

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 18 July 2013

1. Study on audit fees paid by local non-profit organisations of a similar nature: Based on the information obtained, Committee members agreed that the audit fees paid by HKIRC/HKDNR could be lower. Management will issue the RFP for year-end audits earlier this year (in September/October) and will mention our expectation on the level of audit fees in the RFP document.
2. To review and endorse for Board approval the proposed HKIRC-HKDNR cost allocation ratios for July 2013 to December 2013: Committee endorsed the proposal. Management was reminded that cost allocation ratios should reflect the changes in cost structures of HKIRC and HKDNR over time.
3. To review progress of follow-up actions for the 2012 Security Audit: Management was reminded that a proposal should be submitted to Exco/Board in September on additional mitigation measures for strengthening the system infrastructure against attacks as mentioned in paragraph 5.1.2 of the paper.
4. To review security measures in response to the Edward Snowden incident: The Committee advised Management to take extra precautions to guard against security breaches of our systems and networks.
5. To review progress of follow-up actions for the 2012 Internal Audit: The Committee noted the progress as reported.
6. To review the finance policies and procedures: Committee members noted that the policies and procedures covered both finance and accounting. Management has to state clearly on the title of each section whether that section refers to a policy, guideline or procedure. The document should be restructured so that the policies and procedures addressing the same needs are grouped together for easy reference. The revised document will be circulated to Committee members by email for their comments.
7. To review quarterly performance of HKIRC for the quarters of Q1 and Q2 2013: The Committee advised Management to pay more attention on the variance of different items in the reports. In particular, Management should provide more guidance to the readers by explaining what the variance is, whether it indicates a problem and what rectification actions are required.