

DotAsia Board Finance Committee (BFC) Meeting Minutes

Date(s) & Time:	October 19, 2021 (Tuesday) 14:02 – 15:00 HKT
Location:	DotAsia Zoom Meeting Room: http://aji.asia/zoomboardfinance
Attendees:	<p>Santanu ACHARYA Kashif ADEEL Satish BABU Nicole CHAN Edmon CHUNG Joel DISINI Maureen HILYARD * Rebecca CHAN (DotAsia Team) Freda CHEUNG (DotAsia Team)</p> <p>Absent: Andi BUDIMANSYAH</p> <p>* Left meeting during Discussion Item 5.1, and rejoined during Discussion Item 6.4.</p>

No.	Action Items:	Owner	Remarks
F2021.01.A04	Search other bank options for opening new Namesphere bank account.	Rebecca CHAN	Specialist legal advice received.
F2021.08.A01	Propose procedures of conducting random verification on the Reports provided by Afilias.	Rebecca CHAN	Discussion deferred to Nov BFC meeting.
F2021.08.A02	Conduct a comparison of the existing registry agreement with Afilias with other potential providers.	Edmon CHUNG	Discussion deferred to Nov BFC meeting.
F2021.09.A01	Reword the clause 5.5.2 of the draft 1.1 of BFC-001 for further consideration at Oct BFC meeting.	Edmon CHUNG	Completed.
F2021.09.A02	Follow up with Fusion team on the financial details of HNET Asia and provide explanations at next BFC meeting.	Rebecca CHAN	Completed. Refer to Discussion Item 4.2.
F2021.10.A01	Table the BFC-001 (version 2) to the Board at Oct Board meeting for adoption.	Edmon CHUNG	Completed.
F2021.10.A02	Make recommendation of appointing Abacus CPA as the new auditor for DotAsia Foundation to the Board at Oct Board meeting for approval.	Edmon CHUNG	Completed.

Discussions:

1. Roll Call

- 1.1. Mr. Santanu ACHARYA chaired the BFC meeting as BFC Chair on Oct 19, 2021.
- 1.2. Roll call. Those present for all or part of the meeting are included in the Attendees section.

2. Adoption of Minutes of Last BFC Meeting on Sep 21, 2021

- 2.1. BFC meeting minutes 2021.09.21 and action items were discussed.
- 2.2. Question was raised on whether there is any problem on DotAsia's existing bank account at HSBC and whether DotAsia is planning to open a new bank account in HSBC. It was explained that DotAsia currently maintains a bank account at HSBC, and DotAsia is planning to open new bank accounts for various purposes.
- 2.3. BFC meeting minutes 2021.09.21 approved unanimously.

3. Review of BFC-001

- 3.1. Draft version 2.0 of BFC-001: Standard Operating Procedures (SOP) on Finance & Procurement was presented and briefed to BFC for consideration.
- 3.2. It was highlighted that there are 2 main updates from last version, including one edit to notify the bank regarding resignation of authorized signatories and another to review vendors annually.
- 3.3. Question was raised on the Expenditure Limit of unbudgeted expenditure. It was explained that in the Aug BFC meeting, BFC has discussed and agreed that expenditure up to US\$10,000 could be approved by CEO only for normal operations.
- 3.4. There was suggestion on setting the approval limit in percentage of gross profit instead of a specific amount.
 - 3.4.1. It was reported that BFC has sent requests for comment from BFC members on existing BFC-001 before the discussion, and there was no comment received regarding the structure of the expenditure limit.
 - 3.4.2. It was also commented that setting a fixed amount is better operationally, and that such suggestion is not based on financial norms.
- 3.5. BFC discussed and agreed to endorse the BFC-001 (version 2), and to table it to the Board at Oct Board meeting for adoption. (F2021.10.A01)

4. Monthly Financial Reporting

- 4.1. Financial report of period from Oct 2020 to Jul 2021 was presented to BFC.
- 4.2. Refer to the discussion at Sep BFC meeting, background and financial details of HNET Asia was presented and briefed to BFC for reference.
 - 4.2.1. It was explained that the operations of .MO are conducted in Macau within government premises. For the ownership of HNET Asia, DotAsia owns 40% share of HNET Asia while the partner of HN Group owns 60%, however, the decision process is such that both parties have equal voting rights.
 - 4.2.2. It was reported that the contract with Macau government in supporting operation of .MO was initially for 3 years in 2011, then it was renewed for multiple times till 2021. It is expected to go through the tendering process again for the contract renewal in 2022.
 - 4.2.3. It was explained that the accumulative net profit was negative due to the different accounting cycles between DotAsia and HNET, where DotAsia starts in Oct and HNET starts in Jan.
- 4.3. Question was raised on the allocations of legal expenses to be paid by each entity that was involved in the lawsuit. It was clarified that the Board has discussed and agreed that the legal fees for the Canadian Ontario lawsuit will be split half and half between DotAsia and Namesphere. Whereas, all other cases have legal fees separately billed to the respective companies and are booked accordingly.
- 4.4. It was clarified that the monthly financial report includes figures of DotAsia Organisation Limited only.
- 4.5. It was highlighted that DotAsia staff would need to conduct a work time allocation survey every year by listing the estimated time spent on different companies and projects in order to calculate the allocation of staff salaries. The projection of the full year of 2021 was based on the estimation of last year, and DotAsia staff will conduct another round of survey to have an allocation amount for this year.
- 4.6. It was highlighted that the Contribution for DotAsia Foundation's Operation included 3 components: salaries, overhead expenses, and expenses that DotAsia paid for DotAsia Foundation.
- 4.7. Question was raised on allocations to Namesphere in the financial report. It was clarified that the expense items that are allocated to Namesphere Holdings has been deducted from DotAsia's books, and Namesphere's financial details are not included here.
- 4.8. Question was raised on whether the revenue of other income came from the income earned by Namesphere. It was clarified that the revenue of other income in the report does not come from Namesphere, and the breakdown was highlighted to BFC for reference.

5. Update on Financial Audit for Sep 2020

- 5.1. It was reported that Mazars has completed the fieldwork for Sep 2020, and they are at the final stage of producing the draft audit report. It was further reported that there is one outstanding item of the provision of legal fees since the legal counsel is still preparing a legal opinion.
- 5.2. It was targeted to have the audit report ready by early or mid-November.

- 5.3. It is planned to schedule an extra BFC meeting in Nov to go over the audit report and potentially invite Mazars to join as well, and then table the audit report for adoption at the Nov 2021 Board meeting.
- 5.4. It was highlighted that the audit report has to be submitted to the Companies Registry by mid-December.

6. Appointment of Auditor for DotAsia Foundation

- 6.1. It was reported that Dynamic Dragons, an independent auditor for producing reports for the individual companies under the group companies, has confirmed that they would no longer continue as the auditor for DotAsia Foundation.
- 6.2. It was further updated that the complaints filed to HKICPA against them by Dr. Tham had been dismissed. Dynamic Dragons will complete the outstanding 2019 reports, but will resign as DotAsia Foundation's auditor going forward, therefore, a new auditor is needed to be appointed.
- 6.3. It was highlighted that although the level of audit fees for such procurement is small and should be categorized as a small value purchase, DotAsia has tried to obtain at least 3 audit quotations.
- 6.4. A price comparison was presented and briefed to BFC for discussion.
- 6.5. It was recommended to move forward with Abacus CPA based on their competitive price, past working experience with DotAsia and their satisfactory professional services. Background of Abacus CPA was briefed to BFC for reference.
- 6.6. It was discussed and agreed to move forward with Abacus CPA with no further comments from BFC, and to make recommendation to the Board at the Oct 2021 Board meeting for approval. (F2021.10.A02)

7. Afiliars Reporting & Registry Services

- 7.1. Deferred to next BFC meeting.