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DYNAMIC DRAGONS & CO

NAMESPHERE LIMITED

**FINANCIAL STATEMENT
FOR THE YEAR ENDED 30TH SEPTEMBER 2015**

NAMESPHERE LIMITED

**AUDITOR'S REPORT
FOR THE YEAR ENDED 30TH SEPTEMBER 2015**

NAMESPHERE LIMITED

REPORT OF THE DIRECTORS

The directors have pleasure in presenting their annual report and the audited financial statements for the year ended 30th September 2015.

PRINCIPAL ACTIVITIES

The principal activities were provision of domain services and internet registration services.

SHARE CAPITAL

Details of share capital of the company are set out in note 9 to the financial statements.

RESULT AND DIVIDEND

The company's results for the year ended 30th September 2015 and the state of the company's affairs as that date are set out in financial statements on page 4 to 9.

The directors do not recommend the payment of a dividend or the transfer of any amount to reserve for the year ended 30th September 2015.

DIRECTORS

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

DotAsia Organisation Limited (Resigned on 5th July 2015)
CHUNG Edmon Wang On
THAM Yiu Kwok (appointed on 5th July 2015)

There is no provision in the company's articles of association for the retirement and rotation of directors. All existing directors continue in office.

AUDITOR

The auditor, Chan Kin Cheong, Certified Public Accountant, who retire and, being eligible, offer themselves for re-appointment. The Board agrees to indemnify auditors regarding financial loss arising from non-supply of audit evidence.

NAMESPHERE LIMITED

REPORT OF THE DIRECTORS (CONT'D)

DIRECTORS' INTEREST IN CONTRACTS

No contract of significance in relation to the company's business to which the company, any of its holding companies or fellow subsidiaries was a party and in which directors of the company had a material interest, subsisted at the end of the year or at any time during the year.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the company, any of its holding companies or fellow subsidiaries a party to any arrangement to enable the directors of the company to acquire benefits by means of the acquisition of shares in or debentures of the company or any other body corporate.

On behalf of the Board:


Chairman

Hong Kong 28 APR 2016

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF**NAMESPHERE LIMITED**

(Incorporated in Hong Kong with limited liability)

I have audited the financial statements of NAMESPHERE LIMITED set out on pages 4 to 9, which comprise the balance sheet as at 30th September 2015 and the income statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation of financial statements in accordance with the Small and Medium-sized Entity Financial Reporting Standard (SME-FRS) issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Hong Kong Standards on Auditing and with reference to Practice Note 900 (Revised) "Audit of Financial Statements Prepared in Accordance with the Small and Medium-sized Entity Financial Reporting Standard" issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for audit opinion.

Opinion

In my opinion, the financial statements of the Company for the year ended 30th September 2015 are prepared, in all material respects, in accordance with the SME-FRS and have been properly prepared in compliance with the Hong Kong Companies Ordinance.


Chan Kin Cheong
Certified Public Accountant (Practising)
Hong Kong, 28 APR 2016

Room 1206, 12/F, Silvercord, 30 Canton Road, Kowloon, Hong Kong

NAMESPHERE LIMITEDINCOME STATEMENTFOR THE YEAR ENDED 1ST OCTOBER 2014 TO 30TH SEPTEMBER 2015

(Expressed in United States Dollars)

	<u>Note</u>	<u>2015</u> US\$	<u>2014</u> US\$
Profit on disposal of studio application	3	1,500,000.00	-
Administrative, operating and selling expenses	APPENDIX 1	<u>2,204.64</u>	<u>511</u>
Profit / (loss) before tax	4	1,497,795.36	(511)
Tax	5	-	-
Net profit / (loss) for the year		<u>1,497,795.36</u>	<u>(511)</u>

CHANGES IN EQUITY

Balance brought forward	(187,048.33)	(186,538)
Net profit / (loss) for the year	<u>1,497,795.36</u>	<u>(511)</u>
Balance carried forward	<u>1,310,747.03</u>	<u>(187,048)</u>

The net profit / (loss) for the year is the only component of the statement of change in equity during the year.

The notes on pages 6 to 9 form an integral part of these financial statements.

NAMESPHERE LIMITEDBALANCE SHEET AS AT 30TH SEPTEMBER 2015

(Expressed in United States Dollars)

		<u>2015</u>	<u>2014</u>
<u>NON CURRENT ASSET</u>	<u>Note</u>	<u>US\$</u>	<u>US\$</u>
Investment in associates	7	<u>2,572.64</u>	<u>2,573</u>
<u>CURRENT ASSETS</u>			
Amount due from a related company		1,500,000.00	-
Cash and cash equivalents		-	-
		<u>1,500,000.00</u>	<u>-</u>
<u>CURRENT LIABILITIES</u>			
Accrued charges		2,823.18	929
Amount due to a shareholder / related companies	8	<u>187,716.11</u>	<u>187,406</u>
		<u>190,539.29</u>	<u>188,335</u>
NET CURRENT ASSETS / (LIABILITIES)		<u>1,309,460.71</u>	<u>(188,335)</u>
NET ASSETS / (LIABILITIES)		<u>1,312,033.35</u>	<u>(185,762)</u>
<u>SHAREHOLDERS' EQUITY</u>			
Issued capital	9	1,286.32	1,286
Retained profit / (accumulated loss)		<u>1,310,747.03</u>	<u>(187,048)</u>
TOTAL EQUITY		<u>1,312,033.35</u>	<u>(185,762)</u>

Approved by the Board of directors on 28 APR 2016
and signed on its behalf


Director


Director

The notes on pages 6 to 9 form an integral part of these financial statements.

NAMESPHERE LIMITEDNOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 1ST OCTOBER 2014 TO 30TH SEPTEMBER 2015**1. GENERAL INFORMATION**

NAMESPHERE LIMITED is a limited liability company domiciled and incorporated in Hong Kong. The Address of its registered office and principal place of business are 12/F., Daily House, 35-37 Haiphong Road, Tsim Sha Tsui, Hong Kong. The principal activities were provision of domain services and internet registration services.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The company qualifies for the reporting exemption as a small private company under section 359(1)(a) of the Hong Kong Companies Ordinance (Cap. 622) and is therefore entitled to prepare and present its financial statements in accordance with the Small and Medium-sized Entity Financial Reporting Standard (SME-FRS) issued by the Hong Kong Institute of Certified Public Accountants.

These financial statements comply with the SME-FRS and have been prepared under the accrual basis of accounting and on the basis that the company is a going concern.

The measurement base adopted is the historical cost convention.

The following are the specific accounting policies that are necessary for a proper understanding of the financial statements:

a) Revenue

Revenue is recognised when it is probable that the economic benefits will flow to the company and when the revenue can be measured reliably, on the follows bases:

- i). sales of good is recognised when the goods are delivered and the risks and rewards of ownership have passed to the customer;
- ii). Rental income is recognised on a time proportion basis over the lease terms;
- iii). Interest income is recognised on a time proportion basis taking into account the principal outstanding and the interest applicable; and
- iv). Dividend income is recognised when the shareholder's right to receive payment is established.

b) Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

c) Foreign exchange

The reporting currency of the company is United States Dollars, which is the currency of the primary economic environment in which the company operates.

Foreign currency transactions are converted at the exchange rate applicable at the transaction date. Foreign currency monetary items are translated into United States Dollars using exchange rates applicable at the end of the reporting period. Gains and losses on foreign exchange are recognised in the income statement.

NAMESPHERE LIMITEDNOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 1ST OCTOBER 2014 TO 30TH SEPTEMBER 2015**d) Taxation**

Income tax expense represents current tax expenses. The income tax payable represents the amounts expected to be paid to the taxation authority, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is not provided.

e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The depreciable amount of an item of property, plant and equipment is allocated on a systematic basis over its estimated useful life using the straight-line method. The principal annual rates used for depreciation are as follows:

f) Impairment of assets

Current investments are stated at the lower of cost and net realizable value. Long-term investments are stated at cost less accumulated impairment losses.

g) Impairment of assets

An assessment is made at the end of each reporting period to determine whether there is any indication of impairment or reversal of previous impairment, including items of property, plant and equipment, intangible assets and long-term investments. In the event that an asset's carrying amount exceeds its recoverable amount, the carrying amount is reduced to recoverable amount and an impairment loss is recognised in the income statement. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of amortization or depreciation), had no impairment losses been recognised for the asset in prior years.

h) Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the company are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalized at the fair value of the leased asset or, if lower at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement.

Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

NAMESPHERE LIMITEDNOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 1ST OCTOBER 2014 TO 30TH SEPTEMBER 2015

Leases where substantially all the risks and rewards of ownership of assets are not transferred to the lessee are accounted for as operating leases. Annual rents applicable to such operating leases are charged to the income statement on a straight-line basis over the lease term.

i) Inventories

Inventories are stated at the lower of cost (using a first-in-first-out basis) and net realizable value. In arriving at net realizable value an allowance has been made for deterioration and obsolescence.

j) Trade and other receivables

Trade and other receivables are stated at estimated realizable value after each debt has been considered individually where the payment of a debt becomes doubtful a provision is made and charged to the income statement.

k) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement.

l) Related parties

(a). A person or a close member of that person's family is related to the company if that person:

- 1.) has control or joint control of the company;
- 2.) has significant influence over the company; or
- 3.) is a member of the key management personnel of the company or of a parent of the company.

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

- 1.) The entity and the company are members of the same group.
- 2.) One entity is an associate or joint venture of the other entity.
- 3.) Both entities are joint ventures of the same third part.
- 4.) One entity is a joint venture of the other entity and the other entity is an associate of the third entity.
- 5.) The entity is post-employment benefit plan for the benefit of employees of either the company or an entity related to the company.
- 6.) The entity is controlled or jointly controlled by a person identified in (a).
- 7.) A person identified in (a)(1) has significant influence over the entity or is a member of the key management personnel of the entity.

NAMESPHERE LIMITEDNOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 1ST OCTOBER 2014 TO 30TH SEPTEMBER 2015**3. OTHER INCOME AND GAINS**

	<u>2015</u>	<u>2014</u>
	<u>US\$</u>	<u>US\$</u>
Profit on disposal of studio application	<u>1,500,000.00</u>	<u>-</u>

4. LOSS BEFORE TAX

	<u>2015</u>	<u>2014</u>
	<u>US\$</u>	<u>US\$</u>
The loss before tax is stated after charging		
Auditor's remuneration	1,546.37	387
Exchange difference	-	0.40

5. TAX

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year.

There are no material deferred tax liabilities or assets exist at the balance sheet date.

	<u>2015</u>	<u>2014</u>
	<u>US\$</u>	<u>US\$</u>
(I) Tax charge for the year	<u>-</u>	<u>-</u>

6. DIRECTORS' REMUNERATION

During the years ended 30th September 2014 and 30th September 2015, no director's remuneration has been or is payable to directors of the company.

7. INVESTMENTS IN ASSOCIATES

	<u>2015</u>	<u>2014</u>
	<u>US\$</u>	<u>US\$</u>
Balances as at 30 September		
Global eCommerce Asia Limited	643.16	643.16
Global Website Asia Limited	643.16	643.16
Namesphere Holdings Limited	1,286.32	1,286.32
	<u>2,572.64</u>	<u>2,572.64</u>

8. AMOUNT DUE TO A SHAREHOLDER / RELATED COMPANIES

The balance are unsecured, interest free and repayable on demand.

9. SHARE CAPITAL

	<u>2015</u>	<u>2014</u>
	<u>US\$</u>	<u>US\$</u>
Ordinary shares,		
10,000 ordinary shares of HK\$1.00 each	<u>1,286.32</u>	<u>1,286</u>

10. RELATED PARTIES TRANSACTIONS

There are no material related parties transactions and provision at the balance sheet dates.

11. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the broad of directors on 28th April 2016.

NAMESPHERE LIMITED

DETAILED INCOME STATEMENT

FOR THE YEAR ENDED 1ST OCTOBER 2014 TO 30TH SEPTEMBER 2015

(Expressed in United States Dollars)

	<u>2015</u> US\$	<u>2014</u> US\$
Profit on disposal of studio application	<u>1,500,000.00</u>	<u>-</u>
<u>Less: Administrative, operating and selling expenses</u>		
Auditor's remuneration	1,546.37	387
Bank charges	20.00	-
Business registration fee	290.34	32
Exchange difference	-	0
Legal and professional fee	<u>347.93</u>	<u>91</u>
	<u>2,204.64</u>	<u>511</u>
Loss before tax	<u><u>1,497,795.36</u></u>	<u><u>(511)</u></u>

NAMESPHERE LIMITED

PROPOSED PROFITS TAX COMPUTATION

YEAR OF ASSESSMENT 2015/2016

Basis Period: Year ended 30th September 2015	US\$
Assessable profits	1,497,795
Less: Profit on disposal of studio application	<u>1,500,000</u>
Adjusted loss	<u><u>(2,205)</u></u>

STATEMENT OF LOSS

Balance brought forward	(187,049)
Add: Loss for the year	<u>(2,205)</u>
Balance carried forward	<u><u>(189,254)</u></u>