

**ASIA PACIFIC ADVANCED NETWORK LIMITED**  
(Company Limited by Guarantee)

**REPORT OF THE DIRECTORS**

The directors present herewith their report and the audited financial statements for the year ended 31 December, 2020. The company qualifies for the reporting exemption as a small guarantee company under section 359(1)(a) of the Hong Kong Company Ordinance (Cap.622) with respect to the preparation of the director's report and financial statements for the year ended 31 December, 2020.

**PRINCIPAL ACTIVITIES**

The principal activity of the Association is the co-ordination and promotion of network technology developments and advances in their applications and services.

**RESULTS AND APPROPRIATIONS**

The results of the Association for the year ended 31 December, 2020 and the state of its financial position at that date are set out in the financial statements on pages 3 to 11.

**PROPERTY, PLANT AND EQUIPMENT**

Movements in property, plant and equipment during the year are set out in note 5 to the financial statements.

**EQUITY-LINKED AGREEMENTS**

No equity-linked agreements were entered into during the year.

**INDEMNITY PROVISIONS**

There were no indemnity provisions in force during the year.

**DIRECTORS**

The directors of the Association during the year and up to the date of signing this report were as follows:-

Gerrit Willem BAHLMAN	
Deokjai CHOI	(Retired on 30 October, 2020)
Chalernpol CHARNSRIPINYO	
Wei Seng KAN, John	
Ranjan KUMAR	
Yeong Ro LEE	(Appointed on 30 October, 2020)
Nakamura MOTONORI	
Suhaimi Bin NAPIS	
Jilong WANG	
Hanwei YEN	

In accordance with Article 49 of the Association's Articles of Association, a director shall hold office for a term of two years. Following current director rotation provisions and arrangement, Gerrit Willem BAHLMAN, Chalernpol CHARNSRIPINYO, Ranjan KUMAR, Nakamura MOTONORI, Suhaimi Bin NAPIS, Jilong WANG and Hanwei YEN shall retire at the Annual General Meeting to be held in 2021, but, if eligible and willing, they may offer themselves for re-election. The other directors continue to serve their 2-year term until the AGM to be held in 2022.

**SECRETARY**

The secretary of the Association during the year is:  
Dr. Pui Tak HO



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**ASIA PACIFIC ADVANCED NETWORK LIMITED**  
(Company Limited by Guarantee)

**REPORT OF THE DIRECTORS (CONTINUED)**

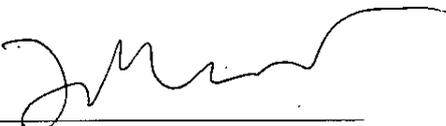
**DIRECTORS' INTERESTS**

No contract of significance to which the Association, was a party and in which any director of the Association had a material interest, whether directly nor indirectly, subsisted at the end of the year nor at any time during the year.

**AUDITORS**

In accordance with Article 64 of the Association's Articles of Association and section 394 of the Companies Ordinance, the auditors K. H. Lau & Co., Certified Public Accountants, retire but, being eligible, offer themselves for re-appointment.

For and on behalf of the Board



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Jilong WANG  
*Chairman*

Dated 2 November, 2021.

15/F., MAY MAY BUILDING,  
683-685 NATHAN ROAD, MONGKOK,  
KOWLOON, HONG KONG.

TEL 總機 : 2393-8202 (Main Line)  
FAX 傳真機 : 2789-4078  
E-mail : info@khlau.com.hk

PRINCIPAL:  
LAU KAI-HING 劉繼興執業會計師  
F.C.P.A., F.C.C.A., F.C.M.A., F.T.I.H.K., C.T.A.(H.K.)  
MScS, F.C.I.S., F.C.S., S.C.A.A., C.G.A. (Canada)

MANAGER:  
KWOK PIK-LIN 郭碧蓮執業會計師  
C.P.A.(Hong Kong), C.P.A.(China), C.P.A.(U.S.A.),  
W.S.C.P.A.(U.S.A.), F.C.C.A.(U.K.), C.G.A.(Canada),  
A.T.I.H.K., C.T.A.(H.K.), M.Sc.I.S., Ph. D

INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
ASIA PACIFIC ADVANCED NETWORK LIMITED  
(incorporated in Hong Kong with limited liability)

Opinion

We have audited the financial statements of Asia Pacific Advanced Network Limited ("the Association") set out on pages 3 to 11, which comprise the statement of financial position as at 31 December, 2020, and the statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Association as at 31 December, 2020, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standard for Private Entities ("HKFRS for Private Entities") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the information included in the report of the directors, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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香港聯營公司：  
Hong Kong Associate

高賢（秘書）有限公司  
COBOL (SECRETARIES) LTD.  
仲學電腦有限公司  
COMPUTATION TECHNOLOGY LTD.

中國聯營公司：  
China Associate:

劉鄧企業管理顧問（深圳）有限公司  
LAU & KWOK CORPORATE  
CONSULTANTS (SHENZHEN) LTD.  
中國深圳市羅湖区人民南路 3005 號深房廣場 A 座 1801 室

中國業務聯系所：  
China Affiliated firm:

廣州市東方會計師事務所有限公司  
GUANGZHOU ORIENT CERTIFIED  
PUBLIC ACCOUNTANTS CO., LTD.  
中國廣州市越秀區東風西路 255 號廣州外貿大廈 6 樓

中國財稅法律顧問：  
China Finance, Tax & Legal Consultants:

漆江娜 中國註冊會計師 註冊資產評估師 註冊稅務師  
陳慧霖 註冊資產評估師 註冊稅務師  
樊啟彪 中國執業律師

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
ASIA PACIFIC ADVANCED NETWORK LIMITED**  
(incorporated in Hong Kong with limited liability) (continued)

**Responsibilities of directors and those charged with governance for the financial statements**

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body. We do not assume responsibility or accept liability towards any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
ASIA PACIFIC ADVANCED NETWORK LIMITED**  
(incorporated in Hong Kong with limited liability) (continued)

**Auditor's responsibilities for the audit of the financial statements (continued)**

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



**K. H. Lau & Co.**  
**Certified Public Accountants**  
**Hong Kong.**

Hong Kong, 2 November, 2021.

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**ASIA PACIFIC ADVANCED NETWORK LIMITED**  
(Company Limited by Guarantee)

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER, 2020**

(Expressed in United States Dollars, except otherwise noted)

	NOTE	2020 USD	2019 USD
REVENUE	3	\$ 129,000.00	\$ 116,500.00
OTHER REVENUE	3	5,071.52	387.51
		<hr/>	<hr/>
TOTAL REVENUE		134,071.52	116,887.51
EVENT COST		( 29,835.03)	( 46,391.10)
ADMINISTRATIVE EXPENSES		( 67,109.21)	( 49,577.34)
OTHER EXPENSES		( 2,428.74)	( 4,883.56)
		<hr/>	<hr/>
SURPLUS/(DEFICIT) BEFORE TAX		34,698.54	16,035.51
LESS: INCOME TAX EXPENSE	4	( --- )	( --- )
		<hr/>	<hr/>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		<u>\$ 34,698.54</u>	<u>\$ 16,035.51</u>

The notes on pages 7 to 11 form an integral part of these financial statements.

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**ASIA PACIFIC ADVANCED NETWORK LIMITED**  
(Company Limited by Guarantee)

**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER, 2020**

(Expressed in United States Dollars, except otherwise noted)

	NOTE	2020 USD	2019 USD
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	\$ 1,805.29	\$ 2,707.94
<b>CURRENT ASSETS</b>			
Cash at bank		328,104.85	308,677.85
<b>TOTAL ASSETS</b>		<b>\$ 329,910.14</b>	<b>\$ 311,385.79</b>
<b>LIABILITIES AND FUNDS</b>			
<b>CURRENT LIABILITIES</b>			
Account payable		\$ 1,381.80	\$ 650.00
Receipts in advance		---	6,672.17
Accrued expenses		1,922.98	12,156.80
		3,304.78	19,478.97
<b>FUNDS</b>			
Foundation fund		251,226.95	251,226.95
General fund		75,378.41	40,679.87
		326,605.36	291,906.82
<b>TOTAL LIABILITIES AND FUNDS</b>		<b>\$ 329,910.14</b>	<b>\$ 311,385.79</b>

These financial statements were approved by the Board of Directors on 2 November, 2021.



Jilong WANG  
*Chairman*



Chalernpol CHARNSRIPINYO  
*Honorary Treasurer*

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The notes on pages 7 to 11 form an integral part of these financial statements.

**ASIA PACIFIC ADVANCED NETWORK LIMITED**  
(Company Limited by Guarantee)

**STATEMENT OF CHANGES IN FUNDS  
FOR THE YEAR ENDED 31 DECEMBER, 2020**

(Expressed in United States Dollars, except otherwise noted)

	<u>FOUNDATION FUND</u> USD	<u>GENERAL FUND</u> USD	<u>TOTAL</u> USD
Balance as at 1 January, 2019	\$ 251,226.95	\$ 24,644.36	\$ 275,871.31
Surplus for the year 2019	---	16,035.51	16,035.51
	<hr/>	<hr/>	<hr/>
Balance as at 31 December, 2019	\$ 251,226.95	\$ 40,679.87	\$ 291,906.82
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Balance as at 1 January, 2020	\$ 251,226.95	\$ 40,679.87	\$ 291,906.82
Surplus for the year 2020	---	34,698.54	34,698.54
	<hr/>	<hr/>	<hr/>
Balance as at 31 December, 2020	\$ 251,226.95	\$ 75,378.41	\$ 326,605.36
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 7 to 11 form an integral part of these financial statements.

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**ASIA PACIFIC ADVANCED NETWORK LIMITED**  
(Company Limited by Guarantee)

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER, 2020**

(Expressed in United States Dollars, except otherwise noted)

	NOTE	2020 USD	2019 USD
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Membership fee received		\$ 127,000.00	\$ 101,172.17
Bank interest received		3.33	306.73
Payment of annual return filing fee	(	77.39)	---
Payment of manager's service fee	(	30,000.00)	( 30,000.00)
Payment of conference expenses	(	29,835.03)	( 49,766.10)
Payment of business trips	(	1,187.11)	---
Payment of secretariat service fee	(	38,080.20)	( 15,645.00)
Payment of secretarial fee for annual return	(	731.80)	---
Payment of subscription fee	(	285.15)	---
Payment of bank charges	(	1,444.29)	( 1,650.59)
Payment of computer & internet expenses	(	3,983.93)	( 2,137.37)
Payment of courier charge	(	2.71)	( 20.00)
Payment of printing & stationery		---	( 393.17)
Payment of consultancy fee	(	2,344.74)	( --- )
Cash from/(to) Secretariat Reserve		<u>---</u>	<u>3,000.00</u>
<b>Net cash from/(used in) operating activities</b>		<u>19,030.98</u>	<u>4,866.67</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant & equipment		<u>( --- )</u>	<u>( 3,610.59)</u>
<b>Net cash from/(used in) investing activities</b>		<u>( --- )</u>	<u>( 3,610.59)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
		<u>---</u>	<u>---</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		19,030.98	1,256.08
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		308,677.85	307,340.99
Exchange difference		396.02	80.78
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	7	<u><u>\$ 328,104.85</u></u>	<u><u>\$ 308,677.85</u></u>

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The notes on pages 7 to 11 form an integral part of these financial statements.

**ASIA PACIFIC ADVANCED NETWORK LIMITED**  
(Company Limited by Guarantee)

**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER, 2020**

(Expressed in United States Dollars, except otherwise noted)

**1. General information**

Asia Pacific Advanced Network Limited (“the Association”) is a limited company incorporated in Hong Kong and is a company limited by guarantee. The addresses of its registered office and principal place of business is Room 101, Block B, Level 1, Cyberport 4, 100 Cyberport Road, Hong Kong. The principal activity of the Association is the co-ordination and promotion of network technology developments and advances in their applications and services.

Under the provisions of the Association's Memorandum of Association clause 6, every member shall, in the event of the Association being wound up, contribute to the assets of the Association to the extent of not exceeding HK\$100.00.

**2. Basis of preparation and accounting policies**

The Association qualifies for the reporting exemption as a small guarantee company under section 359(1)(a) of the Hong Kong Companies Ordinance (Cap. 622) to adopt the reporting exemption with respect to the preparation of the directors' report and the financial statements for the year ended 31 December, 2020. Accordingly, these financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standard for Private Entities (“HKFRS for Private Entities”) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong, and simplified disclosure requirements of Hong Kong Companies Ordinance.

The measurement basis adopted in the preparation of these financial statements is historical cost convention and under the accrual basis of accounting and on the basis that the Association is a going concern.

The principal accounting policies are set out below:-

**a. Revenue recognition**

Membership fee income is recognized when it becomes receivable and the amount can be reliably determined.

**b. Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturity of three months or less. Bank overdrafts are shown within bank and other borrowings in current liabilities on the statement of financial position.

**c. Income tax**

The Association is registered as a charitable institution with Inland Revenue Department and is exempt from profits tax liability on surpluses arising from operating activities promoting the Association's objective.

**d. Property, plant and equipment**

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

**ASIA PACIFIC ADVANCED NETWORK LIMITED**  
(Company Limited by Guarantee)

**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER, 2020**

(Expressed in United States Dollars, except otherwise noted)

**2. Basis of preparation and accounting policies (continued)**

*e. Financial instruments*

The Association's financial assets and financial liabilities at the end of the reporting period are shown in note 6b to the financial statements. Financial assets and financial liabilities are recognized on the statement of financial position when the Association becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities.

The Association's financial assets are classified as loans and receivables. At each reporting date subsequent to the initial recognition, loans and receivables are carried at amortized cost using the effective interest method less impairment losses. When the effect of discounting is minimal, the loans and receivables are stated at cost less impairment.

At each reporting date subsequent to initial recognition, financial liabilities are measured at amortized cost using the effective interest method. When the effect of discounting is immaterial, financial liabilities are stated at cost.

*f. Impairment of assets*

At the end of each reporting period, assets that are measured at cost or amortized cost are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

*g. Other payables*

Payables are initially measured at fair value and, after initial recognition at amortised cost, except for short-term payables with no stated interest rate and the effect of discounting being immaterial, that are measured at their original invoice amount.

*h. Provisions*

Provisions are recognised when the Association has a present obligation (legal or constructive) as a result of a past event, it is probable that the Association will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. 0083

**ASIA PACIFIC ADVANCED NETWORK LIMITED**  
(Company Limited by Guarantee)

**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER, 2020**

(Expressed in United States Dollars, except otherwise noted)

**2. Basis of preparation and accounting policies (continued)**

*h. Provisions (continued)*

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

<b>3. Revenue</b>	<b>2020 USD</b>	<b>2019 USD</b>
Membership fee income	\$ 129,000.00	\$ 116,500.00
<hr style="border-top: 1px dashed black;"/>		
Other revenue		
Sundry income	4,672.17	---
Exchange gain	396.02	80.78
Bank interest income	3.33	306.73
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
	5,071.52	387.51
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
	\$ 134,071.52	\$ 116,887.51
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**4. Income tax**

The Association has obtained a tax exemption status under Section 88 of the Inland Revenue Ordinance of Hong Kong. Therefore, no income tax expense is provided in the financial statements.

**5. Property, plant and equipment**

	<b>2020 USD</b>	<b>2019 USD</b>
Computer equipment		
At cost		
At 1 January	\$ 3,610.59	\$ 3,150.47
Additions during the year	---	3,610.59
Disposals during the year	---	(3,150.47)
At 31 December	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
	3,610.59	3,610.59
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Accumulated depreciation		
At 1 January	902.65	787.62
Charge for the year	902.65	902.65
Write-back for the year	---	(787.62)
At 31 December	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
	1,805.30	902.65
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Net book value		
At 31 December	\$ 1,805.29	\$ 2,707.94
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

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**ASIA PACIFIC ADVANCED NETWORK LIMITED**  
(Company Limited by Guarantee)

**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER, 2020**

(Expressed in United States Dollars, except otherwise noted)

**6. Financial instruments**

**a. Capital management**

The Association's objective in managing its funds is to ensure that the Association will be able to continue as a going concern.

The Association's funds consist of net funds accumulated from the Association's operation since its incorporation.

The Association is not subject to any externally imposed funds requirements.

The Association's Board of Directors regularly reviews the funds structure of the Association. As part of this review, the Board considers the cost of funds and the risks associated with each class of funds and may adjust the amount of funds and operating expenses accordingly. The Association does not have a fixed target gearing ratio determined as the proportion of total liabilities to total assets.

**b. Categories of financial instruments**

	<b>2020</b>	<b>2019</b>
	<b>USD</b>	<b>USD</b>
<b><i>Financial liabilities</i></b>		
Financial liabilities measured at amortised cost:		
Receipts in advance	\$ ---	\$ 6,672.17
Accounts payable	1,381.80	650.00
Accrued expenses	1,922.98	12,156.80
	\$ 3,304.78	\$ 19,478.97

**c. Financial risk management objectives**

The Association from time to time reviews the financial risks that are present in its operating environment. The operations of the Association are of a simple and non-commercial nature. Therefore, its exposure to financial risks in the areas of market risks, credit risk, and liquidity risk is minimal.

**d. Market risk**

The Association's response to various market risks is discussed in note 6(g) to (i) below.

**e. Foreign currency risk**

Transactions of the Association in currencies other than USD would be translated at the approximate exchange rate into United States dollars when no actual conversion was carried out. When conversion is actually effected, the actual exchange rate would be used. The actual effect on foreign currency risk would not be significant.

**f. Interest rate risk**

The Association was exposed to a minimal level of interest rate risk. Financial assets and financial liabilities of the Association were non-interest bearing. The Association is of the opinion that market interest rate changes only have a negligible impact on its operating result or its financial position.

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**ASIA PACIFIC ADVANCED NETWORK LIMITED**  
(Company Limited by Guarantee)

**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER, 2020**

(Expressed in United States Dollars, except otherwise noted)

**6. Financial instruments (continued)**

*g. Price risk*

The Association was not exposed to equity price risks because it does not hold any equity investments.

*h. Credit risk*

The Association is exposed to credit risk as the Association recognizes membership income on an accrual basis. The exposure is limited because the members are either academic institutions or organizations sponsored by sovereign states or large corporations. These entities generally have strong financial background and the risk of default on payments is low.

*i. Liquidity risk*

The Association manages liquidity risk by continuously monitoring forecast and actual cash flows, while maintaining an adequate level of cash balance on hand or at bank. For long-term cash needs, the Association can call for donations or sponsorships. In the event of unforeseen short-term cash needs, the Association can resort to its members or directors for short-term interest-free advances; thereby allowing the Association to continue its operation as a going concern.

*j. Fair value of financial instruments*

The directors of the Association regard the carrying amounts of the Association's financial assets and financial liabilities recognised at cost less impairment in the financial statements approximate their fair values.

**7. Cash and cash equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents include assets that are readily convertible to cash, namely cash on hand, cash in banks and undeposited funds which represent cheques received by the Association but not yet presented to the bank for payment at the end of the reporting year. No bank accounts has been opened at the reporting date. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows are as follows:-

	<b>2020</b>	<b>2019</b>
	<b>USD</b>	<b>USD</b>
Cash in hand and at bank	\$ 328,104.85	\$ 308,677.85

**8. Related party transactions**

During the year, the Association had no transactions with its related parties.

**9. Approval of financial statements**

The financial statements were approved by the board of directors and authorised for issue on 2 November, 2021

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