

Summary of Minutes of the Audit Committee Meeting of Hong Kong Internet Registration Corporation Limited held on Saturday 28 February 2009

1. Terms of Reference: Members endorsed the terms of reference of the Committee and agreed on the foci of the committee works.
2. Year-end Audit 2008: KPMG was engaged as the external auditor for the year-end audit of 2008. Representatives from KPMG were invited to present their audit plan. The Committee invited KPMG to suggest other areas which should be included in the audit for not-for-profit organisations like HKIRC. The Committee is of the view that the audit plan proposed is in order, but asked KPMG to provide the report as early as possible, so that it could be published timely for company members' viewing.
3. Brief review of the 2008 accounts: The Committee went over the accounts of the companies. They opined that the financial status of the company is healthy.
4. Tax exemption status: The Committee considers that there is no good reason for HKDNR to pay around HK\$1million of tax annually, as the Company is not-for-profit and are administering a public resource for the Hong Kong community. The Committee hence recommends that the Company either applies again for the tax exemption for HKDNR or merges the two Companies.
5. Proposal on internal audit: The Committee agreed that an internal audit shall be conducted, especially on information and system security. The Company will pursue to work out a framework and possibly issue an RFP for outsourcing the audit work.
6. Date of the 2009 AGM: The Committee proposes that the AGM should not be held later than June, so that members can have a timely perusal of the financial statements of the Company. The Committee would recommend to the Board to hold the AGM earlier.
7. Quarterly review of the Company finance: The Committee shall review the financial status of the Company quarterly, so that the financial performance of the Company can be tracked in a timely manner. The Company can also adjust the budget accordingly if there is major deviation from the budget.