

Date: 11 June, 2019

Attn: Peter Dengate Thrush, Barrister, New Zealand
CC: Mr. Joel Disini, DotPH
DotAsia Board of Directors

Re: Investment by DotPH in Namesphere TLDs.

Dear Peter and Joel,

It is good to hear from you Peter and it is good to have your input to these matters.

First of all, allow me to note that I am making this response in my capacity as an executive of DotAsia Organisation and I believe that in all my dealings regarding the said issues, I have more than primarily acted in the interest of and in my capacity at DotAsia Organisation as directed by the DotAsia board, when we decided to engage in the New gTLD program and the formation of Namesphere, where the board specifically instructed me at the time to take to heart the priority of DotAsia. And will continue to do so.

Also, let me note that this response is prepared by myself, I am not a lawyer and have not sought legal advice on the issues, and thus this response is given without prejudice. Further, that I have made the response in the best of my recollection without necessarily going back to the details of all the correspondences, therefore I ask for your understanding should there be any unintended errors or omissions. Nevertheless, this response is prepared sincerely and in the spirit of cooperative engagement with yourself and Joel, in the presence of the DotAsia Board, inviting everyone's participation, with the goal of getting DotAsia and its partners back on track towards the vision and mission to serve the Asia Pacific Internet community.

DotAsia successfully became the first gTLD coming from the Asia Pacific region after the collaborative efforts culminating from discussions at APTLD and AP* between 2000 and 2002, the imagination of an independent organization in 2003, the submission of the .Asia application to ICANN in 2004, and when ICANN approved the .Asia application in 2005, and thereupon the signing of the Registry Agreement with ICANN in 2006, and then as “.Asia’ was added to the root in 2007, and in 2008 when first-come-first-served .Asia registrations finally went live. Much due thanks in fact to your help, Peter, as a supporter of the initiative as the Acting and then Chair of APTLD between 2002-2003, then an important supporter of DotAsia on the ICANN Board in 2005, and as the ICANN Chairman joining the celebrations of the .Asia launch at the Delhi ICANN meeting in 2008. Throughout the journey and since then, I have been and continue to be grateful to have had the opportunity to help contribute to the development of DotAsia as a not-for-profit community initiative from Asia Pacific.

The advent of Namesphere and DotAsia's undertaking into participating in the new gTLD program was centred around contributing our knowledge and experience in the ICANN and new gTLD process to support new gTLD applicants in navigating the journey. Furthermore, while there were much uncertainties, we understood that the new gTLD program would have a significant and long term impact to DotAsia's core. As such, we felt that it is important for DotAsia to continue to participate in and gain first-hand knowledge from the new gTLD processes. We also believed that the DotAsia application and launch experience has been one that continues to be highly regarded, from our successful engagement with GAC's early warning process to our use of extensive Sunrise to curb

abuse, our implementation of auction driven processes in the launch of the Landrush/GoLive to resolve contention, to our use of the pioneer domains program to jumpstart usage. All of which has become benchmarks and common features of the 2012 round of new gTLD releases.

Beyond operating the .Asia sponsored gTLD, our continued contributions to the Internet community is also highly regarded. These include supporting the creation of and continuing to serve as the secretariat for the AP Regional IGF (APrIGF), our secondment arrangement to support and serve as the secretariat for the IANA Stewardship Transition Coordination Group (ICG), and our work in supporting youth participation in Internet Governance starting from the NetMission program which helped spark a global movement of Youth IGFs, along with the NextGen program at ICANN.

The reason for my bringing up a bit of the history of DotAsia's journey is in the hope to illustrate the following key overarching points:

- ICANN processes may be long and projected, and sometimes difficult to predict
- New gTLDs are meaningful not only as vehicles for commercial gain but can also bring lasting value to communities
- DotAsia's experience had not been known for expedience, but of reliance on sound principles of community contribution, methodical and reasoned approach, as well as perseverance
- DotAsia has worked hard and continues to work hard to gain the trust from the community by upholding a high level of integrity in all our works and undertakings, and by bringing leadership to serve as well as to lead where appropriate
- DotAsia remains resolved in our commitment to the global Asia Pacific Internet community, which is the impetus for our direction

It is with the above underlying mind-set and foundation that I turn to responding to each of your items.

Introduction

1. If there is need for any further information, we are more than willing to reasonably produce and provide them for your consideration and review. Besides in particular relation to the items brought forth, DotAsia's work is accountable to the Asia Pacific Internet community, of which both yourself and Joel, along with your respective organizations are certainly part of.
2. The DotPH investments are duly noted, acknowledged and agreed upon. The investments into Namesphere and various respective gTLD applications which Namesphere is involved in by DotPH is understood to be managed through Namesphere. DotAsia is a majority shareholder of Namesphere and additional shareholders are represented and present at DotAsia Board meetings. It was envisioned that Namesphere would become an independent company from DotAsia with its own operational staff. At the face-to-face meetings of the DotAsia Board in 2015, given the then more clear direction of the new gTLDs involved, it was agreed that the DotAsia team will take on the Namesphere works directly and will start to charge Namesphere for DotAsia team works for Namesphere. In particular, the board referenced other new gTLD operators and identified that many of them such as TLDH and Donuts are able to leverage economies of scale in managing multiple gTLDs.
3. The progress of various new gTLD applications were duly reported to the DotAsia Board at the scheduled monthly meetings as well as at face-to-face meetings, including the progress with .INC. Financial audits of Namesphere (and related companies) have been conducted on a regular basis and provided to the DotAsia Board for consideration. The DotAsia team has

acted with integrity and commercially reasonable capacities towards enhancing the value of each of the gTLD applications.

In particular, for .BOX, the DotAsia team has reported to the DotAsia board that after winning the rights to operate .BOX, our partner started to renege on what was agreed to and submitted to ICANN in the new gTLD application, and as it progressed, our partner made increasing demands against the agreed upon proposal causing the delays in the launch of .BOX. In the interests of moving forward to launching .BOX so that it can become an operational gTLD bringing value to the Internet community, the DotAsia team yielded to the demands. This was also duly reported to the DotAsia Board all the way through the completion of all the demands set out by our partner, around May 2018. Shortly thereafter, we received the statement of claims from our partner.

Regarding the .INC application, given the experience with the .BOX operations, in particular knowing that our partners reneged on what was agreed to and submitted to ICANN in the gTLD application, in the interest of properly protecting our investment, we did feel that it would be better to “play safe” to ensure that our partner would agree to enter into the private auction so that even if we (i.e. our partner) win the auction, we would have a 100% return on our investment (i.e. double our out-of-pocket investment) and if we lose in the auction, we may have even higher return on our investment. This was discussed extensively with Joel and also reported to the DotAsia board.

4.

- (1) Since the beginning, the DotPH investments into Namesphere has been booked and accounted for as a “loan”, and understood that shares as agreed upon would be issued when requested. This is discussed at financial reports to the DotAsia Board as well as included in audited financials. Joel had inquired about the issuance of the shares and we have expressed that they can be issued upon the request by DotPH.
- (2) No request for the issuance of shares for DotPH’s investment were denied or rejected. We had understood that the agreed upon amount are the amounts as presented at the DotAsia Board meetings. We have not received any disagreement from Joel, who serves on the DotAsia board, or DotPH until recently. Since we have received the new information from Joel, we have diligently brought it up for discussion at the DotAsia Board.
- (3) The .BOX application was duly submitted to ICANN and DotAsia has maintained the .BOX gTLD in good standing even while our partner reneged on the agreed upon business plan as stipulated in the .BOX new gTLD ICANN application. In the interests of moving forward to launching .BOX and realizing the value for Namesphere, the DotAsia team yielded to the demands from our partners, and prudently and diligently proceeded. The delays if any are caused by the reneging by our partners from the agreed upon plan in the .BOX application. The DotAsia team had since used commercially reasonable efforts to protect our investment by taking the actions as mentioned above. Unfortunately, instead of proceeding forward with the launch of .BOX now that we have completed their demands, they have proceeded to file a lawsuit against us. As expressed by our lawyers in Toronto for the case, these and other more recent actions seems to make more clear Chapnik’s end-game which is to manufacture allegations of default on our side while plotting a corporate takeover.

- (4) I believe those who have interacted with myself and the DotAsia team will attest to the fact that we conduct ourselves collegially. Matters regarding .INC was first and foremost brought to the attention of Joel (DotPH). The situation with Chapnik was explained over multiple phone calls and the options for moving forward with .INC discussed with Joel in depth. Our application for .INC in fact won the auction, so we bought .INC rather than sold. Only upon the confirmation from Joel to move forward with the arrangements on .INC did we agree with the terms. The terms stipulated that in the case our application for .INC lost in the private auction, we would share in the proceeds/payout received at 50/50 ratio, whereas in the case our application for .INC won in the auction, Namesphere will still be payout at 2 times the investment we put into .INC, which is defined as 50% of the application fee (US\$185,000) submitted to ICANN. 50% of US\$185,000 equals US\$92,500, and 2 times of US\$92,500 equals to US\$185,000. Since our application for .INC won the auction, we were paid US\$185,000. Since the DotPH portion was 30% overall, meaning 60% of Namesphere's share, therefore DotPH was paid out 60% of US\$185,000, which is equalled to US\$111,000. That represents a return on investment of 85% (based on DotPH's investment of US\$60,000).
- (5) The management of Namesphere investments have been sound and our ability to acquire the rights to new gTLDs even with limited resources is well regarded. We believe the allocation of costs to Namesphere, including personnel, ICANN application fees and other fees, as well as backend registry services fees and other administrative expenses are reasonable and represent actual costs. Detailed cash transactions of Namesphere have been provided. Namesphere and related companies are included in annual audits by a reputable accounting firm RSM, and separate audit reports for Namesphere are also prepared for each financial year up to 2015 by a different audit firm. The audited financials for 2016-2018 are being prepared currently and should be complete soon. Separate books of accounts are setup for Namesphere and its related companies. Perhaps there is some misunderstanding with the so called "mingling of accounts". It is a requirement explained to us by our auditors RSM that since DotAsia is the ultimate holding company and major stakeholder of Namesphere, that a consolidated set of audited financials is required. There is no "mingling of accounts", there is an audit and fiduciary requirement for producing a consolidated audited financials for DotAsia Organisation along with its affiliated companies, including Namesphere.
- (6) Namesphere has successfully won the rights to the .SPA TLD as a community gTLD for our partner Asia Spa and Wellness Promotion Council (ASWPC), who is the applicant. Namesphere is duly included as an important component of the initiative in both the descriptive portions and the financial portions of the application submitted to ICANN. I am uncertain what the said delays may be. Since winning the CPE (Community Priority Evaluation) for the .SPA community gTLD application, one of the other competing applicants for the .SPA gTLD has lodged a CEP (Cooperative Engagement Process) with ICANN which kept the application on-hold until recently. Since the withdrawal of that CEP, we have been working diligently with the partners involved, including Joel and DotPH to formalize the relationships. Discussions were held at length online and in person in Manila in late 2018, and agreements in accordance with those discussions have been duly drafted shortly thereafter. ASWPC has responded confirming that the drafts reflect the discussions held. Joel and DotPH has not confirmed the agreements.

5. We continue to actively respond to inquiries and requests as they are received. However, due to the inter-relatedness and convolution of the demands, it is important to understand that working out the requests for information and demands for other concessions require necessary time for clarification to avoid further misunderstandings. For example, the demands for issuance of shares have not been denied, however due to the ongoing discussion of other areas of disagreements, the response to such demands are understandably inter-related with the discussions and resolutions thereof. As another example, the request for financial and transactional information when mixed with demands to reverse or reinterpret previously allocated and presented costs sometimes confuse the former with the latter. That is, the financial information provided is historical and therefore reasonably provided as-is, whereas the demands to revise previously audited financials can necessarily only be produced after the resolution of any disagreements now arising. Therefore, any non-satisfaction must be considered properly with the ongoing discussions, and not the provision of historical information itself, which as mentioned we continue to duly provide. Furthermore, it is important to separate complaints from any malicious behaviour, gross negligence or wrong doings in the part of the operations. As mentioned earlier in this letter, we believe our works in the community over the years speak well to the high level of integrity DotAsia's team bring to any dealings it engages with, therefore we remain confident that if we can focus on the disagreements and misunderstandings, we can find resolution to the matter at hand to avoid any further litigation. I believe that myself and the DotAsia board understands the seriousness of the position and have not only held special meetings in Daejeon during our scheduled meeting before the APRICOT meetings but also held special meetings of subgroups of the Board in Kobe during the ICANN Kobe meetings and thereupon also a special meeting of the entire Board in Hong Kong in May 2019 to especially consider the matter, not to mention the many ongoing discussions intervening these meetings.
6. I believe the DotAsia Board should be well aware that the disagreement is also against DotAsia and related companies, even as Joel serves on the DotAsia Board. As mentioned earlier in the letter, I believe I have acted and will continue to act as a representative and executive of DotAsia, and in the best interests therefore of the organization, in the dealings related to the Namesphere investment. As such, there is no immediate plan to have separate representation. Nevertheless, your note is well taken, and we will further consider the matter should circumstances arise that bring any changes.

Origins

7. It is also around 2011 that the DotAsia board began considering the matter of new gTLDs and whether or not, and if so, how, to participate in the ICANN new gTLD program. As mentioned briefly above, DotAsia's participation in the new gTLD program is centered around the contribution of its knowledge and experience to new gTLD applicants.
8. Upon the DotAsia Board establishing an understanding that it is useful for DotAsia to participate and contribute to the new gTLD program, the DotAsia team started working on how to implement our work in the new gTLD program. It is important to note also that in its deliberations, the DotAsia Board provided clear guidance that the DotAsia team should remain prioritized for the DotAsia operations over its participation and contribution to the new gTLD program. As I recall, Joel served on the DotAsia board and actively engaged in those discussions as well.

9. A business plan was then developed by the DotAsia team for consideration by the DotAsia board. The business plan proposed the creation of a new entity (eventually named “Namesphere”) to implement DotAsia’s participation and contributions towards the ICANN new gTLD program. All board members and their respective and related organizations were invited to consider investing into the project. It was envisioned that Namesphere would raise its own investment and become an independently operated company once it successfully raises the financing to support its development. Meanwhile, DotAsia would incubate it through knowledge transfer and provision of manpower to support Namesphere’s work. At the face-to-face meetings of the DotAsia Board in 2015, when it became clearer that additional investment may require more work to come by and that given the potential economies of scale, DotAsia should directly support the operations of Namesphere. Thereupon, DotAsia also began reasonably charging Namesphere for DotAsia team working on the operations of Namesphere. Note also that since the raising of the items by Joel recently, the DotAsia Board is further reviewing whether to expedite the process for Namesphere to become an operationally independent company from DotAsia. All through the journey from the creation of Namesphere, Joel has been particularly interested in and has actively participated in the discussions and updates of Namesphere works provided to the DotAsia Board. Early in 2012, some potential investors of Namesphere expressed the concern if important individuals in the Namesphere business plan are not also direct stakeholders of Namesphere. Thereupon, an invitation was extended to all DotAsia team staff to contribute to the investment of Namesphere. I have personally invested in that capacity and mind set, i.e. to support DotAsia in its vision and work for Namesphere. It is correct that there is agreement in that the equity in Namesphere would be driven by the level of investment. And that continues to be upheld.

Investment structures

10. In preparation of the ICANN submissions, DotAsia setup Namesphere Ltd. and created an account with the ICANN TLD Application System (TAS).
11. It is correct that at this time, DotAsia had committed to investing a total of US\$1M into Namesphere, US\$500,000 in the first phase, understood as used for the ICANN application and related fees, and another US\$500,000 expressed as a second phase for auction/launch of Namesphere and the new gTLDs. Upon better understanding of the landscape of the new gTLD applicants, and that no additional investment into Namesphere was immediately forthcoming, instead of calling for the entire lot of US\$500K investment for phase 2, the adjustment was for DotAsia to invest US\$385K for phase 2 to be used for launching Namesphere and the respective new gTLDs.
12. On and before March 29, many companies were created to be used as applicants to submit into the ICANN new gTLD program before the deadline. For all intents and purposes, Namesphere companies were all created for the same purpose, i.e. to facilitate the submission of new gTLD applications to ICANN as envisioned by the business plan for Namesphere.
13. When the details of the TLD applications were published in June 2012, Namesphere and/or DotAsia should have been included in about 17 new gTLD applications as front-end provider and/or supporters. I do not off the top of my head recall for sure if some other new gTLD applications also included Namesphere as consultants in their application to support them on their preparation for their new gTLD applications. I can try to find that information if it is needed.

DotPH investment

14. All of the investments have been and continue to be honoured and upheld by Namesphere and DotAsia.
15. It is consistently presented and reported that for a number of the investments, Namesphere and a partner is in a 50/50 holding. Two of those involve DotPH also and both of them are at 60% of the 50% held by Namesphere (=30% overall) for DotPH and 40% of the 50% held by Namesphere (=20%) for Namesphere. Note that in these cases, the stakeholding position is not strictly proportional to the new gTLD application fee. This is due to the consideration of other costs, such as the Continued Operations Instrument (COI) requirements as well as DotAsia/Namesphere's own efforts in preparing and submitting the applications. Nevertheless, they are represented roughly (though not exactly) in proportion.
16. .SPA was submitted by the Asia Spa and Wellness Promotion Council (ASWPC), not Namesphere nor any Namesphere created entity, as a community gTLD application for the global spa and wellness community. The application has been duly posted online publicly by ICANN along with the details of the proposal.
17. It is correct that the spirit and effect of the investment are continued to be upheld by Namesphere and DotAsia.
18. I believe that at the said Board meeting, we confirmed the receipt of the DotPH funds.

Shares in Namesphere

19. First of all, when Joel (DotPH) asked if the shares can be issued, our consistent response is that yes they can be issued, and that there is a requirement for a confirmation at the DotAsia Board. When the issue was brought up to the DotAsia Board, other items were brought into discussion, including many of the items raised in your letter, which resulted in no resolution to the issuance of shares yet. Nevertheless, I believe the DotAsia Board and myself remains committed to upholding and honouring the investment from DotPH and looks to the issuance of the shares in question. Given that if shares were issued, DotPH should have received documentation and needed to sign off on the execution of the issuance, it seems inappropriate to describe the situation as "extremely surprised". In fact, we have at multiple times over the years informed both Joel and the DotAsia Board that the DotPH investments have been booked as an amount "due to" DotPH until the shares are requested and issued by DotAsia/Namesphere. In any case, the salient point again is that to the best of my knowledge, we have not denied the terms and investment from Joel (and DotPH), nor have his rights to such investments been impaired at any point in time due to any non-issuance of the shares. Joel continues to serve on the DotAsia Board and receive all the periodic updates of Namesphere activities, and is consulted in general and on occasions to specific relevant actions taken.
20. It is correct that no additional shares in Namesphere has been issued since its incorporation. We remain committed to upholding DotPH's investment and to initiate the process to issue the shares upon the request from Joel and DotPH.
21. No founder shares were issued.

22. No additional shares have been issued since Namesphere's incorporation.
23. That is also what was conveyed to Joel when he inquired for the issuance of the shares. We duly raised the issue to the DotAsia Board and started the discussion. At that time, Joel also brought up the many other items and asked for all the other issues to be dealt with at the same time, and thus we are going through this process right now to resolve the issues.
24. See 20-23.
25. See 20-23.
26. See 20-23.
27. See 20-23.
28. That is incorrect. There is no unwillingness to issue the shares in Namesphere to Joel/DotPH. We have repeatedly explained and in documents presented to the DotAsia Board maintained that we can initiate the process to issue the shares anytime at this time. Joel had asked a question of why in April 2012 the shares were not issued immediately. I had responded to that question, that given the uncertainties with the ICANN process at that time (i.e. in 2012) it may be in the best interests of all parties to wait for the issuance at a later date.
29. It appears that Joel may have confused my answer to his 2 distinct questions. The 1st question was why the shares were not issued immediately in April 2012, and the 2nd question was can the shares be issued now. The answer to the 1st question is related to the uncertainties with the ICANN process in 2012; and the answer to the 2nd question is yes they can be issued now at anytime. We believe we should have consistently provided these answers to his questions.
30. We were responding to the question of why the investment was held as a loan, and explained that we consider it to be like a convertible debenture that can be converted to shares at the request of DotPH. Again, at no point in time was the issuance of shares withheld.
31. We were hoping that this would refresh the memory of the arrangement, as well as our previous reporting on the matter to the DotAsia Board with Joel's presence. We do not claim that it has any effect on the creation of a formal convertible debenture.
32. See 28-30.
33. For Namesphere see responses to 14-30 above. For .SPA, draft agreements have been prepared based on the outcomes from the meeting in Manila in late 2018. Once we create the entity for .SPA as anticipated, we will be able to issue the shares as agreed upon. Please see responses to 101-104 below for further description about .SPA.

Equity Arrangements

34. Equity structure of Namesphere has been based on investment levels. As you recall earlier in the letter, DotAsia committed 2 tranches of monies for Namesphere, US\$500K for application stage and US\$500K for auction/launch. It was estimated at that time that given

no further investments were immediately forthcoming, and given the highly contested new gTLD strings we were engaged in, US\$500K would not go far for us in auctions, therefore, instead, we would focus on utilizing the funds for the launch of Namesphere and its operations organically. As such also, we developed a rough calculation for Namesphere to be able to develop its operations and become independently viable, and that was estimated to be roughly US\$385K. What we have always presented is the equity structure based on investment levels: DotAsia: US\$500K+US\$385K; DotPH US\$180K; Staff Investment: US\$220K (US\$200K from ER3 + US\$20K from another DotAsia Staff), which completed the final composition. In fact, this reduced the investment from DotAsia (and hence reduced dilution rather than increased) to DotPH, than if the full US\$500K was put in. The reference was made to the work done pre-application only as an estimation of the likely cost ahead, but the investment was, as always envisioned for and also implemented eventually for the launch of Namesphere. The only change (besides reducing the amount from US\$500K to US\$385K) was that none of the committed funds were to be used for auctions.

35. It appears that a few things contributed to potential misunderstanding or confusion:
- (1) Perhaps we should not have used the term “founders” which created unrelated connotations. The equity allocated to DotAsia came simply from the US\$500K + US\$385K (reduced from US\$500K + US\$500K);
 - (2) The reference to efforts pre-(and during)-application may have caused further confusion that the amount was allocated after-the-fact. Instead the number was calculated based on rough estimate for what was needed for Namesphere to launch;
 - (3) The exactness of the number used: US\$385,695 for DotAsia’s investment while represents an estimate of what was required to launch Namesphere, was also calculated to round out the allocation of equity (i.e. with the additional US\$695), we had thought that the US\$695 would be a trivial amount that would align the equity % nicely, but it may have caused confusion instead;
 - (4) We have presented the equity amounts based on phase 1 investments and phase 2 investments (only from DotAsia), but in fact, both phase 1 and phase 2 DotAsia investments were anticipated from the beginning and naturally included in the same round and under the same valuation, i.e. based on investment levels only. Perhaps we should have simply lumped together the US\$500K+US\$385K=US\$885K to avoid the confusion.
36. As explained in 35 above, the reference to the cost and work done by DotAsia leading up to the formation of Namesphere is used as a reference and estimation for what is needed by DotAsia to launch Namesphere. The US\$385K is the estimated cost needed to support for and advocate the various new gTLD applications through the ICANN evaluation processes, leading to the launch of the new gTLDs, where Namesphere is expected to then become independently sustainable. This amount of what was called second phase instalment by DotAsia was included and explained to all investors and included in the first investment round.
37. The general approach for the cash investment to be proportionate to the shareholding of Namesphere is maintained. Nevertheless, as explained in response to 15 above, for particular new gTLD projects, that proportion is understandably not a strict one due to the inherent uncertainties in the business, including costs for COI and advocacy through the

ICANN process. Hence, for both .INC and .SPA, Joel/DotPH had invested US\$60,000 but the agreed upon shareholding stake was 30% (and not a strict proportion of US\$60,000/US\$185,000). The US\$385K was used as contemplated to support Namesphere up until now. Note also that Namesphere did not start receiving incomes immediately in 2012 and therefore it is unreasonable to expect that Namesphere required no investment to sustain its operations from 2012 to 2015 when incomes started coming in.

38. See 34-37 above. It is correct that it was not the parties' intention to reclaim work done in preparation of the business. It was the intention that the second phase DotAsia amount (originally set as US\$500K but eventually reduced to US\$385K) would be to support the launch of Namesphere.
39. As explained above, it appears at best a misunderstanding. The investment by DotAsia in 2 tranches were anticipated and clearly represented from the beginning and acknowledged by all parties. If there is dispute on whether the 2nd tranche should be included in the first investment round, then that is perhaps the misunderstanding (as explained in 34-37 above) due to the choice of words used at that time, however the intent has always been for DotAsia to support and "incubate" Namesphere, and we continue to represent clearly that DotAsia had committed to the 2 tranches of monies, which was how the equity stakes were calculated.
40. Namesphere reasonably incurred costs for advocating and fighting for the obtaining of the new gTLDs applied for, as well as eventually to launch the gTLD(s) that it is representing. Without which we perhaps would not even be discussing the issue of .SPA or .BOX at this time. And that is also why we had always envisioned that DotAsia must invest 2 instalments, one for the application fees and one for the subsequent launch of Namesphere. It appears that Joel may have mistaken that the 2nd DotAsia instalment would be considered at a later round of financing. We had operated Namesphere based on having the US\$385K cash to fund its launch, i.e. to support the evaluation, community priority evaluations, advocacy at ICANN, launch of new gTLDs acquired, etc. understanding that it is necessary given the uncertainties and likely delays at the ICANN process which I believe those who have participated in the process would appreciate.
41. Of course it is impossible to foresee the exact amount of expenditure required, but nevertheless it was an estimate. Since 2012, we had at multiple occasions tried to raise further funds for Namesphere but have not been successful. DotAsia was not expected to further contribute in the new round of funding.
42. It is unreasonable to say that Namesphere incurs no cost in supporting the work required to navigate the different new gTLD applications through the ICANN process, let alone ICANN fees and other incidentals, such as defending objections. This number US\$385K was a rough estimate. First of all, income while did flow into Namesphere eventually, was not immediately available, even the income from supporting brand gTLDs did not kick in until much later in 2016. It is unreasonable to say that Namesphere required no cost in the pursuit of the new gTLDs between 2012-2016. Without this investment in the first round by DotAsia, it is unreasonable to understand that Namesphere could achieve what it has been able to, including the income it now receives as pointed out.
43. There is no suggestion that DotAsia lock up 30% of Namesphere at the initial share price. DotAsia put forward the investment in the first investment round allocated in 2 phases, 1. For application fees, all of the monies raised would be directed towards application fees for

ICANN, followed immediately by 2. which would help launch Namesphere. DotAsia actively supported Namesphere throughout the years. More importantly, DotAsia's support fell bounded within the investment of the US\$385K. This allowed DotAsia to on one hand incubate Namesphere and on the other hand remain true to its priority with .Asia and the Asia Pacific Internet community, and thus to its commitment to the DotAsia Board. The investment (of the US\$385K) was made in early 2012, at which time there was no anticipation of "windfall gains" from the "sale of TLDs", all the development, including the business plan for Namesphere was predicated on developing and operating the new gTLDs, especially as a contribution to the Internet community by providing good alternatives and memorable domain names for use by Internet users. There was anticipation that in future consolidation in the market place, mergers and acquisitions may happen, but there were certainly no anticipation from DotAsia's part that "massive" "private auctions" may take place. In fact, so called "private auctions" were not well established even well into 2013. It is unfair to use hindsight to now judge that it is unnecessary for DotAsia to put in the 2 allocations of monies in one go, such that Namesphere could launch and navigate through the ICANN process. Furthermore, even with the potential income, it is unreasonable to dismiss the original plan for DotAsia to invest the total amount into Namesphere. The 2 "phases" simply meant monies earmarked for application fees and monies earmarked for launch of Namesphere. It seems unreasonable to expect that Namesphere would require no cost at all to pursue and navigate the new gTLDs through the ICANN process.

44. We have only recently understood that Joel objected to the second part of DotAsia's investment into Namesphere. I sincerely apologize if I do not recall receiving any objection to DotAsia's investment as had been anticipated from the beginning. If I had known or understood the objection, we would certainly have continued to discuss and resolve the matter at that time. We also did not fully grasp the concept of "dilution" until the more detailed explanation through your letter is received. Based on which, we now come to realize the potential misunderstanding that may have occurred (as explained in 34-43 above). That being said, it still seems unreasonable to expect that Namesphere would require no cost in all the activities that were continued to be reported at the DotAsia Board meetings. Since learning of the concern from Joel, me and the team at DotAsia as well as the DotAsia Board has diligently responded to and looked towards resolving the issue.

The assumption that "substantial further investment would be required for each TLD at the time of its launch" appears to be strange. I presume it may have meant that substantial further investment would be required if we had to go into auction to win the new gTLD? If for launch of the new gTLD, DotAsia's own experience was that of a relatively organic launch without substantial investment required. The same is observed for many new gTLD operators such as Afiliis, Donuts or Minds and Machines, especially as they leverage their economies of scale. For Namesphere we have always anticipated that if we do raise further financing we can utilize it for more capital intensive launches, but if we do not, the launch of the new gTLDs can also be relatively organic leveraging the relationships that DotAsia has built over the years to first build out the channel (Registrars) to connect to the offer the gTLD. This strategy is reflected in the applications submitted to ICANN where DotAsia/Namesphere is involved as a stakeholder and where Namesphere serves as the Front-End Registry Services Provider.

45. First of all, there is no dilution. As mentioned, the investments from DotAsia, US\$500K + US\$385K came in to the first investment round and all equities are calculated based on investment put forth as agreed upon. We understand only recently that Joel appears to be expressing a disagreement on the US\$385K invested for the launch of Namesphere. Since

the issue was raised, we have been engaged in discussing the matter and looking towards resolving the discrepancy. It is correct that no changes are now required for the time being.

46. We remain committed and prepared to issue the shares accordingly to DotPH for its investment in Namesphere. As you have pointed out in your letter and as we have explained to Joel, that would require a process at the DotAsia Board of which Joel is part of, and we have been duly working through this and other issues raised by Joel since they were raised. On the matter of dilution, again, there has been no dilution at any point, the disconnect appears to be regarding the already committed and known funds provided by DotAsia to Namesphere as explained in 34-45 above. Nevertheless, since the issue was raised at the DotAsia Board, we continue to attempt to work with Joel and DotPH to come to a resolution on the matter.

The Partnership with K2 Principal Fund

47. The work regarding the new gTLD applications: .APP, .HOME, .BOX and .INC were duly reported to the DotAsia Board and in its deliberations regarding new gTLDs specifically raised. I recall noting that the partner is not in the Asia Pacific community at the time of reporting to the DotAsia board. No objections were received at the time and we proceeded with the applications. Note also that we were actively in discussion with potential investors at that point in 2012 also.
48. The partnership was entered into with K2 Principal Fund (K2), a venture fund in Canada, which we understand to be: <https://k2.ca>. The project was initiated when an industry friend Jason Hendeles who were involved in the .kids and .xxx applications in the previous new gTLD rounds (2000 and 2004 respectively) approached us to discuss the potential of working together on various new gTLDs including .ART with other parties not already in the gTLD business. We were initially interested in pursuing .ART as a community new gTLD for artists, and also connected with Desiree Milosevic of Afiliias to explore potential collaboration. The exploration identified multiple parties interested in .ART and difficulties in the ability to win the Community Priority Evaluation, and therefore we did not further pursue the particular new gTLD application. The exploration nevertheless brought us in contact with Jason Chapnik and K2. Jason Chapnik was introduced as the founder of .TV (a ccTLD technically in the Asia Pacific region) and a friend of Jason Hendeles. Based on the correspondence, further discussions culminated to the finalization of 4 joint new gTLD applications to be submitted to ICANN under the understanding that while each party submitted 2 applications, the 4 applications were jointly owned at 50/50. At a later time Jason Hendeles expressed that he will no longer be working with the group, and at a much later time K2 was also removed, leaving Jason Chapnik as the remaining party. His entity was named Advanced Capital at that time, and renamed InterCap later. Frank Schilling of Uniregistry was later named as the President of InterCap.
49. Not sure I understand the statement clearly. The partnership was set out such that the team (DotAsia and K2) together will bid for 4 new gTLDs jointly. All 4 would be owned 50/50, even if there were no contention. Also I am not sure "risk-sharing" is a good way to characterise it. We entered into the venture hoping to operate the new gTLDs with an end goal of bringing benefit to the Internet community at large. We had always believed that new gTLDs provide important choice and value to end registrants as well as end users. There are a couple of important considerations and motivations from DotAsia in pursuing all the projects in the new gTLD program, as mentioned earlier on in the letter, first and foremost, we believe we can contribute our knowledge and experience and leverage our relationships

in the community to support new gTLD applications and operations, and for the operations to be implemented responsibly in the global public interest. We remain believers that gTLD registries are stewards of scarce global public resources and should be operated in a responsible and prudent manner; secondly, we believe that the new gTLD program will bring significant impact to the domain name industry and community and therefore DotAsia would like to look to participate directly in the process to gain knowledge as well as stay relevant in the community. As for the structure, most of our new gTLDs are setup as 50/50 partnership. While this is not explicitly set out in the guideline from the DotAsia Board, it was nevertheless an implementation to echo and ensure that .Asia (and the DotAsia community) remains the priority at DotAsia. This in fact further explains that it has been envisioned from the beginning that DotAsia would continue to nurture Namesphere for a period of time at least. The only exception to the 50/50 structure is the application for .STUDIO. The reason for that is because towards the deadline of the submission, we have not found further investor nor partner, and in our original phase 1 budget, we had the flexibility to still put in one more application, and therefore we decided to include .STUDIO in our submissions. It turns out that it was a reasonable decision and one which allowed us to at a future point leverage for additional funds. Note also that .STUDIO had been divested at a reasonable value early on.

50. I understand that the terms explained here is taken from the "TLD Partnership Agreement" with K2. Further discussion is included in 51 below.

51. The basic terms of the agreement as summarized in your letter in 50 above appears correct and has been communicated and duly reported to the DotAsia Board, of which Joel is part of, since the beginning and at multiple times over the years. Joel was provided with the actual copy upon his request for it.

.BOX

52. As mentioned in 48 and 49 above, the .BOX application (submitted by NS1) is considered a joint application between DotAsia and K2 (at that time).

53. DotAsia, through Namesphere, is envisioned to operate as the Front-End Registry Services Provider, not just responsible for policy oversight but the actual day-to-day operations, marketing and development of the registry. This is reflected in the descriptive part, technical part as well as the financial part of the application. With the agreement from our partners, we had selected ARI to be the back-end registry services provider.

54. As correctly identified in point 55 below in your letter, the matter was reported, discussed and agreed to at the DotAsia Board, with active participation by Joel, to engage in the private auction for .BOX with a strategy to win or lose at US\$3M. As with any auction, there is of course back and forth up bidding coming from each side. I do not recall the specifics of all the back and forth, however, we faithfully implemented the agreed upon strategy. I believe the discussion regarding the private auction for .BOX occurred in late 2014 and early 2015 at multiple board meetings. During which we have duly reported the proceedings and the board agreed to the divestment of the .STUDIO application and then also agreed to the bidding strategy for the .BOX application.

55. The options for moving forward with .STUDIO and .BOX were duly reported to the DotAsia Board, of which Joel is a part of, between late 2014 and early 2015. It is correct that the agreed upon approach is to utilize the US\$1.5M received from the divestment of

the .STUDIO application for the “private auction” for .BOX. It is also correct that we won the .BOX “private auction” at US\$3M and the new gTLD application proceeded to delegation.

56. Following the acquisition of the .BOX gTLD, we immediately proceeded with the preparations to launch .BOX based on the agreed upon application already submitted to ICANN. In fact, we travelled to Toronto in early 2015 specifically to meet up with Chapnik and his team and have prepared Sunrise and Landrush approaches, target dates, and started preparing for startup processes to be filed with ICANN. Unfortunately, at that time Chapnik started to renege on the established agreement. In particular, Chapnik disregarded the agreed upon application, including the key aspects of Namesphere’s role as a front-end registry services provider, which has been included in both the descriptive, technical and financial part of the application to ICANN which had been shared with and received agreement from Chapnik prior to its final submission. Chapnik also insisted that the entity of the new gTLD operator be relocated/assigned to a Cayman Island company. We have immediately indicated our reservations about the approach and urged Chapnik to consider upholding the agreed upon approach as included in the submitted application to ICANN. Nevertheless, we agreed to proceed (at the Toronto meeting) at least to sign the Registry Agreement first with ICANN using NS1 as the entity and then decide on whether and how a new entity should be setup separately, to address the issues raised by Chapnik. We also proposed some rough dates for launching .BOX as prepared and suggested that we work with the processes in parallel. After a purported meeting by Chapnik and Frank Schilling of Uniregistry, Chapnik’s team reneged on another aspect of the partnership, which is the agreed upon backend registry services provider. Nevertheless, as collegial partners, we agreed to engage in evaluating the services of Uniregistry as well as to engage in the contract negotiations with their team. After technical due diligence and further discussions via email, phone and in person, there were a few outstanding items to be clarified by Uniregistry so that we could move forward with switching the backend registry services provider. It was at this point that Uniregistry suddenly became unresponsive and did not respond further to complete the agreement. Later, we were told by Chapnik that Uniregistry no longer agree to the deal. Later we also realized that Frank Schilling, a principal of Uniregistry has been named as the President of Intercap. At the time that Uniregistry suddenly become unresponsive, there was little time left for us to further consider the change of backend registry services provider before the deadline (of if I recall correctly 1 year after the signing of the Registry Agreement) to complete the Pre-Delegation Testing (PDT) and delegation for .BOX. Hence, we acted prudently to proceed with PDT based on the agreed upon backend registry services provider as submitted in the ICANN application to ensure that we continue to be compliant with the ICANN requirements and avoid any default that would risk us losing the rights to .BOX. This approach was presented to Chapnik and his team prior to its execution and no objections to it was received.
57. First of all, we did not agree with the demands from Chapnik to relocate the .BOX Registry Operator entity to a Cayman Island company initially. We explained that we will need to study the matter and also expressed that in general we are reluctant for the change. We had suggested other alternatives such as incorporating another HK company or a Singaporean company as the entity, however, all suggestions were dismissed by Chapnik. In our study we have received concerns about DotAsia as a community-based not-for-profit organization owning a for-profit entity in Cayman Island, with a reputation for being a tax haven. Nevertheless, after clarifying a number of issues with our accountants and auditors, and in the interest of moving forward the .BOX new gTLD, we finally agreed to begin the process of establishing the entity in Cayman Island, in collaboration with Chapnik’s team. At that point, we have also explained that the process would likely be long and not-

straightforward given the fact that DotAsia, which is the major stakeholder in Namesphere, is a not-for-profit organization with an annually rotating Board elected from the Asia Pacific community across multiple jurisdictions. This is a very reasonable understanding given that much of the Cayman Island processes required notarized documents from Board members, and the DotAsia board members are located in multiple jurisdictions across Asia. Eventually, in fact it was found to be impracticable to arrange and an alternative way needed to be pursued before the entity in Cayman could be properly setup. I believe these speaks volume to the continued good faith actions that DotAsia and our team brings to the project. All along this journey, we had at multiple times urged for the .BOX new gTLD to be launched first alongside the administrative process for relocating the Registry Operator entity. These requests were unfortunately dismissed and rejected by Chapnik, who insisted that business operations can only commence after the relocation and ICANN assignment process is complete. When we finally moved through those processes in early 2018 and were hoping to finally be able to move forward with the launch of .BOX, we thereafter received the notice that they have filed the lawsuit against us.

58. We do not know why Uniregistry suddenly retracted. We had diligently followed up with the process and there were only a few minor items left for clarification and we have expressed our general agreement to move forward. What we do know is that they suddenly become unresponsive even after multiple follow ups with them, and that Frank Schilling has been named President of InterCap, and that Chapnik (i.e. InterCap) has filed the lawsuit against us with one of the main items being that we did not complete the agreement with Uniregistry.
59. This was raised as a potential condition for moving forward with .INC however it was not accepted or agreed upon by Chapnik. First of all, we are unsure how it changes the basic 50/50 premise of the undertaking. The proposal was simply to address the issue where in the future when .BOX is launched if there is no agreement on the distribution of dividends and there are profits in the .BOX entity that even where there is no agreement between the 2 50/50 shareholders that at least some % of revenues would be issued out as dividends 50/50. It does not change the structure. Secondly, this was brought up to Joel in the our discussions prior to our finalizing the agreement with Chapnik regarding the .INC private auction, and also explained the DotAsia Board. Nevertheless, again, this was not accepted or agreed upon by Chapnik and perhaps moot at this point.
- 60.
- (1) First of all, the delays were mainly caused by Chapnik's renegeing of the agreed upon approach for .BOX operations, and by his refusal to launch .BOX based on his demands. Secondly, we are uncertain how the logic works in terms of it being a ploy by us to gain control of the gTLD; and finally, we continue to operate in good faith to keep .BOX in good standing and have not taking actions unilaterally against our partner;
 - (2) As explained, we have diligently followed up with Uniregistry and it was Uniregistry who suddenly withdrew from the discussions, and that we later realize that Frank Schilling, a principal of Uniregistry has been named President of InterCap, the company used by Chapnik to hold their 50% of .BOX;
 - (3) DotAsia has no "special deal" or "relationships" with ARI. Whichever back-end registry provider was selected would not have given DotAsia/Namesphere any additional control;

- (4) The processing of documents for the creation of the Cayman Island company as well as the processes through the ICANN process was done dutifully, and that includes our prudent maintenance of the .BOX TLD in good standing and in compliance with ICANN requirements, including fees, reports, audits, etc. We have repeatedly made suggestions and presented plans for the launch of the business operations of .BOX but were dismissed and rejected by Chapnik.
61. I do not recall presenting the change of backend provider nor the change of the Registry Operator entity as a problem with ICANN. There may have been some misunderstanding in this area, in particular potential confusion of my answer to the 2 questions asked of me: 1. Why is ARI used for the delegation process for .BOX; and 2. Why is .BOX not launched. In response to 1, please refer to 56 above. The reason is at the time when Uniregistry suddenly withdrew from the discussions, there was little time left before the deadline. It is under those circumstances that we moved forward, after informing Chapnik and receiving no objections from them. In response to 2, We explained that Chapnik insisted that the relocation of the Registry Operator entity to a Cayman Island company as well as the ICANN assignment process be complete before we discuss business operations and launch of .BOX. Also the characterization of “he wanted to keep” seems misleading. How we presented to the DotAsia board as well as to Chapnik and his team is consistently that 1. we believe that given the lack of agreement, it may be better to proceed with what has been agreed to before; 2. Since agreeing to pursue the Cayman Island company, we no longer advocated the same in that regard; 3. Upon the decision to move forward with the Cayman Island company, and realizing that the Uniregistry deal is no longer forthcoming, we did advocate again as an operational consideration that we proceed at least from the original agreement in the hopes to have the business launched and to rebuild the relationship once .BOX can be launched.
62. As explained above, we have presented target launch dates and startup information and proposed moving forward with the .BOX launch at multiple times through the journey from early 2015 to 2018 when we received notice of the lawsuit. In fact, as late as 2017, prompted by a bona fide interest to utilize a particular .BOX domain by a prominent brand for their new business unit, we tried our best to get Chapnik and his team to agree to launching .BOX earlier since the last steps of the ICANN assignment process should be complete shortly. That was also rejected. The difficulties in the .BOX journey including the Uniregistry discussion and Chapnik’s refusal to launch .BOX until his demands are met were duly reported to the DotAsia Board.
63. DotAsia/Namesphere has successfully completed backend registry services provider change as well as assignment of the Registry Operator for other new gTLDs that we have been involved in, and yes we agree it is a matter that we can operate with. As explained in 61 above, it appears that there may have been confusion of our answers to different questions that were asked of us that may have caused a mixed understanding.
64. The extract from the AGB (Applicant Guidebook for New gTLDs) was provided in response to the question of why the DotPH shares were not issued in April 2012 when the investment was received. At that time, there were still a lot of uncertainties surrounding the ICANN process. As explained in response to 29 above. We were asked of why the shares were not issued immediately and I had explained that there was uncertainty with the ICANN process at that time. Also as explained in response to 29 above, we remain prepared to and committed to honouring the investment from DotPH and issuing the shares accordingly. The

response may also have been contextualized as why the .BOX application (and also .INC / .APP / .HOME applications for that matter) was not updated. Again, this was back in 2012 and the ICANN processes were still very much uncertain. Given what was in the AGB, we believe it was prudent to avoid the changes. Our partners agreed as well at that time, and we have not received any objection or concerns on the matter until recently.

65. See 64 above.
66. See 64 above.
67. DotAsia had prudently and dutifully and successfully completed the assignment processes once it is decided upon.
68. The Shareholder Agreement has been in discussion with Chapnik and his team. A draft had been reviewed and some additional components suggested. On the point of why the Shareholder Agreement has not been complete, it is Chapnik that insisted that the Shareholders Agreement be signed only for the Cayman Island company and after the completion of the ICANN assignment process. In fact, since 2018 when we received the notice from ICANN of the completion of the assignment process that was one of the first thing we reminded Chapnik's team about and were looking forward to moving ahead with it. Unfortunately, shortly thereafter, we received the notice of the lawsuit from them.
69. It is certainly true that DotAsia (and hence Namesphere given that DotAsia remains as a majority shareholder), prefers supporting new gTLDs based out of the Asia Pacific region. The issues and demands raised by Chapnik was duly reported to and discussed with the DotAsia Board. We have also reported that we sought other possibilities such as incorporating in Singapore. However they were ultimately dismissed by Chapnik. We had also reported that we may eventually yield to the demands of Chapnik in the interest of pushing forward to launch .BOX which is our overarching goal, aligned with our interest to develop the new gTLDs for actual utilization by the Internet community. This was brought up to and discussed at the DotAsia Board as well. Eventually, in the interests of pushing forward to launch .BOX and make .BOX available for Internet users around the world, we yielded to the demands by Chapnik. That was also duly reported to the DotAsia board, we also alerted the board that the process may be long and would require their support to complete. We did not receive any objections or received any concerns with our approach on the matter at the times this was discussed.
70. First of all, at the time of the said discussion between Chapnik and Joel, we have received the lawsuit filed against us by Chapnik. The merits of their claims have already been addressed briefly in 60 above. At this time, it has become more clear that Chapnik has been trying to push us over since we jointly acquired the rights to .BOX. First by rejecting the fact that Namesphere is supposed to be established as the front-end registry services provider for .BOX, which has been agreed upon and included in the proposal submitted to ICANN, and then refusing and thus delaying the launch of the .BOX new gTLD by demanding for the change of Registry Operator entity to the Cayman Islands, and then manufacturing a deal for a switch of the backend registry services provider to Uniregistry which we were asked to negotiate and complete, in which after much discussions Uniregistry suddenly withdrew, only to find out that the principal of Uniregistry has been later named as the President of InterCap (which is the entity Chapnik uses to hold his 50% of .BOX), and then finally making claims through a lawsuit filed against us based on the above actions driven by Chapnik.

Whether these manoeuvres were contemplated in bad faith or not is beyond our scope here to speculate, nevertheless the above are facts to be considered. We as DotAsia and me personally remain confident that we have entered into all the dealings with good faith and with a high level of integrity. Many people have seen me and my team at DotAsia operate in matters relating to .Asia, for the Asia Pacific Internet Community as well as for the global Internet community. I strongly believe that many of our partners and colleagues in the industry will attest to our conduct and integrity in all our dealings.

.INC

71. As you have noted, we continue to duly report the progress, development and activities of Namesphere and the respective new gTLD applications it is working on to the DotAsia Board. I believe however that the Jan 14, 2015 discussion was mainly about .BOX and our “price negotiation” cum “private auction” with Amazon. In particular the strategy for winning or losing at US\$3M was discussed and confirmed. It may have been in early 2017 that I had reported to the board regarding the possibility of pulling together a private auction for .INC.
72. The joint effort with Joel and DotPH to raise funds for Namesphere overall began in 2013, and if I recall correctly, I believe the discussions specifically for .INC private auction began as early as February 2017, shortly after we first received information from Applicant Auction that there may be interest among the applicants for .INC to enter into a private auction. Between February and May of 2017 we actively tried to raise funds together with DotPH, and the discussion in terms of strategy for participating in the private auction was discussed through this period of time.
73. Prior to agreeing to enter into the private auction, the terms and conditions for Namesphere’s participation were agreed upon together with Joel and DotPH. It is unclear how the following conclusion was arrived at: “that the decision not to participate in the .INC bid was very costly for Namesphere”. In the agreed upon approach, Namesphere stood to gain no matter if our partner (Chapnik) won or lost in the private auction. If our application lost in the auction, we would share the proceeds with our partner 50/50, if our application won in the auction, we would have double, i.e. 100%, the return on our investment. The decision did not incur any additional cost or loss to Namesphere.
74. See 72 for a more complete background of the discussion with Joel/DotPH on the .INC private auction. It is important to take the conversation in the full context through the discussions. The original projection and value for .INC was developed at an estimation of around US\$10-20M, under Joel’s request, the valuation was increased to US\$60M for presentation. Furthermore, given the high auction results for .APP, .SHOP and .WEB the 2 years immediately before (in 2015-2016), it is not unreasonable to estimate something a bit higher than what was originally estimated. Also it is important to put the answer in the context of the question, which was, what is “needed to win”, i.e. as we understood it would be a war chest big enough to win for sure. This is very different than “what is the estimated value of”. For the former, if we are raising funds to win the auction, then we will need to raise more than enough, to ensure that we win, and hence, to be conservative, I had suggested to use what Joel had envisioned as the level of investment to be raised. That is quite different from the estimated value, which again in an operational stand point of a new gTLD with revenues coming from domain registrations, then our estimation remains around US\$10-20. It is not appropriate to pick out one or two numbers over a protracted discussion about the issue. At best one can conclude, which is an appropriate way to characterise it, is that there is a large uncertainty in what will eventually be the winning bid (Note this is not

what was asked, again, what was asked was, in context, was how much should be raised to try to win the new gTLD). The characterization of “on the basis that Mr Chapnik will bid, but is likely to lose” is inaccurate. At best it can be characterized as “with a hope that Mr. Chapnik may bid and lose”. Given the uncertainties and large variance in terms of estimation, it is unreasonable to form any solid “basis”.

75. From what I recall, more than 2 options were discussed in the dialogue including in the said transcript from text chat, as well as over multiple phone calls. More importantly, the suggestion to open the discussion together with Joel and Chapnik was made at multiple junctures. Ultimately it was decided that we would proceed based on the understanding as eventually incorporated into the .INC agreement with Chapnik.
76. It is important to put into context that in the said transcript, I also mentioned that based on what I understand, Chapnik have bid up to around US\$15M for the .APP auction, and I had mentioned that Chapnik may bid up to US\$20M. It is incorrect and unreasonable to point at only one of the many estimates provided given the high level of uncertainty to characterize the combined estimate to be “wrong”. In fact, the estimation was not far off, from a high of US\$20M to a low of US\$12M. Nevertheless the point is not even whether the estimates were “right or wrong” nor even “accurate or inaccurate”, the key point is that it is an environment with high uncertainty. I cannot recall the conversation in detail, however, I do not believe that the characterization that I “restricted the options to two” is appropriate. I do recall clearly that at multiple points of the conversation, I had emphasized that I am personally relatively neutral on whether to stay with the then current arrangement with Chapnik and go to ICANN auction (with a possibility to reengage in private auction later but before the ICANN auction), or accept Chapnik’s demand and proceed with private auction. I did provide my analysis of the situation and what I believed to be the best approach based on the fact that we know for sure that regardless of whether we win or lose the private auction, we would have a positive payout and return on the investment. I believe I have also provided my analysis that if we stay with the then current arrangement and went to ICANN auction with Chapnik, we would have a bit more time to raise funds to bid on par with him. Please see response to 60 above for more discussions on the said lawsuit.
77. As mentioned in response to 76 above, my recollection of the phone call was that various options were explored, including the 2 identified. The statement of going “to an ICANN auction and get nothing” is also inaccurate. We could win the auction for .INC together and retain the ownership of .INC in proportion to what we are able to raise to bid for .INC at the ICANN auction. Most importantly, in the conversation I made it clear to Joel that from the standpoint of DotAsia, of which I put as the priority for my consideration on the matter, we are relatively neutral to whichever direction is taken, and therefore the key decision is upon Joel and DotPH on whether or not to move forward and also how we wish to move forward. The reason why DotAsia was neutral, as I explained to Joel then was because of 1. Our nature as a not-for-profit organization; and 2. Our objectives for the new gTLD program was to support new gTLD applicants in navigating the ICANN process and operate the new gTLD (through Namesphere). Given that Chapnik has already demonstrated that he will renege on the agreed upon terms for Namesphere to be the front-end registry services provider of .INC, the benefits of retaining a small percentage shareholdership of .INC or not does not present a substantive difference to DotAsia’s motivation, because we are unlikely to be able to contribute further. Therefore the worst case scenario in both approaches are roughly equal.

78. As mentioned in response to 72 above, the discussions with Joel regarding a likely private auction for .INC began at least as early as February 2017, and exploration of potentially having a private auction for .INC began even earlier since 2013/2014. In your letter under 76, you accurately identify that we have explained to Joel that Chapnik is a difficult partner, therefore it does not seem to make sense to argue that such situation has not been represented to Joel. In fact, we have specifically explained that Chapnik is difficult to deal with given the experience with .BOX, the delays experienced, and most importantly his demonstrated inclination to renege on agreed upon approaches to launch and operate the new gTLD.
79. As explained in response to 72 above, the discussions with Joel specifically about a private auction for .INC began much earlier in the year. In fact, between February and May 2017, we (together with Joel/DotPH) actively pursued raising funds for engaging in bidding for .INC. It is therefore inaccurate to say that a very short time was given to come to agreement. The date and setup of the private auction, as I understood it, was such that if by a certain date not all parties agreed to join, it will no longer be valid, and may no longer resume. That is the information provided, and it is incorrect to characterise such information as being a threat. I do not recall nor understand why this auction would have anything to do to prejudice other auctions, let alone that at that time, no other new gTLD application that DotAsia/Namesphere is involved in is looking towards a private auction. The fact that the private auction was eventually delayed does not change the information we have received and used as basis for decision at the point of decision. Hindsight re-examination of decisions taken must consider the information received at the time of the decision and not afterwards. Again, I believe we can agree that this is a discussion about issues that contain a high level of uncertainty, it would not be possible to predict the inclinations of all the parties involved, nor is it reasonable to base any argument against such predictions on hindsight. On the question of having more time to raise additional funds, there are 2 important points to consider: 1. as mentioned in response to 76 above, we did provide our view that if time is a concern, we should consider taking a step back and raising funds for an ICANN auction with a possibility that a private auction may still be convened at a later date; 2. Given that we have tried to raise funds since 2013/2014 and also the efforts earlier in the year in 2017, at the time of that discussion, further investments did not appear to be forthcoming within a short timeframe.
80. The existence of the agreement with K2 (sometimes termed J&J because of the 2 Jasons: Jason Chapnik and Jason Hendeles involved) and the respective pertinent terms were duly reported to the DotAsia Board prior to the submission of the new gTLD applications, and repeatedly reported at multiple times through the journey of the new gTLD program. We have not received concerns with the terms of the agreement until recently. The agreement was provided upon request.
81. As mentioned in response to 80 and 51 above, the terms of the agreement was presented to the DotAsia Board, of which Joel was part of, and consultation, including Joel was sought before its finalization. In fact, during the discussions about the 4 new gTLDs involved over the years, Joel had demonstrated knowledge of such terms of the agreement. We have not received concerns with the terms of the agreement until recently.
82. First of all, specifically on .INC, if it was Joel's desire at that time, he could have participated directly in negotiating with Chapnik, and the opportunity for Joel to do so was suggested at multiple times in the discussion about .INC. Whether or not interest from .INC (GTLD Ltd.) can be, or is, transferred to Joel prior to the auction should have no effect on his ability to

exert his rights if he chose to do so. Joel's claims to his investment into Namesphere and the respective new gTLDs in particular have not been a point of contention, and has continued to be upheld by DotAsia/Namesphere. Secondly the mechanism regarding the 50/50 joint bid and the ability to bid more or less has been reasonably well explained and reported to the DotAsia Board at multiple times. In the discussion regarding the .INC private auction, Joel had also brought up bidding more or less as a potential strategy, which demonstrates his understanding of the mechanism as anticipated by the agreement.

83. It is correct that I had reported to Joel these demands from Chapnik. One point of clarification though is that we understand that it is possible to look at a multiplier of the Namesphere investment portion into .INC which is considered 50% of the ICANN application fee up to that point, and not 3 or 4 times the ICANN application fee. Eventually, Chapnik only agreed to 2 times our investment and Joel was provided with that information before we confirmed and agreed to proceed with the .INC private auction.
84. When the agreement to enter into the new gTLD applications jointly with K2 (subsequently became Chapnik, as explained in response to 48 above) was discussed, none of the parties involved, including Joel and the DotAsia Board had envisioned private auctions to be held among new gTLD applicants. It is therefore natural to understand that the agreement did not apply to private auctions. The concept of "payout to losing applicants" did not exist at the time we entered into the agreement.
85. I recall at multiple times during the course of the discussion reminded Joel (and Chapnik) in fact, that my estimation of the operational value of .INC is placed at between US\$10-20M (i.e. to operate .INC as a regular new gTLD offering 2nd level domain registrations). At some time during the process of raising financing for Namesphere and .INC in particular, Joel asked me to develop a plan that increased the valuation to US\$60M believing that should be more appropriate, and he has at various times expressed that he can see the valuation go even further.
86. The general investment from Joel/DotPH into Namesphere and the specific investment into .INC has been duly recorded, acknowledged and upheld. This is consistent with the many update reports stating their existence and acceptance at DotAsia Board meetings. The discussion regarding the DotPH investments into Namesphere are included with more explanations in response to 1-46 above.
87. I have informed Chapnik that there are other shareholders in Namesphere and the portion held by Namesphere in .INC. I was not aware nor recall being given the instructions to disclose specifically the identities of those investors. I would have no hesitation to make such information known had it been asked of me. Also I have informed Chapnik specifically of another substantive investor for the 50% of .INC held by Namesphere, and have also informed him that it is possible the investor would like to discuss with him the matters of .INC. I am unsure what it means by "had no apparent legal position". Again, the investment from Joel/DotPH into Namesphere and the specific investment into .INC has been upheld. While I am not a lawyer, as a layman and with all the clear recorded evidence of such investments, it appears to me that there is no doubt that Joel has claims to his rights. As a further illustration that Joel/DotPH's rights were upheld, duly upon receipt of the funds from the results of the private auction, and given that Joel/DotPH had requested so, the respective proportion, i.e. 60% of the proceeds of 2x (50% of US\$185,000) = 60% of 2x US\$92,500 = US\$111,000 was transferred to DotPH.

88. The proposition of alternative line of actions and what may or may not have happened appears to be highly speculative. It was unknown what the final bid would have been and it was not possible to make such calculations at the point of the decision. Furthermore, the key point is that we have acted in accordance with Joel's decision to engage in the terms as proposed. We could have decided not to proceed with the proposed approach by Chapnik, but the decision by Joel was to move forward. In the pre-auction discussions we have specifically talked about the possible scenario of being a minority shareholder of .INC and as explained then, due to the disclosed experience with Chapnik in that he is difficult to work with as illustrated by the experience with .BOX, and have specifically talked about the potential scenario where we would win the auction. Those appear to remain the key points pertinent to the decisions made at the point of time of the decision. Even hindsight speculation must take into consideration the high uncertainties and the information received at the time of the decision for such consideration to be reasonable.
89. I am unaware that Namesphere could have invested any monies into the .INC auction at the time of the auction. No discussions at the DotAsia Board indicated such position. In fact, the DotAsia Board did discuss that the second tranche of the DotAsia investment (originally set as US\$500K but reduced to US\$385K) would no longer be applied to auction/launch but only launch of Namesphere. For discussions about the valuation of .INC, please refer to the response to 85 above. It does not appear to be reasonable to attribute a figurative monetary loss to a speculative valuation against hypothetical alternative actions that were in fact duly discussed and jointly agreed otherwise. In actual fact, in summary of the .INC venture, Namesphere invested US\$92,500 into .INC and had a 100% return on investment of US\$185,000.
90. It appears irrelevant what the speculative value of .INC should be.
91. The lesser bid option was discussed. In fact, the lesser bid option was discussed in further depth in considering what Chapnik may ask for in terms of the split if we lose in the private auction. In particular, the option was explored with a possibility that if we ask for the lesser bid option in the private auction, it may be reasonable for Chapnik to request then that if we lose the auction, the proceeds to be split not in 50/50 but rather in the ratio of our respective bids. The possibility of this scenario made the lesser bid option less attractive. The fact that Chapnik was difficult to work with is evidenced by both his actions against us on .BOX (as explained in response to 56-60 above) and his expression as paraphrased in your letter that "he refused to do any further business with Mr Chung". I have duly reported the delays experienced in the launch of .BOX to the DotAsia Board and explained the conditions of the relationship with Chapnik reasonably. We believe it is reasonable given our stake in .BOX to continue to try our best to work with Chapnik towards the launch of .BOX. Nevertheless, specifically on .INC, the lesser bid option was discussed and it was agreed that it is not a preferred option. Otherwise, we would not have proceeded as we did.
92. It appears that neither Chapnik nor us should be dictating the terms. As presented to the DotAsia Board and to Joel, we had understood the applications to be joint applications at 50/50 with our partner K2 (which eventually became Chapnik). We therefore believe it is prudent to uphold our obligations towards that understanding and seek agreement with all parties before proceeding. And that goes to actions on all the applications and subsequently the gTLDs if the investment level remain 50/50.
93. The delays experienced at .BOX and that our partners have been difficult and demanding is known, what was unknown at that time is that Chapnik would later file a lawsuit against us

to further his demands. The terms of the partnership, in particular that we treat the 4 applications to be 50/50 joint applications, along with the bidding rights was explained at length since the beginning. The registered shareholding structure of GTLD Ltd was also presented at multiple occasions to the DotAsia Board of which Joel is part of, and also disclosed in the .INC application at ICANN posted publicly. We believe we have provided and represented at the best of our knowledge all the relevant information and described the circumstances we were faced, whether it is our relationship with our partner Chapnik and the experience with .BOX or the situation with the private auction and our understanding of the industry. The reality is that the conditions we were facing at that time involved a very high level of uncertainties.

94. We entered the agreement with Chapnik in good faith, with the understanding that we are 50/50 joint applicants for all the applications. It appears to us not to be in good faith if we would disregard the interests of our partners.
95. We are uncertain about this interpretation that "There seems to have been a common misunderstanding that the JV Agreement provided a 50:50 shareholding in each of the TLD registry companies." Based on the discussions and understanding with our partners when the project began, we had understood that the 4 new gTLD applications were jointly submitted in a 50/50 ownership. We each held 2 of the applications as custodians for the joint effort. As we understood it, Chapnik did not indicate that he no longer wished to work together on .INC, in fact, as I recall, Chapnik specifically mentioned that they continue to recognize the terms laid out in the agreement. This is also why we explained that we could, as anticipated from the beginning, i.e. to follow through with the ICANN auction and continue to bid at par, above or below our partners as understood in the agreement. At the point of the private auction, we had understood it to be something separate from the anticipated ICANN auction and therefore should require agreement to move forward on. It does not seem to be appropriate to unilaterally decide on such matters without the acceptance from our partners.
96. We did not understand that GTLD Ltd. raised US\$16M. It has been confirmed, based on our records and understanding (including confirmation by our auditors and/or ICANN where applicable):
 - (1) that we made an application for the .INC new gTLD through the ICANN Process;
 - (2) that the US\$60,000 funds from DotPH for 30% of the application was received;
 - (3) that the agreement with our partner K2 (and then Chapnik) was maintained and related to the company, and finally
 - (4) the .INC new gTLD application was divested and a pay-out of 60% of the proceeds = US\$111,000 to DotPH has been executed according to agreements.
97. First of all, it is unclear how the discussion related to .BOX would harm GTLD, .INC or Namesphere's position on .INC. Then also, the suggestion was not considered by Chapnik with any relation to .INC therefore neither was there any deal nor did it bring any impact on .INC. Further discussion is included in response to 59 above.
98. That we are having problems with our partner for .BOX (and the other 3 new gTLDs filed together) was reported at multiple DotAsia Board meetings. And the fact that we were

discussing how to approach and change the original agreement to enter into private auction was also discussed. The options suggested by Chapnik were also conveyed to Joel and our strategy of negotiating fully discussed and agreed upon before it was executed on. We also believe given all the circumstances and the high level of uncertainties at the time, it remains a reasonable direction to have been taken. Furthermore, it seems unclear even in hindsight, at least based on the results of .INC up to this point, almost 2 years from when the .INC private auction was completed, whether being a minority shareholder in .INC would have been a more profitable option. Nevertheless, hindsight speculation does not appear to be an appropriate way to analyse the integrity of recommendations or discussions held under conditions with high uncertainties, which we were in.

99. The opportunity for Joel to engage directly in the discussions with Chapnik was suggested at multiple junctures through the discussion. Joel finally declined to do so. Regardless of the shares allocation, we believe his interests were upheld. And decisions on .INC was taken with his full consent and knowledge.
100. Based on the facts we understand, we are uncertain why there are any losses, if any, sustained by DotPH in .INC. DotPH invested US\$60,000, and was paid out US\$111,000. Overall Namesphere (including DotPH) invested US\$92,500 and was paid out US\$185,000, a 100% return on investment on the project.

.SPA

101. We have consistently reported that .SPA is filed by a Spa and Wellness community organization: Asia Spa and Wellness Promotion Council (ASWPC). There is an understanding with ASWPC that if we win the ICANN bid, a separate instrument (whether as a separate company or contract or otherwise) would be setup which would reflect a 50/50 stake in the commercial undertaking of .SPA between ASWPC and Namesphere. The fact that upon winning the rights to operate .SPA, we have had thorough and agreeable discussions with ASWPC and have come to understandings which have been put into draft agreements which have been repeatedly acknowledged by ASWPC as reflecting the understanding are good evidence that the Namesphere interest is properly acknowledged.
102. Namesphere and ASWPC worked very hard jointly to successfully win the rights to operate the .SPA community new gTLD. In the process, we have also worked closely with the GAC, the City of Spa (of which was where the word "spa" came from) and the global Spa and Wellness community. This is a testimony to the quality and perseverance of DotAsia/Namesphere's work in the new gTLD program.
103. We are uncertain what "delays" are being referred to. There appears to be 2 components, one of which pertaining ICANN new gTLD application evaluation process, and another one pertaining the Registry Agreement process. Having participated in the ICANN processes, we understand the uncertainties and potential for drawn-out processes. We understand also that as we participate in improving the efficiency and effectiveness of the ICANN multistakeholder processes, it is important also for ICANN to evaluate each new gTLD application with great care taking into consideration the global public interest. We believe it is with this understanding, patience and perseverance that allowed us to prevail in our bid for the rights to operate the .SPA community gTLD, and we also believe it is important to continue with this resolve in this project to ensure that we can maintain this community gTLD for the benefit of the community we serve as well as the Internet community at large. Likewise, in the matter of Registry Agreement ("RA") specifically for .SPA. First of all, the

Base Agreement for all new gTLDs have been posted publicly since the beginning of the program and has been updated most recently in 2017, this part of the agreement would not require too much negotiation, and also would be difficult to negotiate with ICANN besides participating in the overall amendment process. As a community new gTLD, .SPA also has a "Specification 12" included in its RA, for that, drafts have been provided to Joel for his consideration and updates to the discussion provided duly. Nevertheless, on Specifications 12, the aim is to capture the community aspects from the .SPA community new gTLD community definition, processes and policies from the submitted proposal to ICANN. The .SPA proposal has been submitted to ICANN in 2012 and all components pertinent to the community definition and framework have been publicly posted. Copies of which has also been provided to Joel. We have not received any concerns with the language in the draft .SPA Registry Agreement that could specifically relate to potentially causing "seriously damage the commercial success of .SPA".

104. First of all we believe that the value Namesphere (and DotAsia) brings to the .SPA community gTLD is beyond its capital investment and shareholding. This belief is shared by our partner ASWPC. Since even before the successful fending off of the challenges from other competing applicants late last year (2018), discussions involving Joel had commenced regarding the launch of .SPA as well as the contractual structure moving forward. A number of discussions were held between Namesphere, DotPH and ASWPC, including a face to face meeting spanning 2 days in Manila in late 2018. The outcomes from the Manila has been incorporated into a series of draft agreements (attached herein). ASWPC has confirmed that the drafts faithfully reflect the discussions held in Manila. We have not received specific suggestions from DotPH regarding the draft agreements. In addition, a special DotAsia Board plus Namesphere meeting was held at the request of Joel on the matter and the outcomes of which had also already been incorporated into the drafts.

Namesphere Expenditures

105. Namesphere (and related companies) maintain separate account books as separate legal entities. Because DotAsia is a majority shareholder, and thus Namesphere (and related companies) are affiliates of DotAsia, DotAsia is also required to produce a consolidated set of audited financials that include Namesphere (and related companies). Only traveling of personnel for Namesphere work is allocated to Namesphere. No traveling expense was recorded before 2014 (in fact no transactions allocated to Namesphere was recorded before its incorporation on March 21, 2012, with the first transaction being the cost of registering the company). Tommy Matsumoto was engaged as a consultant for Namesphere with a retainer and success fee to assist Namesphere in raising funds. This was duly presented to the DotAsia Board, of which Joel is a part of, before the engagement in 2015 and received no objection on the undertaking. Unfortunately, the effort has been unsuccessful and the contract has been terminated at this point.

106.

- (1) Line 3: The said US\$126,244.09 include ICANN fees, data escrow fees (to escrow service provider NCC Group), and LOC fees (bank fees) for the Continued Operations Instrument (COI) requirements of ICANN. Detailed transaction records for each expenditure are included in Appendix A: TLD Operation Fees (ICANN Fees and Data Escrow). All of these are essential to maintain the respective gTLDs in good standing with ICANN compliance.

- (2) Line 3.1: Namesphere currently maintains the LOC for the COI requirements of ICANN for .BOX. In the beginning, Namesphere arranged for and maintained the LOC for the COI for the 2 new gTLDs submitted through us in the partnership with K2, namely, .BOX and .INC, while K2 arranged for and maintained the LOC for the COI for the .APP and .HOME applications. We are uncertain what is referred to as “the credit for .spa; \$35,378”. From the Namesphere Income and Expense summary, the number of US\$35,378 can be found at the Item Total for “Deposit (LOC for COI Requirement)”. That in turn includes 1. “US\$767” for .SPA, which is based on 2 transactions: a deposit received by Namesphere for the .SPA COI of US\$35,500 and the actual deposit used for the .SPA COI of US\$34,733 leaving behind US\$767 unspent; and, 2. “-US\$36,145” under .BOX, which is based also on 2 transactions, US\$35,500 for the deposit used for the .BOX COI, and US\$645.26 maintained as a minimum bank deposit at the Shanghai Commercial Bank account setup for the LOC.
- (3) Line 5: Afiliias was selected as the backend registry services provider for the PCCW brand gTLDs. Each of them have been delegated and is using Afiliias as the backend registry services provider. We charge the PCCW group fees for Front End Registry Services which in this case includes provision of the backend registry services through Afiliias. PCCW group pays us our fees and we in turn pay part of that to Afiliias. Detailed transactions and payment to Afiliias that add up to US\$168,280 is included in Appendix B: Afiliias Backend fees for PCCW group. It appears that the second part of this section of the letter should actually be related to 106(4) below, so it will be responded further together below.
- (4) Lines 6.1, 6.2 and 6.3: The sums identified represent Staff/Consultants: US\$645,586; Office: US\$22,320 and Travel expenses: US\$51,876 respectively. Details of the transactions are included in Appendix C: Admin Expenses (Staff/Consultants, Office and Travel). Staff cost allocation to Namesphere and the framework for how it is calculated was discussed at multiple DotAsia Board meetings in 2015 prior to its implementation that year. In particular, when the Namesphere financials were presented to the DotAsia Board at the end of that year, active discussion about how the allocations were arrived at was had with the DotAsia Board, including active participation by Joel. The questions raised were duly responded to and no objections or concerns were received regarding the approach and handling of which. Prior to 2015, staff costs were not allocated from DotAsia to Namesphere.

Percentage allocation of staff time dedicated to Namesphere business is included in Appendix C and used for the calculations for Staff / Personnel cost applied in 2015 (US\$220,280.33), 2016 (US\$153,789.03), 2017 (US\$119,983.00) and 2018 (US\$61,470.00) respectively. Staff / Personnel costs applied in 2015 include salaries for Michael Lu. For consultants, the retaining of Tommy (Toshifumi) Matsumoto to support fund raising activities has been explained in response to 105 above. In addition, 2 engineers were engaged (LEE Ka Keung and LAW Shiu Wing, Robin) for the development of the .BOX personal/mesh computing system (i.e. utilization of DNS technologies for Device Identity Management systems for the Internet of Things) conceptualized to support the .BOX new gTLD launch. This project was presented to the DotAsia Board at multiple monthly and face-to-face meetings and received no objection for proceeding forward. In fact, feedback on the development was obtained from the DotAsia Board including from Joel. Unfortunately, the mesh computing system development was not very successful and the project has been

terminated since we received notice of the lawsuit against us on .BOX.

We believe that allocation of Office costs are reasonable given that DotAsia personnel has been allocated to support Namesphere work, and DotAsia premises is used for such work, including costs to space as well as technical support, e.g. Internet and telecommunications facilities, in the office. The allocation of office costs are applied in accordance with the number of personnel and the respective times they spent on Namesphere business. This framework was also discussed together with the DotAsia Staff cost allocation at the DotAsia Board. Details of the calculations are Included in Appendix C.

As explained in response to 105 above, only travel expenses of personnel for Namesphere work is allocated to Namesphere. These include travel by DotAsia staff as well as consultant engaged for fund raising activities.

- (5) Line 6.7: It is correct that part of the included legal fees pertain the .BOX litigation (US\$41,473). The issue of how the litigation costs are to be allocated was discussed at the DotAsia Board, and the directive from that discussion was that all costs are to be temporarily allocated to Namesphere first pending further review. Legal fees were also incurred in defending the .HOME application against objection (US\$8,216). One of the .HOME applicants lodged a legal rights objection against our application (and other applications for that matter), we retained legal counsel to respond to the objection in the ICANN new gTLD objection process.

107.

- (1) As explained in response to 49 and 92 above, we have entered into the arrangement with K2 with the understanding that all the 4 new gTLD applications are held jointly at 50/50. Because we lost in the .APP ICANN auction, the refund amount (in accordance with the AGB) is US\$37,000, our share for the refund is therefore US\$18,500. .HOME is put on hold indefinitely by ICANN due to the Names Collision issue. As such, ICANN has offered a full refund of the application at US\$185,000, therefore our share for the refund is US\$92,500. Together they total US\$111,000.
- (2) This is not a payment or anticipated payment from Afilias. This is a reflection of the level of losses sustained by .WEBinChinese up to now (mainly including the ICANN fees for the application of the new gTLD as well as the ongoing ICANN fees for the maintenance of the gTLD). Shortly after being in the position to launch .WEBinChinese, the Ministry of Industry and Information Technology (MIIT) started enforcing their license requirements for new gTLDs in China. Hence, .WEBinChinese was taken off the shelf from Registrars. We have finally obtained the MIIT license for .WEBinChinese earlier in the year and are working with Afilias to relaunch the IDN new gTLD later this year. When Afilias purchased the 50% of the .WEBinChinese IDN new gTLD, that cumulative loss is assumed 50% by Afilias.
- (3) None of these new gTLD applications retained our services as Front End Registry Services Provider and therefore no revenues or income has been received from them.

108. As with all investments into Namesphere, DotAsia's portion has been booked as a loan to Namesphere (including the companies under the Namesphere group) until shares entitlement/structure is registered/formalized. The reason that the amounts from DotAsia is not shown in the DotAsia Consolidated financials is because that it has been consolidated, i.e. a loan from DotAsia to its affiliate, in this case Namesphere, is cancelled out in the Consolidated financials. Nevertheless, the actual cash for the US\$500K from DotAsia (plus the US\$300K from DotPH and US\$200K from ER3 for that matter) was used for the submission of the applications to ICANN and corresponding fees. This is evidenced by the cash transactions pertaining such activities as shown further in Appendix D: Namesphere Startup (Phase 1) Costs.

From the calculations (in Appendix D) you will see that up to July 2012, i.e. up to and including the completion of submission process for the new gTLD program, a total of US\$1,007,066.92 was expensed, whereas a total of US\$501,286.32 (-US\$1,286.32 of the nominal capital for Namesphere)= US\$500,000 was received as investments representing the investments from: DotPH (US\$180,000+US\$60,000+US\$60,000)=US\$300,000 + US\$200,000 from ER3. Hence in phase 1 DotAsia had put up a total of US\$1,007,066.9 – US\$500,000 = US\$507,066.92 in cash to Namesphere.

There is an additional US\$20K deposit due to the fact that one other staff member responded to the call to invest in 2012, however the person had not followed through with depositing the funds. The latter deposit represents a replacement.

109. See response for 107(1).
110. As mentioned in response to 3 and 4(5) above, Namesphere does maintain independent accounting and financial audits of Namesphere (and related companies) have been conducted on a regular basis and provided to the DotAsia Board for consideration. Namesphere and related companies are included in annual audits as part of the consolidated financials for DotAsia. Separate audit reports for each individual company were also prepared by a different accounting firm (on a non-consolidated basis) for each fiscal year up to Sep 2015. The annual audit reports for these companies from 2016 to 2018 are being procured at the moment. All of the above has been provided further upon request. Furthermore, detailed cash transaction records as well as summarized transaction records were produced and provided. Separate books of accounts are setup for Namesphere and related companies.
111. Detailed allocation of costs and transactions corresponding to each of the new gTLD project have been provided. If regarding personnel costs, it is unreasonable at this or prior point in time, to account for allocation of time distinguished between different new gTLD projects. For example, raising funds for Namesphere has been considered an overall exercise. While there were potential investors who were primarily interested in one or some of the new gTLDs involved, we often also put forward the entire portfolio and with Namesphere's Front-End Registry Services as an investment opportunity as well. The time split and hence cost allocation between the two does not appear to be useful.
112. The issue of having a separate bank account for Namesphere has been raised also at the DotAsia Board discussions. The DotAsia Board understands that this is part and parcel to the overall discussion that your letter addresses and will look to take appropriate steps further to implement the resolutions of the matters at that time, including in response to this specific demand.

113. Please see response to 112 above. Likewise, this specific demand will be further responded to as part of the implementation for the resolution of the matters as a whole. Nevertheless, the fact that I have been part of the team from DotAsia Staff supporting the Namesphere operations had been discussed at multiple DotAsia Board meetings and agreed to. Also as mentioned in response to 9 above, in 2015, discussions at the DotAsia Board observed that since additional investment into Namesphere may require more work and that given the potential economies of scale, DotAsia should support the operations of Namesphere directly until it can become viable independently. Nevertheless, since the raising of some of the items in this letter by Joel now, the DotAsia Board is further reviewing on expediting the process for Namesphere to become an operationally independent company from DotAsia.

Summary

114. As observed in response to 112 above and as your letter points out in 116 below, many of the demands included in the letter will be discussed and addressed in the overall mediation process and the outcomes of which is expected to contain further direction on specific steps to take for the resolution of the issues.
- (1) As mentioned in response to 4(1), 4(2), 19 and 30 above, we continue to be prepared to make the issuance of the shares to DotPH in accordance with its investment into Namesphere. At no point were requests to issuance of such shares been denied or withheld. As also mentioned in response to 23 above, the actual issuance of the shares nevertheless does require process at the DotAsia Board to complete such issuance.
 - (2) Since Joel brought up the equity stake in accordance with investment levels into Namesphere as a contention, we have been firstly providing historical information on what transpired and then also immediately working to explore ways to address the disagreement. As you have pointed out in 116 of your letter, we have also taken the initiative constructively to enter into mediation, and this is one of the things to be addressed in the mediation process.
 - (3) Independent and separate books of accounts are put in place, and audited financial reports are produced for each individual Namesphere related company since 2012. As mentioned in response to 4(5) and 110 above, the individual company level financial reports for years up to 2015 has been compiled, and the auditors are completing the annual financial reports currently for the years from 2016-2018. All of the audited reports completed has been provided upon request. As mentioned in response to 112 above, the matter of opening bank account will be addressed as part of the outcomes from the mediation. In general nevertheless, the direction towards having a separate bank account for Namesphere is clear.
 - (4) If any items were found to be mistaken, they should duly be corrected.
 - (5) See response to 108 above and Appendix D: Namesphere Startup (Phase 1) Costs, below for detailed expenses incurred at that phase. In short, a total of US\$1,007,066.92 was expensed (for ICANN application fees, incorporation fees, and other necessary costs to complete the ICANN application submissions), whereas a total of US\$500,000 investments were received from: DotPH (US\$300,000) and ER3 (US\$200,000). Hence in phase 1 DotAsia had put up a total of US\$507,066.92 in cash

to Namesphere.

As explained to Joel/DotPH and also in response to 15 above, the cash contribution to the .SPA application is not strictly proportional. ASWPC had provided the majority of cash: US\$150,500 for the ICANN fees and COI requirements for a confirmed 50% stake to the profits from the TLD operations. DotPH invested US\$60,000 and confirmed for 30% stake overall to the profits from the TLD operations through Namesphere's 50%. DotAsia/Namesphere provided the rest of the funds as well as prepared the application and supported the community priority evaluation (CPE) processes to win the .SPA community gTLD for 20% stake to the profits from the TLD operations (from the 50%) as well as a contract to operate as the Front-End Registry Services Provider for .SPA as stipulated in the proposal submitted to ICANN.

- (6) As explained in responses to 71-100 above, our records indicate a positive return on investment on the .INC project. In particular, DotPH invested US\$60,000 and received a pay-out of US\$111,000. We understand that hindsight speculation can produce alternative lines of actions, however, such speculation must understand that at the point of decision we were in an environment with high uncertainty, and more importantly, analysis should focus on information as they were available at the point of decision. Nevertheless, as mentioned, we look forward to discussing the many issues raised in more depth and context to find a way forward on the matter.
 - (7) Since .SPA is a joint project for a community new gTLD with ASWPC, DotAsia should not unilaterally change the structure of the operations of .SPA as discussed together with our partners. As mentioned in response to 104 above, agreements reflecting those discussions have been drafted (attached herein for your reference as well) awaiting confirmation and execution. Nevertheless, as mentioned we remain open to further discussing the matter through the mediation process to find a way forward on the matter.
 - (8) Correspondences between DotAsia and our partners pertinent to the .BOX lawsuit are being collected in the discovery process and provided to our lawyers. Detailed chronology and response to the accusations have also been produced for our lawyers and have been provided to the DotAsia Board. We will provide the detailed correspondence to the DotAsia Board as we complete the discovery process. Arrangement of representation, instructions and correspondence to our lawyers for the case have been brought up and discussed also at the DotAsia Board. The DotAsia board is committed to providing the necessary information to Joel and all DotAsia board members for that matter to ensure we maintain good solidarity against the plaintiff. Regarding the exact arrangements the DotAsia Board views part of it as interrelated with the issues raised in this letter, especially regarding the .BOX and .INC new gTLDs. As such, we look forward to the outcomes of the mediation process to better put in place appropriate implementations regarding the matter.
115. We sincerely hope that the explanations contained herein provide a clearer understanding on the issues and form a basis for re-establishing trust between the stakeholders through the mediation process to avoid unnecessary litigation.

116. We are pleased to know that you are prepared to engage in negotiation on these matters through the offices of the mediator identified.
- (1) We understand that strictly speaking, my personal interests are of course not absolutely the same with DotAsia and Namesphere, however, based on all the actions taken for the said items, I believe I have placed DotAsia's interest first and foremost as directed by the DotAsia Board, have acted as an executive of DotAsia, and have also taken into consideration the interests of Namesphere and its stakeholders when acting for Namesphere. As such, I believe my personal interests on these items are effectively aligned with DotAsia. We agree and understand that this is not a matter between Joel and myself. This is also reflected in the setup of the mediation process being between 4 parties: DotPH, DotAsia, Namesphere and ER3 (a company maintained by myself for the investment in Namesphere).
 - (2) Since your letter was prepared, discussions about the mediation process has progressed meaningfully. I believe the agreed upon arrangements should have superseded the discussions laid out in your letter in this section. I will therefore not respond further, except to note that the schedule for mediation to be facilitated by Dr. Christopher To has been setup and agreed to.
117. As mentioned herein and otherwise, we remain committed and stand ready to reasonably provide information readily to alleviate concerns as well as to ensure that due consideration on the matter can be deliberated upon. Through the mediation process, we look very much towards rebuilding the trust and collaborative spirit that brought DotAsia together in the first place to get us back on track towards the mission of DotAsia, Namesphere and the respective new gTLD projects in service of the Internet community at large.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Edmon Chung', is written over a light yellow rectangular background.

Edmon Chung
Chief Executive Officer
DotAsia Organisation

Appendix A: TLD Operation Fees (ICANN Fees and Data Escrow)

The following are detailed transaction records of the expenditures on ICANN fees, data escrow fees (to escrow service provider NCC Group), and LOC fees (bank fees) for the Continued Operations Instrument (COI) requirements of ICANN, totalled as TLD Operation Fees of US\$126,244.09. All of them are essential to maintain the respective gTLDs in good standing with ICANN compliance.

Date	Subsidiary	Description	USD Amount
2012-07-13	Namesphere Holdings Limited	NCC Group Inc (Data Escrow)	2,925.00
2015-02-05	Global Website TLD Asia Limited	ICANN RPM Access Fee (.website IDN)	5,000.00
2015-11-05	NS1 Limited	LoC Fee	542.02
2015-11-10	NS1 Limited	LoC Fee	56.12
2015-12-10	NS1 Limited	ICANN INV0001769	5,000.00
2016-08-31	Global Website TLD Asia Limited	ICANN Fee	5,151.10
2016-11-15	NS1 Limited	LoC Fee	533.65
2016-12-02	Global Website TLD Asia Limited	ICANN Fee	6,250.00
2017-01-25	Global Website TLD Asia Limited	NCC Group - Oct - Dec 2016 Data Escrow	525.00
2017-03-02	NS1 Limited	ICANN Fee (Inv # 1100005795)	3,464.67
2017-03-02	Global Website TLD Asia Limited	ICANN Fee (Inv # 1100005694)	6,297.75
2017-03-31	NS1 Limited	ICANN Fee (prepay)	3,464.67
2017-03-31	Global Website TLD Asia Limited	ICANN Fee (duplicated - prepay)	6,297.75
2017-04-21	NS1 Limited	NCC Group - initial fee	2,000.00
2017-05-11	Global Website TLD Asia Limited	NCC Group - Jan - Mar 2017 Data Escrow	525.00
2017-06-21	NS1 Limited	ICANN Fee (Balance)	2,785.33
2017-08-31	NS1 Limited	ICANN Fee	6,250.00
2017-08-31	Global Website TLD Asia Limited	ICANN Fee	6,250.00
2017-09-20	NS1 Limited	ICANN - Background Check	2,765.00
2017-11-03	NS1 Limited	NCC Services Ltd (Apr-Sep 2017 fees \$175/mth)	1,050.00
2017-11-17	Global Website TLD Asia Limited	NCC Group - Apr-Sep 2016 and Apr-Sep 2017 Data Escrow	2,100.00
2017-11-30	NS1 Limited	ICANN Fee	6,250.00
2017-11-30	Global Website TLD Asia Limited	ICANN Fee	6,202.25
2018-01-19	NS1 Limited	NCC Services Ltd (Oct-Dec 2017 fees \$175/mth)	525.00
2018-01-19	Global Website TLD Asia Limited	NCC Group - Oct-Dec 2017 Data Escrow	525.00
2018-02-09	Global Website TLD Asia Limited	Jan 19, 2018 payment bounced back	-525.00
2018-03-02	Global Website TLD Asia Limited	ICANN Fee	6,250.00
2018-03-02	NS1 Limited	ICANN Fee	6,250.00
2018-04-26	Global Website TLD Asia Limited	NCC Group - Oct 2017 to Mar 2018 Data Escrow	1,050.00
2018-04-26	NS1 Limited (.BOX)	NCC Group - Jan to Mar 2018 Data Escrow	525.00
2018-06-01	NS1 Limited	ICANN Fee	6,250.00
2018-06-01	Global Website TLD Asia Limited	ICANN Fee	6,250.00
2018-08-01	Global Website TLD Asia Limited	NCC Group - Apr-Jun 2018 Data Escrow	525.00
2018-08-01	NS1 Limited	NCC Group - Apr-Jun 2018 Data Escrow	525.00
2018-08-30	Global Website TLD Asia Limited	ICANN Fee	1,250.00
2018-08-30	NS1 Limited (.BOX INC)	ICANN Fee	1,250.00
2018-10-30	Global Website TLD Asia Limited	NCC Group - Jul-Sep 2018 Data Escrow	525.00

Date	Subsidiary	Description	USD Amount
2018-11-08	Global Website TLD Asia Limited	ICANN Fee (Jul-Sep 2018) partial	2,765.00
2018-11-20	DotBox Limited (for .BOX INC)	.BOX LOC (ER3 Limited SBBH00114)	533.78
2018-11-30	Global Website TLD Asia Limited	ICANN Fee (Jul-Sep 2018) balance	3,485.00
2018-11-30	DotBox Limited (for .BOX INC)	ICANN Fee (Jul-Sep 2018)	6,250.00
2018-12-05	DotBox Limited (for .BOX INC)	NCC (Sep, Oct 2018 Fees)	350.00
		Total:	126,244.09

Appendix B: Afilias Backend fees for PCCW group

Date	Description	USD Amount
2013-01-18	Afilias Limited (Back-end set-up fee)	36,000.00
2016-07-21	Afilias Fees for PCCW's TLDs	4,165.00
2016-08-29	Afilias Fees for PCCW's TLDs	4,165.00
2016-09-30	Afilias Fees for PCCW's TLDs	4,165.00
2016-10-31	Afilias - monthly fee for PCCW	4,165.00
2016-11-30	Afilias - monthly fee for PCCW	4,165.00
2016-12-30	Afilias - monthly fee for PCCW	4,165.00
2017-01-27	Afilias - monthly fee for PCCW	4,165.00
2017-03-31	Afilias - monthly fee for PCCW	8,330.00
2017-04-28	Afilias - monthly fee for PCCW	4,165.00
2017-05-31	Afilias - monthly fee for PCCW	4,165.00
2017-06-30	Afilias - monthly fee for PCCW	4,165.00
2017-07-31	Afilias - monthly fee for PCCW	4,165.00
2017-08-31	Afilias - monthly fee for PCCW	4,165.00
2017-09-29	Afilias - monthly fee for PCCW	4,165.00
2017-10-31	Afilias - monthly fee for PCCW	4,165.00
2017-11-30	Afilias - monthly fee for PCCW	4,165.00
2017-12-29	Afilias - monthly fee for PCCW	4,165.00
2018-01-31	Afilias - monthly fee for PCCW	4,165.00
2018-05-31	Afilias - monthly fee for PCCW (Jan, Feb 2018 @\$4,165)	8,330.00
2018-06-01	Afilias - monthly fee for PCCW (Mar, Apr 2018 @\$4,165)	8,330.00
2018-06-01	Afilias - monthly fee for PCCW (duplicated)	8,330.00
2018-07-31	Afilias - monthly fee for PCCW	4,165.00
2018-08-31	Afilias - monthly fee for PCCW	4,165.00
2018-09-28	Afilias - monthly fee for PCCW	4,165.00
2018-10-31	Afilias - monthly fee for PCCW (Sep 2018)	4,165.00
2018-11-30	Afilias - monthly fee for PCCW (Oct 2018)	4,165.00
2018-12-31	Afilias - monthly fee for PCCW (Nov 2018)	4,165.00
2019-01-31	Afilias - monthly fee for PCCW (Dec 2018)	4,165.00
	Total:	169,280.00

Appendix C: Admin Expenses (Staff/Consultants, Office and Travel)

Detailed transactions and calculations for Staff cost allocation, estimation and basis of office cost, as well as Travel is included below.

The following are details of Admin Expenses for Staff/Consultants (for Namesphere Holdings Ltd.):

Date	Description	USD
2014-01-21	Compass Rose – consulting	7,950.00
2015-06-05	Toshifumi Matsumoto – consultant fee	1,000.00
2015-06-30	Toshifumi Matsumoto – consultant fee	1,000.00
2015-07-31	Toshifumi Matsumoto – consultant fee	1,000.00
2015-08-31	Toshifumi Matsumoto – consultant fee	1,000.00
2015-09-30	Toshifumi Matsumoto – consultant fee	1,000.00
2015-09-30	Staff / Personel	220,280.33
2015-10-30	Toshifumi Matsumoto – consultant fee	1,000.00
2015-12-21	Toshifumi Matsumoto – consultant fee (Nov 2015)	1,000.00
2015-12-21	Toshifumi Matsumoto – consultant fee (Dec 2015)	1,000.00
2016-01-29	Toshifumi Matsumoto – consultant fee (Jan 2016)	1,000.00
2016-02-29	Toshifumi Matsumoto – consultant fee (Feb 2016)	1,000.00
2016-03-31	Toshifumi Matsumoto – consultant fee (Mar 2016)	1,000.00
2016-04-29	Toshifumi Matsumoto – consultant fee (Apr 2016)	1,000.00
2016-05-31	Toshifumi Matsumoto – consultant fee (May 2016)	1,000.00
2016-06-30	Toshifumi Matsumoto – consultant fee (Jun 2016)	1,000.00
2016-07-29	Toshifumi Matsumoto – consultant fee (Jul 2016)	1,000.00
2016-08-31	Toshifumi Matsumoto – consultant fee (Aug 2016)	1,000.00
2016-09-30	Toshifumi Matsumoto – consultant fee (Sep 2016)	1,000.00
2016-09-30	Staff / Personel	153,789.03
2016-10-31	Toshifumi Matsumoto – consultant fee (Oct 2016)	1,000.00
2016-11-30	Toshifumi Matsumoto – consultant fee (Nov 2016)	1,000.00
2016-12-30	Toshifumi Matsumoto – consultant fee (Dec 2016)	1,000.00
2017-01-27	Toshifumi Matsumoto – consultant fee (Jan 2017)	1,000.00
2017-02-28	Toshifumi Matsumoto – consultant fee (Feb 2017)	1,000.00
2017-03-31	Toshifumi Matsumoto – consultant fee (Mar 2017)	1,000.00
2017-03-31	LEE KA KEUNG (PODCONN LIMITED)	2,578.91
2017-03-31	Law Shiu Wing Robin (PodConn Limited)	2,578.91
2017-04-28	Toshifumi Matsumoto – consultant fee (Apr 2017)	1,000.00
2017-05-04	LEE KA KEUNG (PODCONN LIMITED)	1,288.89
2017-05-05	Law Shiu Wing Robin (PodConn Limited)	1,288.89
2017-05-31	Toshifumi Matsumoto – consultant fee (May 2017)	1,000.00
2017-05-31	LEE KA KEUNG (PODCONN LIMITED)	1,288.89
2017-06-02	Law Shiu Wing Robin (PodConn Limited)	1,288.39
2017-06-30	Toshifumi Matsumoto – consultant fee (Jun 2017)	1,000.00
2017-06-30	LEE KA KEUNG (PODCONN LIMITED)	1,288.39
2017-07-03	Law Shiu Wing Robin (PodConn Limited)	1,287.68
2017-07-31	Toshifumi Matsumoto – consultant fee (Jul 2017)	1,000.00
2017-08-09	LEE KA KEUNG (PODCONN LIMITED)	1,286.77

Date	Description	USD
2017-08-10	Law Shiu Wing Robin (PodConn Limited)	1,286.77
2017-08-31	Toshifumi Matsumoto – consultant fee (Aug 2017)	1,000.00
2017-09-06	LEE KA KEUNG (PODCONN LIMITED)	1,285.98
2017-09-07	Law Shiu Wing Robin (PodConn Limited)	1,285.98
2017-09-29	LEE KA KEUNG (PODCONN LIMITED)	1,285.98
2017-09-29	Law Shiu Wing Robin (PodConn Limited)	1,285.98
2017-09-29	Toshifumi Matsumoto – consultant fee (Sep 2017)	1,000.00
2017-09-30	Staff / Personel	119,983.00
2017-10-31	Toshifumi Matsumoto – consultant fee (Oct 2017)	1,000.00
2017-11-03	LEE KA KEUNG (PODCONN LIMITED)	1,284.67
2017-11-06	Law Shiu Wing Robin (PodConn Limited)	1,284.67
2017-11-30	Toshifumi Matsumoto – consultant fee (Nov 2017)	1,000.00
2017-12-04	LEE KA KEUNG (PODCONN LIMITED)	1,283.93
2017-12-04	Law Shiu Wing Robin (PodConn Limited)	1,283.93
2017-12-29	LEE KA KEUNG (PODCONN LIMITED)	1,283.93
2017-12-29	Toshifumi Matsumoto – consultant fee (Dec 2017)	1,000.00
2018-01-03	Law Shiu Wing Robin (PodConn Limited)	1,283.05
2018-01-31	Toshifumi Matsumoto – consultant fee (Jan 2018)	1,000.00
2018-02-06	LEE KA KEUNG (PODCONN LIMITED)	1,282.18
2018-02-07	Law Shiu Wing Robin (PodConn Limited)	1,282.18
2018-02-28	Toshifumi Matsumoto – consultant fee (Feb 2018)	1,000.00
2018-03-05	LEE KA KEUNG (PODCONN LIMITED)	1,281.18
2018-03-06	Law Shiu Wing Robin (PodConn Limited)	1,281.18
2018-04-03	LEE KA KEUNG (PODCONN LIMITED)	1,280.16
2018-04-03	Law Shiu Wing Robin (PodConn Limited)	1,280.16
2018-04-26	Toshifumi Matsumoto – consultant fee (Mar & Apr 2018)	2,000.00
2018-05-03	LEE KA KEUNG (PODCONN LIMITED)	1,279.33
2018-05-03	Law Shiu Wing Robin (PodConn Limited)	1,279.33
2018-05-31	Toshifumi Matsumoto – consultant fee (May 2018)	1,000.00
2018-06-01	LEE KA KEUNG (PODCONN LIMITED)	1,278.67
2018-06-01	Law Shiu Wing Robin (PodConn Limited)	1,278.67
2018-06-29	Toshifumi Matsumoto – consultant fee (Jun 2018)	1,000.00
2018-07-31	Toshifumi Matsumoto – consultant fee (Jul 2018)	1,000.00
2018-08-31	Toshifumi Matsumoto – consultant fee (Aug 2018)	1,000.00
2018-09-28	Toshifumi Matsumoto – consultant fee (Sep 2018)	1,000.00
2018-09-30	Staff / Personel	61,470.00
	Total:	645,585.99

Staff Costs Allocated to Namesphere

For the estimation of Staff costs allocated from DotAsia, the following framework was used:

- Staff estimation of percentage of time spent on Namesphere related works
- Staff base salary

The following is a summary of time allocation for the previous 4 years. Note that prior to 2015, no DotAsia staff costs were allocated to Namesphere. In 2015, after multiple discussions at the DotAsia Board, reasonable DotAsia Staff costs (and office costs) began to be allocated to Namesphere based on the framework as explained above.

	2015			2016			2017			2018		
HK Office	Base Salary	%	Allocation	Base Salary	%	Allocation	Base Salary	%	Allocation	Base Salary	%	Allocation
Edmon Chung	12420	40%	4,968.00	12420	40%	4,968.00	12420	30%	3,726.00	12420	25%	3,105.00
Rebecca Chan	7700	40%	3,080.00	7700	30%	2,310.00	8000	30%	2,400.00	8000	20%	1,600.00
Pavan Budhrani	3590	15%	538.46	3590	15%	538.46	4103	15%	615.38	4103	0%	-
Non HK												
Michael Lu	3900	100%	3,900.00									
Jennifer Chung	6150	40%	2,460.00	6150	40%	2,460.00	6529	0%	-	6529	0%	-
Jian Zhang	3500	50%	1,750.00	2141	50%	1,070.42	3500	50%	1,750.00	1170	0%	-
Zhang Xiao	3000	20%	600.00	3000	20%	600.00	2024	30%	607.30			
Leona Birkner	7900	15%	1,185.00	7900	15%	1,185.00	7900	15%	1,185.00	8350	5%	417.50
			18,481.46			13,131.88			10,283.68			5,122.50
Fulltime Equivalent Estimate	@office	95%	221,777.54		85%	157,582.54		75%	123,404.22		45%	61,470.00
Actual Allocation			220,280.33			153,789.03			119,983.35			61,470.00

Note that the "Actual Allocation" is further adjusted (usually downward) and represents the actual allocation for audited financial reports of that corresponding fiscal year.

Office Costs Allocated to Namesphere

For the estimation of Office costs to be allocated to Namesphere, the following factors were considered:

- Market rental cost of office space
- Overhead (Including Management Fees, Office supplies, electricity, Internet, etc.)
- Fulltime equivalent working out of the Hong Kong Office (based on the estimated time spent on Namesphere works as included in allocated staff costs above)

	2015	2016	2017	2018
Rent Estimate (Monthly HKD)	60,000	65,000	75,000	85,000
Overhead (Monthly HKD)	11,400	11,400	11,400	11,400
Total (HKD)	71,400	76,400	86,400	96,400
# of workstations (15)	4,760	5,093	5,760	6,427
% of workstation	95%	85%	75%	45%
Office Allocation (Monthly HKD)	4,522	4,329	4,320	2,892
Office Allocation (Monthly USD)	580	555	554	371
Rount to (Monthly USD)	500	500	500	360
Allocation (Yearly USD)	6,000	6,000	6,000	4,320

Note that the actual allocation cost is further adjusted (usually downwards by rounding down) and represents the actual allocation for audited financial reports of that corresponding fiscal year.

Travel Expenditures:

The following are travel expenses that are allocated to Namesphere:

Date	Description	USD	Further notes
2014-09-17	Chan Yuk Ying Rebecca - travel expenses	898.04	Hotel for Michael Lu for visit to HK
2014-09-30	Michael Lu - expenses	1,623.13	
2014-10-24	Yannis Li (Ka Yin) - expenses	1,799.42	Hotel for Michael Lu for ICANN 51
2014-10-31	Michael Lu - expenses	243.48	
2014-11-24	Rebecca Chan - expenses	174.57	Lunch with Michael Lu, Biz Card printing, misc for PCCW deal
2014-11-28	Michael Lu - expenses	68.05	
2014-12-29	Edmon Chung - expenses	313.95	Hotel in Penang for .quest
2014-12-31	Yannis Li (Ka Yin) - expenses	323.43	NamesCon Las Vegas 2015 Registration for Michael Lu
2014-12-31	Michael Lu - expenses	2,543.66	
2015-01-31	Michael Lu - expenses	2,908.48	
2015-02-04	Yannis Li (Ka Yin) - expenses	136.05	Hotel for Edmon, meeting in Manila
2015-02-27	Michael Lu - expenses	1,706.80	
2015-03-12	Yannis Li (Ka Yin) - expenses	864.02	Hotel for Michael Lu, ICANN Singapore
2015-05-29	Michael Lu - expenses	5,252.23	
2015-08-31	Toshifumi Matsumoto - Expenses 0815-021	292.18	Meeting with JP investor/financier
2015-08-31	Toshifumi Matsumoto - ER-20150831	523.75	Meeting with JP investor/financier
2015-09-09	Yannis Li (Ka Yin) - expenses	1,041.69	Airfare for Japan's visit for fund raising with Tommy Matsumoto
2015-11-12	Rebecca Chan ER-20150930 (Travel exp Edmon)	253.03	Edmon's London meeting with Com Laude for new gTLD launches
2016-11-24	Edmon Chung ER-20150331	3,615.20	Meeting with Jason Chapnik
2016-11-24	Edmon Chung ER-20150430	169.68	Chengdu meeting with Stabletone
2016-11-24	Edmon Chung ER-20150531	573.03	Chengdu meeting with Stabletone
2016-11-24	Edmon Chung ER-20150630	2,271.74	Michael Lu ICANN hotel (US\$2,066), Japan visiting investor
2016-11-24	Edmon Chung ER-20150930	234.53	Meeting with Japanese investor
2017-02-28	Toshifumi Matsumoto - expenses	310.11	Meeting with JP investor/financier
2017-10-31	Toshifumi Matsumoto - travel expense	434.35	Meeting with JP investor/financier
2017-12-29	Toshifumi Matsumoto - expenses	1,064.63	Meeting with JP investor/financier
2018-01-31	Toshifumi Matsumoto - expenses	1,844.16	Meeting with JP investor/financier
2018-02-28	Toshifumi Matsumoto - expenses	877.57	Meeting with JP investor/financier
2018-04-26	Toshifumi Matsumoto - expenses (Mar & Apr 2018)	3,855.88	Meeting with JP investor/financier
2018-05-31	Toshifumi Matsumoto - expenses (Apr & May 2018)	2,001.50	Meeting with JP investor/financier
2018-06-29	Toshifumi Matsumoto - expenses (May & Jun 2018)	1,482.34	Meeting with JP investor/financier
2018-07-31	Toshifumi Matsumoto - expenses (Jul 2018)	2,276.99	Meeting with JP investor/financier
2018-08-31	Toshifumi Matsumoto - expenses (Jul & Aug 2018)	3,651.24	Meeting with JP investor/financier
2018-09-28	Toshifumi Matsumoto - expenses (Sep 2018)	794.96	Meeting with JP investor/financier
2018-10-31	Toshifumi Matsumoto - expenses (Oct 2018)	1,293.27	Meeting with JP investor/financier
2018-11-30	Toshifumi Matsumoto - expenses (Nov 2018)	1,221.25	Meeting with JP investor/financier
2018-12-31	Toshifumi Matsumoto - expenses (Dec 2018)	1,373.67	Meeting with JP investor/financier

Date	Description	USD	Further notes
2019-01-08	Li Ka Yin (Yannis) - Airfare for Edmon .spa meeting	296.98	Visit to Manila
2019-01-31	Toshifumi Matsumoto - expenses (Jan 2018)	1,266.70	Meeting with JP investor/financier
	Total:	51,875.74	

