjusted for forward-looking factors, in estimating the probability of default, as well as the loss upon default. The management of the Group considers the ECL of the deposits and other receivables to be insignificant so no loss allowance was recognised in this respect.

<u>Amounts due from associates</u>
The Group determines that the amounts due from associates are credit-impaired after taken into account the age of these balances and the past settlement history of these associates. Impairment was made in respect of these balances as a result of the ECL assessment conducted by the management of the Company. There was no change in the estimation techniques or significant assumptions made during the year.

<u>Bank balances and cash</u>
The Group's exposure to credit risk arising from bank balances and cash are limited because the counterparties are banks with a high credit rating, for which the Group considers to have low credit risk.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The remaining undiscounted contractual maturity profile of the Group's financial liabilities at the end of the reporting period, based on the earliest date on which the Group is required to settle is summarised below.

	Within 1 year or on demand	**More than 2 year but less than 5 years**	**More than 5 years**	**Total contractual undiscounted cash flow**	**Carrying amount**
	US$	***US$***	***US$***	***US$***	***US$***
At 30 September 2020					
Trade payables	**145,968**			**145,968**	**145,968**
Accruals and other payables	**735,216**			**735,216**	**735,216**
Provision for legal proceedings	**1,907,680**			**1,907,680**	**1,907,680**
Due to joint ventures	**50**			**50**	**50**
Due to a director	**3,102**			**3,102**	**3,102**
Due to related companies	**247,486**			**247,486**	**247,486**
Bank loan	**44,132**	**176,529**	**349,380**	**570,041**	**494,371**
	3,083,634	**176,529**	**349,380**	**3,609,543**	**3,533,873**

	Within 1 year or on demand	More than 2 year but less than 5 years	More than 5 years	Total contractual undiscounted cash flow	Carrying amount
	US$	*US$*	*US$*	*US$*	*US$*
At 30 September 2019					
Trade payables	129,160			129,160	129,160
Accruals and other payables	523,222			523,222	523,222
Provision for legal proceedings	787,610			787,610	787,610
Due to a director	218			218	218
Due to related companies	460,320			460,320	460,320
Bank loan	44,236	176,945	394,530	615,711	527,275
	1,944,766	176,945	394,530	2,516,241	2,427,805

Interest rate risk

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

26. FAIR VALUE MEASUREMENTS

The following presents the assets and liabilities measured at fair value or required to disclose their fair value in these consolidated financial statements on a recurring basis at 30 September 2020 and 2019 across the three levels of the fair value hierarchy defined in HKFRS 13, Fair Value Measurement, with the fair value measurement categorised in its entirety based on the lowest level of input that is significant to the entire measurement. The levels of inputs are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 (lowest level): unobservable inputs for the asset or liability.

(a) Assets measured at fair value

2020

	Level 1	**Level 2**	**Level 3**	**Total**
	US$	*US$*	*US$*	*US$*
Asset measured at fair value				
Property, plant and equipment				
- Land and buildings			**2,829,873**	**2,820,873**

2019

	Level 1	Level 2	Level 3	Total
	US$	*US$*	*US$*	*US$*
Asset measured at fair value				
Property, plant and equipment				
- Land and buildings			3,319,426	3,319,426

During the year ended 30 September 2020, there were no transfers between Level 1 and Level 2 fair value measurements. During the year ended 30 September 2020, the Group's investment in a joint venture, .Box Inc. was transferred to financial asset at FVPL *(Note 11)* and upon deemed disposal of 39% equity interests in .Box Inc. which under Level 3 fair value measurements.

26. FAIR VALUE MEASUREMENTS (CONTINUED)

(b) Movements in Level 3 fair value measurements

	Land and buildings	
	2020	2019
	US$	*US$*
At beginning of the reporting period	**3,319,426**	3,576,766
Total losses recognised		
In profit or loss	**(130,110)**	(145,909)
In other comprehensive income	**(359,443)**	(111,431)
At end of the reporting period	**2,829,873**	3,319,426

The total losses recognised in other comprehensive income are presented in loss on property revaluation in the statement of comprehensive income.

(c) Valuation of revaluation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 September 2020 and 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 of these fair value measurements.

For level 3 fair value measurements of land and buildings, 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 the comparable sales evidences as available on the open market.

Level 3 fair value measurements

				Fair value	
			Effect of fair value for decrease of inputs	**2020**	2019
				US$	*US$*
Description	Valuation technique	Unobservable inputs		Assets	
Land and buildings	Market comparable approach	Price per square feet	Decrease	**2,829,873**	3,319,426

During the years ended 30 September 2020 and 2019, there were no changes in the valuation techniques used.

27. INFORMATION ABOUT THE BENEFITS OF DIRECTORS

The following disclosures are presented pursuant to section 383 of the Hong Kong Companies Ordinances.

(a) Directors' remuneration

Year ended 30 September 2020

	Qualifying services		
	As a director	**Other services in connection with the management of the affairs**	**Total**
	US$	***US$***	***US$***
Emoluments	**150,370**	**-**	**150,370**

Year ended 30 September 2019

	Qualifying services		
	As a director	Other services in connection with the management of the affairs	Total
	US$	*US$*	*US$*
Emoluments	151,103	-	151,103

(b) Loans, quasi-loans and other dealings in favour of directors

There is no loans, quasi-loans or other dealings in favour of the directors of the Company or its holding company that were entered into or subsisted during the year *(2019: Nil)*.

(c) Directors' material interests in transactions, arrangement or contracts

After consideration, other than those as disclosed in note 24 to the consolidated financial statements, the directors are of the opinion that no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year *(2019: Nil)*.

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

(a) Statement of financial position of the Company

	Note	2020 US$	2019 US$
Non-current assets			
Property, plant and equipment		**2,842,350**	3,342,906
Investments in subsidiaries	9	**-**	2,573
Investments in associates	10	**162,066**	154,174
		3,004,416	3,499,653
Current assets			
Prepayments, deposits and other receivables		**233,589**	107,953
Contract assets		**502,950**	511,731
Due from subsidiaries		**-**	630,778
Due from associates		**-**	253,288
Bank balances and cash		**958,229**	394,698
		1,694,768	1,894,448
Current liabilities			
Trade payables		**99,467**	129,160
Accruals and other payables		**483,702**	459,227
Provision for legal proceedings		**1,692,974**	787,610
Deposits received		**1,641,506**	852,216
Contract liabilities		**1,528,040**	1,561,507
Due to a director		**3,102**	218
Due to a related company		**27,486**	320
Due to subsidiaries		**307,881**	310,915
Bank loans		**494,371**	527,275
		(6,278,529)	4,628,448
Net current liabilities		**(4,583,761)**	(2,730,000)
NET (LIABILITIES) ASSETS		**(1,579,345)**	769,653
TOTAL (DEFICIT) EQUITIES			
Reserves	28(b)	**(1,579,345)**	769,653

Approved and authorised for issue by the Board of Directors on 26 JAN 2022 *and signed on its behalf by:*

Edmon Wang On CHUNG
Director

Maureen Moari Marama HILYARD
Director

28. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

(b) Reserve movement of the Company

	Property revaluation reserves *US$*	Accumulated losses *US$*	Total *US$*
At 1 October 2018	2,101,008	(1,006,687)	1,094,321
Loss for the year	-	(213,237)	(213,237)
Other comprehensive loss:			
Loss on property revaluation	(111,431)	-	(111,431)
Other comprehensive loss for the year	(111,431)	-	(111,431)
Total comprehensive loss for the year	(111,431)	(213,237)	(324,668)
At 30 September 2019 and **1 October 2019**	**1,989,577**	**(1,219,924)**	**769,653**
Loss for the year	**-**	**(1,989,555)**	**(1,989,555)**
Other comprehensive loss:			
Loss on property revaluation	**(359,443)**	**-**	**(359,443)**
Other comprehensive loss for the year	**(359,443)**	**-**	**(359,443)**
Total comprehensive loss for the year	**(359,443)**	**(1,989,555)**	**(2,113,704)**
At 30 September 2020	**1,630,134**	**(3,209,479)**	**(1,579,345)**