

THE HONG KONG FOOTBALL ASSOCIATION LIMITED
Audit Committee

Terms of Reference

1 Meetings and Quorum

- 1.1 The Committee shall meet with such frequency and at such times as it may determine. It is expected that the Committee shall meet at least four times a year.
- 1.2 The quorum for meetings shall be two, one of whom should be the Committee Chairman, unless he or she is unable to attend due to exceptional circumstances.

2 Objective

- 2.1 The Committee shall be accountable to the Board and shall assist the Board in fulfilling its responsibilities in ensuring an effective system of internal control and compliance, and shall make recommendation to the Board for the appointment of external auditor.

3 Responsibilities of the Committee

Without limiting the generality of the Committee's objective, the Committee shall have the following responsibilities, power, authorities and discretion:

- 3.1 To advise and make recommendations to the Board on the completeness, accuracy, integrity and fairness of audited annual financial statements, with the following areas of focus:
 - i. any changes in accounting policies and practices;
 - ii. major judgmental areas;
 - iii. significant adjustments resulting from the audit;
 - iv. the going concern assumption and any qualifications;
 - v. compliance with accounting standards
 - vi. compliance with legal requirements in relation to financial reporting;
 - vii. appropriateness and adequacy of disclosures; and
 - viii. matters drawn to the attention of the Committee by the Association's external auditor.
- 3.2 To review the Association's internal control and risk management systems.
- 3.3 To monitor and review the effectiveness of the Association'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 the Association and is free from constraint by management or other restrictions.
- 3.4 To ensure the co-ordination between the internal and external auditors, and to meet alone with the internal and external auditors at least once a year in the absence of management, to ensure there are no unresolved issues or concerns and discuss any matters that the Committee or auditors believe should be discussed privately.

*** 委員會秘書附註：本文件只備英文本。**

- 3.5 To make recommendations to the 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.
- 3.6 To review the external auditor's management letter and management's response, any material queries raised by the external auditor to management and management's response.
- 3.7 To ensure a timely response is provided to issues raised in the external auditor's management letter.
- 3.8 To consider any findings of major investigations of internal control matters as delegated by the Board or on the Committee's initiative and management's response.
- 3.9 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.
- 3.10 To appoint, employ or retain professional advisor(s) as the Committee may consider appropriate.
- 3.11 To appoint sub-committee(s) where appropriate.
- 3.12 To review annually the Committee's terms of reference and its own effectiveness and recommend to the Board any necessary changes arising therefrom.
- 3.13 Where the Committee's monitoring and review activities reveal cause for concern or scope for improvement, it shall make recommendations to the Board on action needed to address the issue or to make improvements.

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Composition

The Committee shall comprise of three to five members, with the following proposed composition:

Chairman:	An external / independent member	With accounting / auditing background
Members:	An external / independent member	Preferably to have "external audit" and "internal audit" background respectively
	An external / independent member	
	Co-opted member(s) (Not more than 2)	As considered appropriate by the Committee

Notes:

- (1) In order to maintain the independence, the Chairman of the Audit Committee shall neither be the chairman of the Board, nor the Chairman / member of other functional committee. Majority of the membership is expected to be composed of independent members (without serving in other committees).

However, the above restriction will not be applicable for the involvement of serving as an observer / advisor, where the Chairman / members of Audit Committee has no voting right / decision making authority in such other committee(s).

- (2) The Chairman of the Audit Committee can access to the Board Chairman directly wherever needed. On the other hand, without jeopardizing the independence of the Audit Committee, the Chairman of Finance & Strategy Committee shall play the role as the "convener" to assist in bridging the communication of management information between the Audit Committee and the Board as appropriate.