

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 Wednesday 4 March 2015

PRESENT: Felix See (Chair), Prof. Francis Chin, Leo Kan, Sang Young

1. To review and endorse the draft 2014 Auditors' Reports for Board approval: The Company's Auditors presented the 2014 year-end auditors' reports. The Committee agreed to the recommendation to impair the goodwill for HKDNR this year. This will lead to a one-off reduction in the surplus of \$6,997,240 in the Group P/L. The Committee endorsed the 2014 Auditors' reports for HKIRC and HKDNR for adoption by the Board and by members at the coming annual general meeting.
2. Plan to resume DNS resolution service in case of catastrophic failure: The Committee noted the progress of the plan to resume DNS resolution service in case of catastrophic failure.
3. 2015 Internal Audit: The Committee noted the revised list of items to be audited in 2015 and it will be tabled at the coming Board meeting for approval. Management will ask the Auditors to provide breakdowns of their man-day figures for the new items.
4. Top 10 risks for 2015: Committee members noted the top 10 risks and have no further questions.
5. Provision for bonus in future budget: The Committee approved the proposal to include a provision for bonus for future budgets. The amount will be equivalent to one month's salaries for all staff and will be spread evenly over 12 months.
6. Proposal to apply for company credit card: The Committee reviewed the proposal and declined the suggestion to apply for a company credit card as it will bring extra administrative effort to handle and control the usage of the credit card.
7. Progress of 2015 Security Audit: The Committee noted the report on the progress of the follow up actions.
8. To review additions and deletions to the list of Company policies, guidelines and procedures: Committee members noted the changes and do not have comments.
9. To review quarterly performance of HKIRC for the quarter of Q4 2014: Committee members noted the performance report of HKIRC for the quarter of Q4 2014.