

**Summary of Minutes of the Audit Committee Meeting of Hong Kong Internet Registration Corporation Limited and Hong Kong Domain Name Registration Company Limited held on Thursday 3 July 2014**

PRESENT: Joseph Yu (Chair), Eric Fan, Felix See, Sang Young

1. To review additions and deletions to the list of Company policies, guidelines and procedures: Changes in the list were explained. Committee members did not have further questions.
2. To review the changes to the Finance and Accounting Policies, Guidelines and Procedures: New guidelines and procedures have been added for handling fixed deposits and preparing the monthly financial reports. Committee members had no further questions.
3. To review and endorse for Board/Exco approval the proposed HKIRC-HKDNR cost allocation ratios for July 2014 to December 2014: As there were changes in individual cost allocation ratios (CARs) which were more than 5%, Management recommended that the new set of CARs be adopted for the second half of 2014. Committee members endorsed the new set of CARs for adoption at the coming Exco meeting. The Committee requested Management to provide an updated 5-year forecast.
4. To review progress of follow-up actions for the 2012 Security Audit: Management will seek proposals from top-tier IT service providers and vendors specializing in IT security services when issuing the RFP for the 2014/15 security audit.
5. To review progress of follow-up actions for the 2013 Internal Audit: Committee members noted the progress on the two (2) follow up actions, which have been addressed in a previous agenda item on Finance and Accounting Policies, Guidelines and Procedures.
6. To review quarterly performance of HKIRC for the quarter of Q1 2014: Committee members noted that both the revenue and expenditures were slightly less than the 2014 budget.