

DOTASIA ORGANISATION LIMITED

Reports and Financial Statements
For the year ended 30 September 2016

**DOTASIA ORGANISATION LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

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DOTASIA ORGANISATION LIMITED
DIRECTORS' REPORT

The directors have pleasure in presenting their annual report together with the audited consolidated financial statements of the Group for the year ended 30 September 2016.

1. PRINCIPAL ACTIVITIES

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

The principal activities of its subsidiaries and associates are set out in notes 15 and 16 to the consolidated financial statements.

2. RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30 September 2016 are set out in the consolidated statement of profit or loss and other comprehensive income on page 6.

3. RESERVES

Details of the movements in the reserves of the Group and of the Company are set out in the statement of changes in equity on page 8 and note 22 to the consolidated financial statements.

4. PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group and of the Company are set out in note 14 to the consolidated financial statements.

DOTASIA ORGANISATION LIMITED DIRECTORS' REPORT

5. DIRECTORS

(a) Directors of the Company

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

Ching CHIAO	(resigned on 21 February 2016)
Edmon Wang On CHUNG	
J. Emmanuel DISINI	
Atsushi ENDO	
Stafford Louis Keith GUEST	(resigned on 21 February 2016)
Maureen HILYARD	(appointed on 21 February 2016)
Kanchana KANCHANASUT	(appointed on 21 February 2016)
Xiao Dong LI	
Choon Sai LIM	
Toshifumi MATSUMOTO	
Alireza SALEH	
Jae-Chul SUH	
Yiu Kwok THAM	

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

(b) Directors of the Company's subsidiaries

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

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

Except as discussed in note 25 to the consolidated financial statements, no other transactions, arrangements and contracts of significance to which the Company or any of its subsidiaries was a party, whether directly and indirectly, subsisted at the end of the year or at any time during the year, and in which a director of the Company had a material interest.

DOTASIA ORGANISATION LIMITED
DIRECTORS' REPORT

7. DIRECTORS' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES, AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKINGS OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATION

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

8. MANAGEMENT CONTRACTS

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

9. PERMITTED INDEMNITY PROVISIONS

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

10. AUDITOR

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

On behalf of the Board



Edmon Wang On CHUNG
Chairman

Hong Kong, 6 December 2017

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

We have audited the consolidated financial statements of DotAsia Organisation Limited (the "Company") and its subsidiaries set out on pages 6 to 50, which comprise the consolidated statement of financial position as at 30 September 2016, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

Auditor's responsibility (cont'd)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 30 September 2016, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Material uncertainty relating to the going concern basis

Without qualifying our opinion, we draw attention to note 3 to the consolidated financial statements which indicates that the Group incurred a loss of US\$184,420 for the year ended 30 September 2016, and as at 30 September 2016 the Group had net current liabilities of US\$3,222,376. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

A handwritten signature in blue ink, appearing to read 'R. Au-Yang', is written over the printed name.

Certified Public Accountants
Hong Kong

6 December 2017


DOTASIA ORGANISATION LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Note	<u>2016</u> US\$	<u>2015</u> US\$
Revenue	9	2,422,124	2,916,880
Cost of services rendered		<u>(1,115,782)</u>	<u>(1,363,859)</u>
Gross profit		1,306,342	1,553,021
Other income	9	344,571	2,872,651
Administrative expenses		<u>(1,811,142)</u>	<u>(2,087,528)</u>
(Loss)/profit from operations		(160,229)	2,338,144
Finance costs	10	(60,834)	(62,204)
Share of profits of associates	16	<u>36,643</u>	<u>35,011</u>
(Loss)/profit before tax		(184,420)	2,310,951
Income tax expense	11	<u>-</u>	<u>-</u>
(Loss)/profit for the year	12	(184,420)	2,310,951
Other comprehensive income:			
(Loss)/gain on property revaluation	14	(208,361)	359,512
Fair value changes of available-for-sale financial assets		<u>72,935</u>	<u>(143,568)</u>
Other comprehensive income for the year, net of tax		<u>(135,426)</u>	<u>215,944</u>
Total comprehensive income for the year		<u>(194,846)</u>	<u>2,526,895</u>
(Loss)/profit of the year attributable to the Company		<u>(184,420)</u>	<u>2,310,951</u>
Total comprehensive income for the year attributable to the Company		<u>(194,846)</u>	<u>2,526,895</u>

DOTASIA ORGANISATION LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2016

	Note	<u>2016</u> US\$	<u>2015</u> US\$
Non-current assets			
Property, plant and equipment	14	2,850,877	3,204,486
Intangible assets	15	1,375,000	-
Investments in associates	17	150,647	136,759
Long term deposits		36,145	-
		<u>4,412,669</u>	<u>3,341,245</u>
Current assets			
Available-for-sale financial assets	18	2,919,225	3,104,656
Prepayments, deposits and other receivables		837,677	2,692,317
Due from associates	17	325,442	331,140
Due from related companies	21	57,349	-
Pledged bank deposits	19	1,924	961,297
Bank and cash balances	19	312,767	211,204
		<u>4,454,384</u>	<u>7,300,614</u>
Current liabilities			
Trade payables		335,539	414,171
Accruals and other payables		639,405	661,447
Promissory note payable	20	750,000	-
Deposits received		1,031,222	1,120,177
Deferred revenue	21	1,936,341	2,191,130
Due to directors	22	5,649	9,745
Due to related companies	22	500,000	500,000
Bank loans	23	2,478,604	4,235,050
		<u>7,676,760</u>	<u>9,131,720</u>
Net current liabilities		<u>(3,222,376)</u>	<u>(1,831,106)</u>
NET ASSETS		<u>1,190,293</u>	<u>1,510,139</u>
Equity			
Reserves	25	<u>1,190,293</u>	<u>1,510,139</u>

Approved by the Board of Directors on 6 December 2017 and are signed on its behalf by:


 Edmon Wang On CHUNG


 Yiu Kwok THAM

DOTASIA ORGANISATION LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Investment revaluation reserve US\$	Property revaluation reserve US\$	(Accumulated losses) / retained profits US\$	Total US\$
At 1 October 2014	58,514	859,159	(1,934,429)	(1,016,756)
Total comprehensive income for the year	<u>(143,568)</u>	<u>359,512</u>	<u>2,310,951</u>	<u>2,526,895</u>
At 30 September 2015 and 1 October 2015	(85,054)	1,218,671	376,522	1,510,139
Total comprehensive income for the year	<u>72,935</u>	<u>(208,361)</u>	<u>(184,420)</u>	<u>(319,846)</u>
At 30 September 2016	<u><u>(12,119)</u></u>	<u><u>1,010,310</u></u>	<u><u>192,102</u></u>	<u><u>1,190,293</u></u>

DOTASIA ORGANISATION LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Note	2016 US\$	2015 US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before tax		(184,420)	2,310,951
Adjustments for:			
Amortisation	15	125,000	-
Depreciation	14	149,874	140,796
Share of profits of associates	16	(36,643)	(35,011)
Gain on disposal of available-for-sale financial assets	9	(2,032)	(59,066)
Interest income	9	-	(2)
Interest income from available-for-sale financial assets	9	(71,718)	(70,004)
Finance costs	10	60,834	62,204
Net exchange losses	12	2,726	1,004
Operating profit before working capital changes		43,621	2,350,872
Increase in long term deposits		(36,145)	-
Decrease/(increase) in prepayments, deposits and other receivables		354,640	(1,065,877)
Decrease/(increase) in amounts due from associates		5,698	(10,480)
Increase in amounts due from related companies		(57,349)	-
(Decrease)/increase in trade payables		(78,632)	195,623
Decrease in accruals and other payables		(22,042)	(457,911)
Increase in promissory note payable		750,000	-
Decrease in deposits received		(88,955)	(749,167)
Decrease in deferred revenue		(254,789)	(434,054)
(Decrease)/increase in amounts due to directors		(4,096)	2,118
Net cash generated from/(used in) operating activities		611,951	(168,876)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		71,718	70,006
Dividends received		20,029	-
Purchases of property, plant and equipment		(4,626)	(72,200)
Purchase of available-for-sale financial assets		(550,000)	-
Proceeds from disposal of available-for-sale financial assets		810,398	1,191,055
Net cash generated from investing activities		347,519	1,188,861
CASH FLOW FROM FINANCING ACTIVITIES			
Borrowings (repaid)/raised		(1,756,446)	21,528
Decrease/(increase) in pledged bank deposits		959,373	(961,297)
Interest paid		(60,834)	(62,204)
Net cash used in financing activities		(857,907)	(1,001,973)
NET INCREASE IN CASH AND CASH EQUIVALENTS		101,563	18,012
CASH AND CASH EQUIVALENTS AT 1 OCTOBER		211,204	193,192
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER		312,767	211,204
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank and cash balances		312,767	211,204

DOTASIA ORGANISATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016

1. GENERAL INFORMATION

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

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

The principal activities of its subsidiaries and associates are set out in notes 15 and 16 to the consolidated financial statements.

2. BASIS OF PREPARATION

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

3. GOING CONCERN BASIS

The Group incurred a loss of US\$184,420 for the year ended 30 September and as at 30 September 2016 the Group had net current liabilities of US\$3,222,376. 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. 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 continued development of the Group’s principal activities. The directors are confident that the revenue and profit will be increased in coming years. The directors are therefore of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group’s assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets as current assets.

DOTASIA ORGANISATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016

4. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS AND REQUIREMENTS

(a) Application of new and revised HKFRSs

In the current year, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 October 2015:

Amendment to HKAS 16 and HKAS 38 (Annual Improvements to HKFRSs 2010–2012 Cycle)

The amendment clarifies how the gross carrying amount and the accumulated depreciation / amortisation are treated where an entity uses the revaluation model. This amendment had no effect on the Group's consolidated financial statements.

Amendment to HKAS 24 (Annual Improvements to HKFRSs 2010–2012 Cycle)

The amendment clarifies how payments to entities providing key management personnel services are to be disclosed. This amendment had no effect on the Group's consolidated financial statements.

Amendment to HKAS 40 (Annual Improvements to HKFRSs 2011–2013 Cycle)

The amendment clarifies the application of HKFRS 3 and HKAS 40 in respect of acquisitions of investment property. HKAS 40 assists preparers to distinguish between investment property and owner-occupied property, then HKFRS 3 helps them to determine whether the acquisition of an investment property is a business combination. The amendment had no effect on the Group's consolidated financial statements.

Amendment to HKFRS 3 (Annual Improvements to HKFRSs 2011–2013 Cycle)

The amendment clarifies that HKFRS 3 excludes from its scope the accounting for the formation of any joint arrangement in the financial statements of the joint arrangement itself. This had no effect on the Group's consolidated financial statements.

Amendment to HKFRS 8 (Annual Improvements to HKFRSs 2010–2012 Cycle)

The amendment requires disclosure of the judgements made by management in applying the aggregation criteria to operating segments, and clarifies that reconciliations of the total of the reportable segments' assets to the entity's assets are required only if the segment assets are reported regularly. These clarifications had no effect on the Group's consolidated financial statements.

DOTASIA ORGANISATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016

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

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

Amendment to HKFRS 13 (Annual Improvements to HKFRSs 2011–2013 Cycle)

The amendment clarifies that the portfolio exception in HKFRS 13 - allowing an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis - applies to all contracts (including non-financial) within the scope of HKAS 39 / HKFRS 9. This had no effect on the Group's consolidated financial statements.

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

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 October 2015. The directors anticipate that the new and revised HKFRSs will be adopted in the Group's consolidated financial statements when they become effective. The Group is in the process of assessing, where applicable, the potential effect of all new and revised HKFRSs that will be effective in future periods but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

List of New and revised HKFRSs in issue but not yet effective

HKFRS 9	Financial Instruments ¹
HKFRS 14	Regulatory Deferral Accounts ²
HKFRS 15	Revenue from Contracts with Customers ¹
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ³
Amendments to HKAS 1	Disclosure Initiative ³
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ³
Amendments to HKAS 27	Equity Method in Separate Financial Statements ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception ³
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle ³

DOTASIA ORGANISATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016

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

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

List of New and revised HKFRSs in issue but not yet effective (cont'd)

- ¹ Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
- ² Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.
- ³ Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
- ⁴ Effective for annual periods beginning on or after a date to be determined. Early adoption is permitted.

(c) New Hong Kong Companies Ordinance (Cap. 622)

The requirements of Part 9 “Account and Audit” of the new Hong Kong Companies Ordinance (Cap. 622) came into operation during the financial year. As a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

5. SIGNIFICANT ACCOUNTING POLICIES

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

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgements in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 6.

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

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 30 September. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity’s returns.

DOTASIA ORGANISATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Consolidation (cont'd)

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

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

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

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

(b) Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policies decisions of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

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

DOTASIA ORGANISATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Associates (cont'd)

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

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) the Group's entire carrying amount of that associate (including goodwill) and any related accumulated foreign currency translation reserve. If an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

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

(c) Foreign currency translation

(i) Functional and presentation currency

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

DOTASIA ORGANISATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Foreign currency translation (cont'd)

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

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

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

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

(iii) Translation on consolidation

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

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

DOTASIA ORGANISATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Foreign currency translation (cont'd)

(iii) Translation on consolidation (cont'd)

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

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

(d) Property, plant and equipment

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

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

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

Office equipment	20%
Furniture and fittings	20%

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

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

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

(f) Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight line basis over their estimated useful lives of 10 years.

(g) Operating leases

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

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Recognition and derecognition of financial instruments

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

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

(i) Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an financial assets is under a contract whose terms require delivery of the financial assets within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs except in the case of financial assets at fair value through profit or loss.

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are carried at amortised cost using the effective interest method (except for short-term receivables where interest is immaterial) minus any reduction for impairment or uncollectibility. Typically trade and other receivables, bank and cash balances are classified in this category.

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Financial assets (cont'd)

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are not classified as loan and receivables. Available-for-sale financial assets are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in other comprehensive income and accumulated in the investment revaluation reserve, until the investments are disposed of or there is objective evidence that the investments are impaired, at which time the cumulative gains or losses previously recognised in other comprehensive income are reclassified from equity to profit or loss. Interest calculated using the effective interest method and dividends on available-for-sale equity investments are recognised in profit or loss.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, are measured at cost less impairment losses.

(j) Trade and other receivables

Trade and other receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value.

(l) Financial liabilities

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

(m) Borrowings

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

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

(n) Trade and other payables

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

(o) Revenue recognition

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

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

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Revenue recognition (cont'd)

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

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

(p) Employee benefits

(i) Employee leave entitlements

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

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

(ii) Pension obligations

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

(iii) Termination benefits

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

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Borrowing costs

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

(r) Taxation

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

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

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

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

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

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Taxation (cont'd)

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

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

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax for such investment properties are measured based on the expected manner as to how the properties will be recovered.

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

(s) Impairment of non-financial assets

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

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Impairment of non-financial assets (cont'd)

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

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(t) Impairment of financial assets

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

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

In addition, for trade and other receivables that are assessed not to be impaired individually, the Group assesses them collectively for impairment, based on the Group's past experience of collecting payments, an increase in the delayed payments in the portfolio, observable changes in economic conditions that correlate with default on receivables, etc.

Only for trade receivables, the carrying amount is reduced through the use of an allowance account and subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

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FOR THE YEAR ENDED 30 SEPTEMBER 2016

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

For all other financial assets, the carrying amount is directly reduced by the impairment loss.

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

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

(u) Provisions and contingent liabilities

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

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

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

(v) Events after the reporting period

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

6. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

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

Going concern basis

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the continued development of the Group's principal activities at a level sufficient to finance the working capital requirements of the Group. Details are explained in note 3 to the consolidated financial statements.

Key sources of estimation uncertainty

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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6. CRITICAL JUDGEMENT AND KEY ESTIMATES (CONT'D)

(a) Property, plant and equipment and depreciation

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

The carrying amount of property, plant and equipment as at 30 September 2016 was US\$2,850,877 (2015: US\$3,204,486).

(b) Fair values of land and buildings

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

The carrying amount of land and buildings as at 30 September 2016 was US\$2,771,761 (2015: US\$3,095,856).

7. FINANCIAL RISK MANAGEMENT

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

(a) Foreign currency risk

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

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7. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Price risk

The Group is exposed to debt securities price changes arising from listed debt instruments and liquidity funds classified as available-for-sale financial assets. All of these investments are listed in overseas.

Decisions to buy and sell trading securities are based on daily monitoring of the performance of individual securities compared to that of the indices and other industry indicators, as well as the Group's liquidity needs. Listed investments held in the available-for-sale portfolio have been chosen based on their longer term growth potential and are monitored regularly for performance against expectations.

The following table demonstrates the sensitivity to the increase/decrease of 10% change in the fair values of the debt securities and liquidity funds investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of reporting period.

	<u>2016</u> Impact on loss for the year US\$	Impact on equity US\$
Available-for-sale financial assets listed in overseas	<u>-</u>	<u>236,923</u>
	<u>2015</u> Impact on profit for the year US\$	Impact on equity US\$
Available-for-sale financial assets listed in overseas	<u>-</u>	<u>310,466</u>

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7. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Credit risk

The carrying amount of the bank and cash balances, pledged bank deposits, deposits and other receivables, due from associates and related companies, and available-for-sale financial assets included in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

The credit risk on bank and cash balances, including pledged bank deposits, is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Deposits, other receivables, due from associates and related companies are closely monitored by the directors.

The credit risk on available-for-sale financial assets is limited because the counterparty is a well-established securities broker firm.

(d) Liquidity risk

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

The maturity analysis based on contractual undiscounted cash flows of the Group's non-derivative financial liabilities is as follows:

	Less than 1 year US\$	Between 1-2 years US\$	Between 2-5 years US\$	Over 5 years US\$	Total US\$
At 30 September 2016					
Trade payables	335,539	-	-	-	335,539
Accruals and other payables	1,389,405	-	-	-	1,389,405
Due to directors	5,649	-	-	-	5,649
Due to related companies	500,000	-	-	-	500,000
Bank loans	1,644,433	71,190	213,571	759,443	2,688,637
At 30 September 2015					
Trade payables	414,171	-	-	-	414,171
Accruals and other payables	661,447	-	-	-	661,447
Due to directors	9,745	-	-	-	9,745
Due to related companies	500,000	-	-	-	500,000
Bank loans	3,354,494	71,255	213,764	831,292	4,470,805

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7. FINANCIAL RISK MANAGEMENT (CONT'D)

(e) Interest rate risk

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

At 30 September 2016, if interest rates at that date had been 50 basis points lower with all other variables held constant, loss for the year would have been decreased by approximately US\$8,795 (2015: profit for the year increased by US\$16,625), arising mainly as a result of a gain on lower interest expenses on bank borrowings but partly offset by a loss on lower interest income on bank balances. If interest rates had been 50 basis points higher, with all other variables held constant, loss for the year would have been increased by approximately US\$8,795 (2015: profit for the year decreased by US\$16,625), arising mainly as a result of a loss on higher interest expenses on bank borrowings but partly offset by a gain on higher interest income on bank balances.

(f) Categories of financial instruments at 30 September

	<u>2016</u> US\$	<u>2015</u> US\$
Financial assets:		
Loans and receivables		
(including bank and cash balances)	811,570	780,685
Available-for-sale financial assets	<u>2,919,225</u>	<u>3,104,656</u>
	<u>3,730,795</u>	<u>3,885,341</u>
	<u>2016</u> US\$	<u>2015</u> US\$
Financial liabilities:		
Financial liabilities at amortised cost	<u>4,702,597</u>	<u>5,835,735</u>

(g) Fair values

Except as disclosed in notes 14 and 17 to the consolidated financial statements, the carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

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8. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

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

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

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

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

Description	Fair value measurements using:		Total
	Level 1	Level 3	<u>2016</u>
	US\$	US\$	US\$
Recurring fair value measurements:			
Financial assets			
Available-for-sale financial assets	2,369,225	-	2,369,225
Property, plant and equipment			
Land and buildings	-	2,771,761	2,771,761
	2,369,225	2,771,761	5,140,986

Description	Fair value measurements using:		Total
	Level 1	Level 3	<u>2015</u>
	US\$	US\$	US\$
Recurring fair value measurements:			
Financial assets			
Available-for-sale financial assets	3,104,656	-	3,104,656
Property, plant and equipment			
Land and buildings	-	3,095,856	3,095,856
	<u>3,104,656</u>	<u>3,095,856</u>	<u>6,200,512</u>

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8. FAIR VALUE MEASUREMENTS (CONT'D)

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

Description	Land and Buildings US\$
At 1 October 2015	3,095,856
Total gains or losses recognised in profit or loss	(115,734)
in other comprehensive income	<u>(208,361)</u>
At 30 September 2016	<u><u>2,771,761</u></u>
Description	Land and Buildings US\$
At 1 October 2014	2,838,637
Total gains or losses recognised in profit or loss	(102,293)
in other comprehensive income	<u>359,512</u>
At 30 September 2015	<u><u>3,095,856</u></u>

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

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 September 2016:

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

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

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8. FAIR VALUE MEASUREMENTS (CONT'D)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 September 2016: (cont'd)

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

Level 3 fair value measurements				Fair value	
Description	Valuation technique	Unobservable inputs	Effect on fair value for increase of inputs	2016	2015
				US\$	US\$
				Assets/(Liabilities)	
Land and buildings	Market comparable approach	Price per square feet	Increase	2,771,761	3,095,856

During the two years, there were no changes in the valuation techniques used.

9. REVENUE AND OTHER INCOME

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

An analysis of revenue and other income is as follows:

	2016	2015
	US\$	US\$
<u>Revenue</u>		
Domain names registration related fees and charges	2,422,124	2,916,880
<u>Other income</u>		
Interest income	-	2
Interest income from available-for-sale financial assets	71,718	70,004
Gain on disposal of available-for-sale financial assets	2,032	59,066
Expiration of contributions for sponsor community	141,821	429,066
Expiration of registrants deposits	-	580,000
Compensation received on give-up of application	-	1,500,000
Consultancy and advisory service fee	-	210,792
Other service fee	129,000	23,721
	344,571	2,872,651

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10. FINANCE COSTS

	<u>2016</u> US\$	<u>2015</u> US\$
Interest on bank loans	<u>60,834</u>	<u>62,204</u>

11. INCOME TAX EXPENSE

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

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

	<u>2016</u> US\$	<u>2015</u> US\$
(Loss)/profit before tax	<u>(184,420)</u>	<u>2,310,951</u>
Tax at the Hong Kong profits tax rate of 16.5% (2015: 16.5%)	(30,429)	381,307
Tax effect of income that is not taxable	(435,219)	(955,273)
Tax effect of expenses that are not deductible	461,210	579,743
Tax effect of share of profits of associates	(6,046)	(5,777)
Tax effect of tax losses not recognised	<u>10,484</u>	<u>-</u>
Income tax expense	<u>-</u>	<u>-</u>

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

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12. (LOSS)/PROFIT FOR THE YEAR

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

	<u>2016</u> US\$	<u>2015</u> US\$
Auditor's remuneration	22,236	15,484
Amortisation	125,000	-
Depreciation	149,874	140,796
Net exchange losses	2,726	1,004
Staff costs including directors' emoluments		
Salaries, bonuses and allowances	939,908	1,014,296
Retirement benefit scheme contributions	26,970	26,938
	<u>966,878</u>	<u>1,041,234</u>

13. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The remuneration of the directors are set out below:

	<u>2016</u> US\$	<u>2015</u> US\$
As directors	-	-
For management		
- Salaries, bonuses and allowances	148,833	148,593
- Retirement benefit scheme contributions	2,322	2,322
	<u>151,155</u>	<u>150,915</u>

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

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

Except as disclosed elsewhere in the consolidated financial statements, no other significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which the directors of the Company and the directors' connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

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14. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings US\$	Office equipment US\$	Furniture and fittings US\$	Total US\$
Cost or valuation				
At 1 October 2014	2,838,637	106,515	138,496	3,083,648
Additions	-	3,396	68,804	72,200
Surplus on revaluation	257,219	-	-	257,219
At 30 September 2015 and 1 October 2015	3,095,856	109,911	207,300	3,413,067
Additions	-	4,626	-	4,626
Deficit on revaluation	(324,095)	-	-	(324,095)
At 30 September 2016	2,771,761	114,537	207,300	3,093,598
Accumulated depreciation				
At 1 October 2014	-	76,643	93,435	170,078
Charge for the year	102,293	10,334	28,169	140,796
Write back on revaluation	(102,293)	-	-	(102,293)
At 30 September 2015 and 1 October 2015	-	86,977	121,604	208,581
Charge for the year	115,734	8,844	25,296	149,874
Write back on revaluation	(115,734)	-	-	(115,734)
At 30 September 2016	-	95,821	146,900	242,721
Carrying amount				
At 30 September 2016	2,771,761	18,716	60,400	2,850,877
At 30 September 2015	3,095,856	22,934	85,696	3,204,486

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

The analysis of the cost or valuation at 30 September 2016 of the above assets is as follows:

	Land and buildings	Office equipment	Furniture and fittings	Total
	US\$	US\$	US\$	US\$
At cost	-	114,537	207,300	321,837
At valuation	2,771,761	-	-	2,771,761
	<u>2,771,761</u>	<u>114,537</u>	<u>207,300</u>	<u>3,093,598</u>

The analysis of the cost or valuation at 30 September 2015 of the above assets is as follows:

	Land and buildings	Office equipment	Furniture and fittings	Total
	US\$	US\$	US\$	US\$
At cost	-	109,911	207,300	317,211
At valuation	3,095,856	-	-	3,095,856
	<u>3,095,856</u>	<u>109,911</u>	<u>207,300</u>	<u>3,413,067</u>

The Group's land and buildings was revalued at 30 September 2016 and 2015 on the open market value basis by reference to market evidence of recent transactions for similar properties by an independent surveyor.

The carrying amount of the Group's land and buildings would have been US\$1,864,108 (2015: US\$1,936,500) had they been stated at cost less accumulated depreciation and impairment losses.

At 30 September 2016, the carrying amount of property, plant and equipment pledged as security for the Group's bank loans amounted to US\$2,771,761 (2015: US\$3,095,856).

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

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15. INTANGIBLE ASSETS

	<u>Domain name</u> USD
Cost	
At 30 September 2015 and 1 October 2015	-
Additions	<u>1,500,000</u>
At 30 September 2016	<u>1,500,000</u>
Accumulated amortisation and impairment losses	
At 30 September 2015 and 1 October 2015	-
Amortisation for the year	<u>125,000</u>
At 30 September 2016	<u>125,000</u>
Carrying amount	
At 30 September 2016	<u><u>1,375,000</u></u>
At 30 September 2015	<u><u>-</u></u>

The remaining amortisation period of the intangible assets are 9 years (2015: Nil).

The Group carried out reviews of the recoverable amount of its intangible assets and determined that no impairment is required for the year (2015: Nil).

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16. INVESTMENTS IN SUBSIDIARIES

	<u>2016</u> US\$	<u>2015</u> US\$
Unlisted investments, at cost	<u>2,573</u>	<u>2,573</u>

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

Particulars of the subsidiaries as at 30 September 2016 are as follows:

Name	Place of incorporation and operation	Particular of issued share capital	Percentage of ownership interest/ voting power/ profit sharing		Principal activities
			Direct	Indirect	
ATIC Asia Limited	Hong Kong	1 ordinary share	100%	-	Investment holding, prospective operation of trademark clearing house
Dotkids Foundation Limited	Hong Kong	10,000 ordinary shares	100%	-	Applicant entity for the .kids TLD
Namesphere Limited	Hong Kong	10,000 ordinary shares	100%	-	Investment holding
Namesphere Holdings Limited	Hong Kong	10,000 ordinary shares	-	100%	Investment holding
GTLD Limited	Hong Kong	10,000 ordinary shares	-	100%	Applicant entity and prospective registry operator of .inc TLD

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16. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Particulars of the subsidiaries as at 30 September 2016 are as follows: (cont'd)

Name	Place of incorporation and operation	Particular of issued share capital	Percentage of ownership interest/ voting power/ profit sharing		Principal activities
			Direct	Indirect	
NS1 Limited	Hong Kong	10,000 ordinary shares	-	100%	Applicant entity and prospective registry operator of .box TLD
NS2 Limited	Hong Kong	10,000 ordinary shares	-	100%	Prospective domain name registrar

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

17. INVESTMENTS IN ASSOCIATES

	<u>2016</u> US\$	<u>2015</u> US\$
Unlisted investment:		
Share of net assets	<u>150,647</u>	<u>136,759</u>

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

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17. INVESTMENTS IN ASSOCIATES (CONT'D)

Details of the Group's associates at 30 September 2016 are as follows:

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

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

Name	<u>HNet Asia Limited</u>	
	<u>2016</u>	<u>2015</u>
Principal place of business/ country of incorporation	Macau/Macau	
Principal activities	Operating the domain name registry for the “.MO” internet top-level domain	Operating the domain name registry for the “.MO” internet top-level domain
% of ownership interests / voting rights held by the Group	40%/40%	40%/40%

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17. INVESTMENTS IN ASSOCIATES (CONT'D)

Name	HNet Asia Limited	
	<u>2016</u>	<u>2015</u>
	US\$	US\$
At 30 September:		
Non-current assets	19	99
Current assets	744,793	795,685
Current liabilities	(368,195)	(453,888)
Net assets	<u>376,617</u>	<u>341,896</u>
Group's share of net assets	150,647	136,759
Goodwill	-	-
Group's share of carrying amount of interests	<u>150,647</u>	<u>136,759</u>
Year ended 30 September:		
Revenue	732,704	700,262
Profit from continuing operations	91,609	87,528
Profit after tax from discontinued operations	-	-
Other comprehensive income	-	-
Total comprehensive income	91,609	87,528
Dividends received from associates	20,029	-

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

	<u>2016</u>	<u>2015</u>
	US\$	US\$
At 30 September:		
Carrying amounts of interests	-	-
Year ended 30 September:		
(Loss)/profit from continuing operations	(4,118)	19,069
Profit after tax from discontinued operations	-	-
Other comprehensive income	-	-
Total comprehensive income	(4,118)	19,069

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18. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<u>2016</u> US\$	<u>2015</u> US\$
Listed investments, at fair value		
Overseas debt securities	954,312	1,697,356
Overseas liquidity funds	1,414,913	1,407,300
	2,369,225	3,104,656
Unlisted equity securities, at cost	550,000	-
	2,919,225	3,104,656
Analysed as		
Current assets	2,919,225	3,104,656

The fair values of listed debt securities and liquidity funds securities are based on current bid prices. Unlisted equity securities with carrying amount of US\$550,000 was carried at cost as they do not have a quoted market price in an active market and their fair value cannot be reliably measured. None of these financial assets is either past due or impaired.

Pursuant to a declaration of trust dated 5 May 2016, the listed investments of US\$2,369,225 as noted above were held by a related company on the behalf of the Company.

Pursuant to a letter of intent signed by the Group with a third party (the “buyer”) on 23 November 2015, the unlisted equity securities are to be resold to the buyer. The consideration of US\$750,000 would be offset with the promissory note due to the buyer amounted to US\$750,000 in accruals and over payables. As at the date of this report the Group has not yet entered into a formal sale and purchase agreement with the buyer up to the date of these financial statements. If the financial assets were eventually not being sold to the buyer.

Available-for-sale financial assets are denominated in US\$.

At 30 September 2016, listed investments with an aggregate carrying amount of US\$2,369,225 (2015: US\$3,104,656) have been pledged to a bank to secure bank loans facilities of US\$4,000,000 (2015: US\$4,000,000).

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19. BANK AND CASH BALANCES (INCLUDING PLEDGED BANK DEPOSITS)

As at 30 September 2016, the bank and cash balances (including pledged bank deposits) of the Group are denominated in the following currencies.

	<u>2016</u> US\$	<u>2015</u> US\$
HK\$	29,419	30,929
US\$	<u>285,272</u>	<u>1,141,572</u>
	<u><u>314,691</u></u>	<u><u>1,172,501</u></u>

Pursuant to a declaration of trust date 5 May 2016, bank account balance of US\$1,924 included in the bank and cash balances above was held by a related company on behalf of the Company.

20. PROMISSORY NOTE

As at 31 March 2017, the promissory note with principal amount of US\$750,000 represented consideration for the acquisition of the unlisted equity securities as disclosed in note 18.

The promissory note was unsecured, interest free and with maturity date on 30 June 2016. The maturity date was subsequently extended by the issuer to 30 June 2018. The Group was not required to repay the loan if the unlisted equity securities were successfully transferred to the buyer as disclosed in note 18.

21. DEFERRED REVENUE

	<u>2016</u> US\$	<u>2015</u> US\$
Domain names registration related fees and charges	<u>1,936,341</u>	<u>2,191,130</u>
Analysed as:		
Current liabilities	<u>1,936,341</u>	<u>2,191,130</u>

Deferred revenue arises in respect of the Group's operation of the domain name registry for the ".ASIA" internet top-level domain.

Deferred revenue is amortised based on the contract terms and the periods of domain name sold.

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22. DUE FROM/(TO) DIRECTORS / RELATED COMPANIES

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

23. BANK LOANS

	<u>2016</u> US\$	<u>2015</u> US\$
Bank loans	<u>2,478,604</u>	<u>4,235,050</u>
The borrowings are repayable as follows:		
Within one year	1,620,121	3,328,895
More than one year, but not exceeding two years	48,184	46,926
More than two years, but not more than five years	152,757	148,767
More than five years	<u>657,542</u>	<u>710,462</u>
	2,478,604	4,235,050
Less: Portion of bank loans that are due for repayment after one year but contain a repayment on demand clause (shown under current liabilities)	<u>(2,478,604)</u>	<u>(4,235,050)</u>
Amount due for settlement after 12 months	<u>-</u>	<u>-</u>

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	<u>2016</u> US\$	<u>2015</u> US\$
HK\$	905,361	951,810
US\$	<u>1,573,243</u>	<u>3,283,240</u>
	<u>2,478,604</u>	<u>4,235,050</u>

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23. BANK LOANS (CONT'D)

The average interest rates at 30 September were as follows:

	<u>2016</u>	<u>2015</u>
Bank loans	1.15% - 2.75%	1.15% - 2.75%

Bank loans of US\$1,573,243 (2015: US\$3,283,240) are arranged at floating interest rates and expose the Group to cash flow interest rate risk.

Bank loans of US\$905,361 (2015: US\$951,810) are secured by a charge over the Group's property and guarantee by Mr. Chung Edmon Wang On for an unlimited amount.

Pursuant to a declaration of trust dated 5 May 2016, the loan title of US\$2,478,604 as noted above was passed to a related company, but the obligation to repay the loan is still retained by the Company.


DOTASIA ORGANISATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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24. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	Note	<u>2016</u> US\$	<u>2015</u> US\$
Non-current assets			
Property, plant and equipment		2,850,877	3,204,486
Investments in subsidiaries		2,573	2,573
Investment in an associate		150,647	136,759
		<u>3,004,097</u>	<u>3,343,818</u>
Current assets			
Available-for-sale financial assets		2,369,225	3,104,656
Prepayments, deposits and other receivables		837,677	1,186,595
Due from subsidiaries		317,033	404,038
Due from an associate		325,442	331,140
Due from related companies		57,194	-
Due from directors		1,222	-
Pledged bank deposits		1,924	961,297
Bank and cash balances		312,767	211,204
		<u>4,222,484</u>	<u>6,198,930</u>
Current liabilities			
Trade payables		335,539	414,171
Accruals and other payables		616,253	633,695
Deposits received		1,031,222	1,120,177
Deferred revenue		1,936,341	2,191,130
Due to directors		-	2,873
Bank loans		2,478,604	4,235,050
		<u>6,397,959</u>	<u>8,597,096</u>
Net current liabilities		<u>(2,175,475)</u>	<u>(2,398,166)</u>
NET ASSETS		<u>828,622</u>	<u>945,652</u>
Equity			
Reserves	22(b)	<u>828,622</u>	<u>945,652</u>

Approved by the Board of Directors on 6 December 2017 and are signed on its behalf by:


 Edmon Wang On CHUNG


 Yiu Kwok THAM

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

(b) Reserve movement of the Company

	Investment revaluation reserve US\$	Property revaluation reserve US\$	Accumulated losses US\$	Total US\$
At 1 October 2014	58,514	859,159	(1,032,397)	(114,724)
Total comprehensive income for the year	(143,568)	359,512	844,432	1,060,376
At 30 September 2015 and 1 October 2015	(85,054)	1,218,671	(187,965)	945,652
Total comprehensive income for the year	72,935	(208,361)	18,396	(117,030)
At 30 September 2016	(12,119)	1,010,310	(169,569)	828,622

25. RESERVES

(a) Group

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

(b) Nature and purpose of reserves

(i) Investment revaluation reserve

The investment revaluation reserve comprises the cumulative net change in the fair value of available-for-sale financial assets held at the end of the reporting period and is dealt with in accordance with the accounting policy in note 5(g)(ii) to the consolidated financial statements.

(ii) Property revaluation reserve

The property revaluation reserve comprises the cumulative net change in the fair value of land and buildings at the end of the reporting period and is dealt with in accordance with the accounting policy in note 5(d) to the consolidated financial statements.

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26. CONTINGENT LIABILITIES

At 30 September 2016, the Group and the Company did not have any significant contingent liabilities (2015: Nil).

27. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in notes 13 and 20 to the consolidated financial statements, the Group had the following transactions with its related parties during the year:

	<u>2016</u> US\$	<u>2015</u> US\$
Service charge received from an associate	106,455	96,459
Dividend income received from an associate	20,029	15,327
Sponsorship paid to a related company	63,751	48,066
Consulting fee paid by a subsidiary to a director	<u>12,000</u>	<u>-</u>

28. COMPARATIVE INFORMATION

Certain comparative figures have been reclassified to conform to the current year's presentation.