

## DotAsia Board Finance Committee (BFC) Meeting Minutes

<b>Date(s) &amp; Time:</b>	January 18, 2022 (Tuesday) 16:31 – 17:38 HKT
<b>Location:</b>	DotAsia Zoom Meeting Room: <a href="http://aji.asia/zoomboardfinance">http://aji.asia/zoomboardfinance</a>
<b>Attendees:</b>	<p>Santanu ACHARYA Kashif ADEEL Satish BABU Edmon CHUNG Maureen HILYARD * Rebecca CHAN (DotAsia Team) Freda CHEUNG (DotAsia Team)</p> <p>Apologies: Andi BUDIMANSYAH Nicole CHAN Joel DISINI</p> <p>* Left meeting during Discussion Item 6.6.</p>

No.	Action Items:	Owner	Remarks
F2021.01.A04	Search other bank options for opening new Namesphere bank account.	Rebecca CHAN	In progress. Refer to Discussion Item 2.2.
F2021.08.A01	Propose procedures of conducting random verification on the Reports provided by Afilias.	Rebecca CHAN	Discussion deferred to Feb BFC meeting.
F2021.08.A02	Conduct a comparison of the existing registry agreement with Afilias with other potential providers.	Edmon CHUNG	Discussion deferred to Feb BFC meeting.
F2021.11.A01	Continue the discussion of sharing the bank statement to the Board along with monthly financial reports at Dec BFC meeting.	Edmon CHUNG	In progress. Refer to Discussion Item 2.3.
F2021.12.A03	Work with Santanu separately on adding him as a new signatory of the banks of HSBC.	DotAsia Team	In progress. Refer to Discussion Item 5.4.
F2021.12.A05	Table the endorsed engagement letter for financial services from Fusion to the Board for endorsement at Dec Board meeting.	Edmon CHUNG	Completed.

No.	Action Items:	Owner	Remarks
F2022.01.A01	Request for clarification from legal counsel on payment information.	Edmon CHUNG	Awaiting legal advice.
F2022.01.A02	Sign the new engagement letter back to Fusion after reporting to Board at Jan Board meeting.	Edmon CHUNG	Completed.
F2022.01.A03	Confirm the definition of the other information stated in the audit report with Mazars, and provide a summary of all the information that was considered as other information to BFC for reference.	Rebecca CHAN	Completed.
F2022.01.A04	Share revaluation report of the property of DotAsia office to BFC for reference.	Rebecca CHAN	Completed.
F2022.01.A05	Circulate the draft audit report for year ended Sep 30, 2020 for DotAsia Organisation Limited to the Board and table for adoption at Jan Board meeting.	Rebecca CHAN	Completed.
F2022.01.A06	Confirm with the Mazars on the Management Contracts in the Director's Report.	Rebecca CHAN	Completed.

## Discussions:

### 1. Roll Call

- 1.1. Mr. Santanu ACHARYA chaired the BFC meeting as BFC Chair on Jan 18, 2022.
- 1.2. Roll call. Those present for all or part of the meeting are included in the Attendees section.

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

- 2.1. Draft 1.1 of BFC meeting minutes 2021.12.21 and action items were discussed.
- 2.2. It was reported that negative response was received from the bank for opening new Namesphere bank account due to the current situation where Namesphere is defending against multiple lawsuits. The information has also been provided to legal counsel, and DotAsia will follow up further.
- 2.3. It was reported that based on previous legal counsel advice, documents such as bank statements which include detailed payments may contain litigation sensitive information. It was suggested to include the opening and closing balances into the monthly financial reports for reference.
- 2.4. Question was raised on the reason for specific financial details being privileged. It was suggested to seek clarification from legal counsel on the appropriate level of payment details to be disclosed. (F2022.01.A01)
- 2.5. It was highlighted that since there was no quorum during the BFC updates at Dec Board meeting when the updating of the engagement letter with Fusion was

reported, it was planned to be reported to the Board again at the Jan 2022 Board meeting.

- 2.6. BFC meeting minutes 2021.12.21 approved unanimously.

### **3. Update on Monthly Financial Reporting**

- 3.1. The adjusted final draft audit report for year ended Sep 2020 from Mazars was received and shared to Fusion.
- 3.2. It was reported that Fusion had already completed the bookkeeping part of Oct 2021, and is incorporating the adjusted numbers from audit report to close the 2020 year, and then produce the draft financial report of Oct 2021.
- 3.3. It is planned to sign the new engagement letter back to Fusion after reporting to the full Board at the Jan 2022 Board meeting. (F2022.01.A02)
- 3.4. The financial report of Oct 2021 will be available upon Fusion's reception of the signed engagement letter.

### **4. Update on Audit Report for DotAsia Organisation**

- 4.1. Final draft audit report for year ended Sep 30, 2020 for DotAsia Organisation Limited with updates on legal provision was presented and briefed to BFC.
- 4.2. Major updates were highlighted to BFC for reference.
- 4.2.1. Figures of legal provision amount were updated based on the assessment of legal opinions and details of cases.
- 4.2.2. A subsection of the directors of the Company's subsidiaries only was added.
- 4.2.3. In the opinion section, the wording "clean" opinion was changed to "unmodified" opinion, which Mazars advised that both have the same meaning except that "unmodified" is a more standard word for audit purposes.
- 4.2.4. It was discussed and suggested to confirm the definition of the "other information" with Mazars, and provide a summary of all the information that was considered as other information to BFC for reference. (F2022.01.A03)
- 4.2.5. Upon advice from Mazars, income generated from the front-end services to PCCW was reclassified from Other Income to Revenue, and an additional income from insurance claims against legal fees is included in Other Income.
- 4.2.6. An additional paragraph stating that subsequent to the end of the reporting period Namesphere Limited allotted additional shares on Dec 4, 2020.
- 4.3. Question was raised on the revaluation of the DotAsia office.
- 4.3.1. It was explained that the revaluation model is conducted by certified surveyor every year, and a revaluation report as at Sep 30, 2020 was received. The exact valuation of the property was booked at the year end, and the depreciated value is for auditing purpose.

- 4.3.2. It was clarified that the property value has been generally increasing during the years since the purchase, but that a decrease was experienced between 2019 and 2020 due to the political and pandemic situations in Hong Kong.
- 4.3.3. It was suggested to share the property revaluation report to BFC for reference. (F2022.01.A04)
- 4.4. It was planned to circulate the draft audit report to the Board and table for adoption at the Jan 2022 Board meeting. (F2022.01.A05)
- 4.5. There was discussion on the Management Contracts in the Director's Report.
  - 4.5.1. It was clarified that "Management Contracts" refers to any outsourcing of the management and administration of the company to a third party, and that there were no changes in terms of the management over the fiscal year.
  - 4.5.2. DotAsia will confirm with the auditor on the matter. (F2022.01.A06)

## **5. Update of Banking Signatories**

- 5.1. It was reported that HSBC has introduced online submission and verification processes for adding banking signatories.
- 5.2. Whereas, change of signatories for the ICBC account requires submission of hardcopy documents with 6 signatures from directors.
- 5.3. Since the ICBC account is not the main account for operation, it is acceptable for DotAsia to take more time to complete the process. It was suggested to start the process after the Board Elections.
- 5.4. It was reported that DotAsia is still waiting for confirmation from Santanu to be a signatory of both HSBC and ICBC. It was suggested to have two rounds of update for HSBC before and after the Board Elections.

## **6. Budget 2022-2024 Preparations**

- 6.1. It is planned to start the discussion of budget preparations and finalize for adoption in Apr 2022 to allow new Board Members, if any, to participate in the process.
- 6.2. DotAsia's budget cycle is a two-year cycle with mid-term updates or adjustments, and the upcoming cycle is 2022 – 2024.
- 6.3. Approved general budget allocation of 2020 – 2021 and 2021 – 2022 were presented to BFC for reference.
- 6.4. The budget structure was briefed to BFC for reference. The consideration of the budget includes allocations to DotAsia Organisation, DotAsia Foundation and Namesphere, which include allocations to Community Projects, as well as allocations of Salary & Office Expenses from DotAsia Organisation to DotAsia Foundation and Namesphere.
- 6.5. It was highlighted that salaries are only paid from DotAsia Organisation, and DotAsia Organisation is the only employer. Certain percentages of the salary are allocated to the Foundation and Namesphere respectively, where the salary

expenses and incomes between organizations would offset each other in the budget.

6.6. It was reported that DotAsia has exceeded the market development target of 1.5% - 2% set in early 2021. Question was raised on the reason and strategy resulting in the increase.

6.6.1. It was explained that as presented in early 2021, DotAsia focused more on organic promotions rather than low price promotions in 2021, therefore, the relative cost of goods sold (e.g. rebates to registrars) decreased, thus the overall gross income increased.

6.6.2. DotAsia is still working on the yearly marketing plan, and may include more low price promotions in 2022 in order to engage and maintain relationships with registrars, and will report further before the Board meeting before the AGM.

6.7. It was highlighted that DotAsia anticipates a deficit budget in 2022 – 2023 due to legal provisions, and will aim for a balanced budget in 2023 – 2024.

6.8. It was suggested to review the legal fee with legal counsel with an aim to reduce legal costs. It was agreed that it is not advisable nevertheless to consider switching legal counsel at this time considering the ongoing lawsuits.

## **7. Afilias Report and Services**

7.1. Discussion deferred to next BFC meeting.