

China Hong Kong Paralympic Committee Limited
Audit Committee
Terms of Reference



中國香港殘疾人奧委會
CHINA HONG KONG
PARALYMPIC COMMITTEE



I PREAMBLE

1. Status

1.1 The Audit Committee (the “Committee”) is a standing and independent committee of the HKPC Board to which the HKPC Board has delegated consideration of the matters set out in art. 15 below.

2. Purpose

2.1 The Committee shall advise and assist the HKPC Board in fulfilling its duties as laid down in the HKPC Articles, specifically to ensure an effective system of internal control and compliance, and to make recommendation to the HKPC Board for the appointment of external auditor. Matters to be considered by the Committee shall include, but not be limited to, the matters set out below in art. 15.

II GENERAL RULES

3. Scope

3.1 Except otherwise provided and specified in the applicable HKPC Articles or any other regulations adopted by the HKPC Board, this section of the rules shall apply generically to all HKPC bodies, units and other entities of HKPC, inclusive of the Committee, as well as of the members of the Committee.

4. Powers and Competences of the Audit Committee

4.1 In addition to the duties set out in HKPC Articles and these terms of reference, the HKPC Board may delegate further duties to the Committee at any time.

4.2 The Committee may propose amendments to these terms of reference related directly to their function and operations.

4.3 The chairperson of the Committee shall regularly report to the HKPC Board in writing or orally their activities. He/she shall represent the Committee in dealing with the HKPC Board (as well as other HKPC bodies or institutions).

4.4 Regardless of art. 4.2, the HKPC Board may remove any member of the Committee at any time in, without limitation, the following scenarios:

- * where, if applicable, the member violates any rules as stipulated in art. 39 (1) of HKPC Articles, or if required to be a member of the HKPC Board ceases to be such;
- * where the member is deemed by the HKPC Board to have committed a gross dereliction of duty;
- * where the member is absent for three (3) consecutive meetings or any five (5) meetings during their term without a properly accepted apology is automatically suspended. A decision shall then be made by the HKPC Board whether or not to dismiss the member, which shall be final.

Proposals to remove a particular member (including the chairperson) may, in particular, be submitted to the HKPC Board by the Chairperson.

4.5 If a seat on the Committee becomes vacant for any reason, the HKPC Board may appoint a replacement for the remaining period of the term of office.

5. Function

5.1 The Committee shall advise and assist the HKPC Board in fulfilling its duties. The Committee shall have an advisory and monitory function, unless the applicable HKPC Articles or any other regulations adopted by the HKPC Board grants the body decision making powers.

5.2 The Committee shall submit proposals and recommendations to the HKPC Board for consideration, deliberation and adoption and shall not make any public statements or announcements without the authority of the HKPC Board.

6. Composition

6.1 Except otherwise provided and specified in applicable HKPC Articles or any other regulations adopted by the HKPC Board, the following rules shall apply to the Committee:

- * shall be composed of a minimum of three (3) members (inclusive of the chairperson and preferably having an odd number of members), all to be appointed by the HKPC Board;
- * members may be reappointed or relieved of their duties at any time.

6.2 A former partner of the Committee's existing auditing firm should be prohibited from acting as a member of the Committee for a period of one (1) year from the date of his ceasing, to be a partner of the firm or to have any financial interest in the firm whichever is later.

7. Terms of Office

7.1 The members of the Committee are appointed for a term of office of four (4) years. Members of the Committee whose terms have expired may be reappointed for additional terms of office.

7.2 If a member of the Committee resigns or becomes permanently incapacitated with regard to performing his/her functions during his/her term of office, or if he/she is relieved of his/her duties pursuant to art. 4.4 of these terms of reference, the HKPC Board shall, at the earliest opportunity, appoint a replacement for the remaining term of office.

8. Organisation

8.1 The Committee may work with other HKPC bodies, units or entities to deal with specific problems.

8.2 If necessary, the Committee may set up working groups in accordance with art. 42 of the HKPC Articles to conduct specific tasks or examine specific issues. Such working groups may include experts who are not members of the Committee. The results of such working groups should then be fed back to the Committee.

8.3 The Committee may call upon specialists at any time to address any urgent and/or special business in accordance with the applicable procurement guidelines. If such engagements incur expenses, they must be approved by the HKPC Board. The chairperson of the Committee concerned shall make an appropriate request to the HKPC Board.

8.4 The Committee may call upon staff from the HKPC Secretariat to assist and support them in their work.

9. Meetings and Decision-Making

9.1 The Committee shall meet whenever pending matters so require. If the Committee need to have meetings on regular basis, the chairperson and the Executive Director shall draw up

an annual plan to fix dates for meetings. Meeting dates shall be agreed in advance affording adequate notice and maximum participation.

- 9.2 The convocation of meetings must be sent to the members by way of circular-letter and/or e-mail, stating the date, time and place of the meeting as well as the items of the agenda (the latter to be compiled by the Executive Director under the instruction of the chairperson while considering possible proposals from the other members) in a reasonable timeframe.
- 9.3 The agenda of a meeting shall, as a general rule, include the following items:-
- (a) Roll call and apologies (to confirm the formation of quorum);
 - (b) Welcome remarks by the chairperson;
 - (c) Approval of agenda;
 - (d) Approval of the minutes of the previous meeting;
 - (e) Matters arising therefrom the minutes of previous meeting;
 - (f) Items to be discussed (as specific as possible);
 - (g) Any other business;
 - (h) Date, time and venue for next meeting.
- 9.4 The agenda and any enclosures shall be sent to the members 7 days before the meeting. The agenda may be altered if a majority of the members present agrees to such a proposal. Documents containing further information on the items to be discussed may be distributed to the members in good time before the meeting.
- 9.5 The quorum for meetings shall not be less than three (3) members.
- 9.6 The chairperson shall conduct the meetings. The chairperson shall open and close the debates and give the floor to the members. If the chairperson is unable to attend or cannot perform due to conflict of interest, the deputy chairperson shall conduct the meeting. If the latter is also unavailable, the members present shall choose among them a chairperson for that meeting.
- 9.7 If a vote is needed on any matter, a majority of the valid votes cast is required for the decision to be adopted. Each member has one vote. In the event of a tied vote, the chairperson shall have the second and casting vote. Votes are conducted openly. Voting by secret ballot is prohibited.
- 9.8 The minutes of every meeting shall be recorded by the Executive Director, or a representative of the HKPC Secretariat duly appointed by the Executive Director, who attends the meetings in an administrative capacity without voting rights. The draft and final version of minutes of the meetings shall be circulated to all Committee Members for their comments and records within a reasonable time after the completion of the meeting. The minutes shall be signed by the chairperson of the meeting and as a general rule, by the Executive Director.
- 9.9. If the circumstances so require, the Committee may take decisions in writing by correspondence, including by email, facsimile or other form of electronic communication, using circular-letter to all members of the Committee entitled to take a decision. In such a case, the decision, signed by all of the members, shall be as valid and effectual as if it had been passed at a meeting of the Committee duly convened and held. All such written resolutions shall be filed with the minutes of the subsequent meeting of the Committee.

10. Chairperson's Duties

- 10.1 The chairperson of the Committee shall:-
- * oversee all preparations for a meeting of the Committee to be carried out by the HKPC Secretariat;
 - * chair meetings of the Committee;
 - * lead the discussion and ensure the smooth operation of the meeting;
 - * exercise the casting vote in the event of a tie;

- * approve the action list;
- * lead any media conferences whenever required; and
- * inform the members about any special matters.

10.2 The chairperson coordinates requests to take the floor can limit the amount of time given to speakers or take other measures to ensure the smooth operation of a meeting.

11. Members' Duties

11.1 Members shall take part in the meeting personally and no attendance by video-conference or by any other means of communication shall be accepted without the approval of the chairperson.

11.2 Members shall show mutual respect and protect the interests of HKPC in their work on the Committee. They shall review all documents sent to them before the meeting. They shall take an active part in the discussions. Members shall act faithfully, loyally and independently and in the best interests of HKPC and the promotion and development of Para Sports.

11.3 Members shall adhere to all relevant HKPC rules and regulations in their work on the Committee, in particular to the HKPC Articles and the HKPC Code of Conduct but also to any decisions issued by HKPC.

11.4 In particular, members shall always be aware of, and comply with, the provisions pertaining to conflict of interests as well as declaration of interests, and adjust their conduct as necessary (e.g. abstain from performing their duties, notify the chairperson in cases of potential conflicts of interest).

12. Meeting Ground Rules and Etiquettes

12.1 Ground rules are set for the purpose to ensure the effective running of meetings and shall be reviewed from time to time.

12.2 It is important for all the meeting participants to adhere to ground rules and etiquettes since they provide a framework to guide individual and group behaviour, and to explain how the group will function and make decisions.

12.3 The follows are the basic ground rules and etiquettes for meeting of the Committee:-

- (a) Share reports or documents that one wishes to reference or discuss during the meeting at least three (3) days in advance.
- (b) Prepare well for the meeting by reading all documents distributed before the meeting.
- (c) Be punctual.
- (d) Start (and end) meeting on time.
- (e) Address to the chairperson when speak.
- (f) Switch all mobile phones off or in mute mode.
- (g) Laptops, electronic devices and other media devices are banned to avoid distraction.
- (h) No disruption to others' comment even if strongly disagreed with.
- (i) Listen to all contributions
- (j) Personal criticism is prohibited.
- (k) Keep focused on the agenda and discussion on topic.
- (l) Ensure participants are aware of the purpose of the meeting.

12.4 The chairperson shall be responsible for:-

- * Enforcing meeting ground rules.
- * Encouraging all participants to contribute to the discussion.
- * Showing interest in others' contribution and appreciation for their contribution.
- * Summarizing decision made or progress made at the end of each discussion.
- * Encouraging feedback from all members on the effectiveness of the meeting.

13. Location of Meetings

13.1 In principle, the meetings and deliberations of the Committee shall take place in the territory of Hong Kong, China/at the seat of HKPC.

14. Official Languages

14.1 The official languages of the Committee shall be English and/or Chinese (written); and, English and/or Cantonese (spoken).

III SPECIFIC RULES TO THE COMMITTEE

15. Duties

15.1 The Audit Committee shall have the following duties:

- (a) To advise and make recommendations to the HKPC Board on the completeness, accuracy, integrity and fairness of audited annual financial statements, with the following areas of focus:
 - any changes in accounting policies and practices;
 - major judgmental areas;
 - significant adjustments resulting from the audit;
 - the going concern assumption and any qualifications;
 - compliance with accounting standards
 - compliance with legal requirements in relation to financial reporting;
 - appropriateness and adequacy of disclosures; and
 - matters drawn to the attention of the Committee by the Committee's external auditor.
- (b) To review HKPC's financial controls, internal control and risk management systems.
- (c) To monitor and review the effectiveness of HKPC's internal audit function, approve internal audit plan and scope, consider major findings of internal investigations and management's response, ensure that the internal audit function is adequately resourced and has appropriate standing within HKPC and is free from constraint by management or other restrictions.
- (d) To consider any significant or unusual items that are, or may need to be, reflected in the report and accounts.
- (e) To make recommendations to the HKPC Board, for their approval in general meeting, in relation to the appointment, re-appointment and removal of the external auditor, and shall be directly responsible for the approval of the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal.
- (f) To review the external auditor's management letter and management's response, any material queries raised by the external auditor to management about accounting records, or and management's response.
- (g) To ensure a timely response is provided to issues raised in the external auditor's management letter.
- (h) To consider any findings of major investigations of internal control matters as delegated by the HKPC Board or on the Committee's initiative and management's response.
- (i) To review the effectiveness of the system for monitoring compliance with applicable laws and regulations, and to consider any significant or unusual matters raised by the internal auditor.
- (j) To appoint, employ or retain professional advisor(s) as the Committee may consider appropriate.

- (k) To review annually the Committee's terms of reference and its own effectiveness and recommend to the Board any necessary changes arising therefrom.
- (l) Where the Committee's monitoring and review activities reveal cause for concern or scope for improvement, it shall make recommendations to the HKPC Board on action needed to address the issue or to make improvements.
- (m) To consider other topics, as defined by HKPC Board.

16. Members' Qualification and Independence

- 16.1 The Committee shall be composed of three (3) members.
- 16.2 The chairperson of the Committee shall have accounting/auditing background and the members are preferably to have external audit/internal audit background.
- 16.3 All members of the Committee shall meet the requirement of independence