HONG KONG, CHINA ROWING ASSOCIATION
INTERNAL AUDIT COMMITTEE
Terms of Reference

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1. Establishment

The Internal Audit Committee ("the Committee") is established by resolution of the Board of Directors ("the Board") of the Hong Kong, China Rowing Association ("HKCRA" or "the Association").

The Committee operates under authority delegated by the Board. The Board retains ultimate responsibility for the governance, management and affairs of the Association.

The Committee acts independently of the Finance Committee and reports directly to the Board.

In accordance with the Articles of Association of HKCRA, the President, Chairman, Director of Finance and Company Secretary shall be ex-officio members of the Committee but shall not be entitled to vote at meetings of the Committee unless specifically appointed as members by the Board. Ex-officio members are not required to attend meetings of the Committee but may choose to attend any meeting in that capacity.

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2. Purpose

The purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities in relation to:

- the integrity of financial reporting;
- the effectiveness of internal controls;
- internal audit and internal assurance processes;
- risk management and compliance oversight; and
- audit-related governance matters.

The Committee's primary assurance focus shall be on the Association's internal audit and internal control review function, while maintaining appropriate liaison with the external auditor on matters relevant to its remit.

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3. Authority

Unless expressly authorised by Board resolution, the Committee:

- acts in an oversight and advisory capacity to the Board;
- has authority to access relevant information necessary to discharge its responsibilities;
- may make recommendations to the Board on audit, internal control, governance, risk and compliance matters;
- may consult with internal or external auditors and legal or professional advisers where appropriate;

- may recommend, request or commission further review or investigation into areas of concern, subject to Board approval or established HKCRA procedures; and
- may invite non-voting specialist advisers where required.

The Committee has no authority to bind the Association contractually unless specifically authorised by the Board.

Where specific delegated authority is granted, this shall be clearly documented in writing by resolution of the Board.

The Committee shall not, unless specifically authorised by the Board:

- approve expenditure or commit Association funds outside approved budgets and any specific delegated authority;
- make appointments or removals on behalf of the Board;
- impose disciplinary sanctions; or
- exercise powers reserved to the Board under the Articles of Association or HKCRA policies.

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4. Composition

4.1 Membership

The Committee shall comprise:

- a minimum of three and a maximum of five members, including the Chairperson; and
- such specialist advisers as the Board may approve, if applicable.

Specialist advisers shall not count towards the minimum or maximum membership.

4.2 Eligibility

In accordance with the Articles of Association, all voting members of the Committee must be Stewards or Ordinary Members of HKCRA and members of a Club Member of the Association.

Members shall possess relevant experience, expertise or qualifications appropriate to the Committee's remit. Members may be drawn from Board Directors and other individuals with relevant financial, audit, legal, governance or risk management expertise.

Members of the Internal Audit Committee shall not serve simultaneously as members of the Finance Committee.

The Chairperson must be a Board Director but shall not be the Chairman of the Board or the chair of any other functional committee. At least one member should ideally possess financial, audit or risk management expertise.

4.3 Specialist Advisers

The Board may approve the appointment of specialist advisers to attend meetings where particular expertise is required. Such persons shall not be voting members of the Committee and may participate only in a non-voting advisory capacity, in accordance with the Articles of Association.

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5. Appointment and Term

Committee members shall be appointed by the Board.

The Chairperson shall be appointed by the Board from among the Board Directors, in accordance with the eligibility requirements set out in Section 4.2.

Members shall serve for a term of two years, renewable upon reappointment by the Board.

Specialist advisers shall serve for a term of two years, renewable upon reappointment by the Board.

The Board may remove or replace members at its discretion.

The office of a member shall be automatically vacated if the member:

- resigns in writing addressed to the Association;
- ceases to be a Steward or Ordinary Member and member of a Club Member of HKCRA;
- becomes of unsound mind;
- has a receiving order made against him or her; or
- is removed from office in accordance with the Articles of Association or by Special Resolution at a General Meeting of the Association.

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6. Duties and Responsibilities

The Committee shall:

6.1 Internal Audit and Internal Assurance

- oversee the Association’s internal audit, internal control review and related assurance arrangements;
- review the scope, methodology, findings and recommendations of internal audit work or equivalent internal control reviews;
- monitor management responses and follow-up action arising from internal audit findings or control reviews;
- advise the Board on the adequacy and effectiveness of internal assurance arrangements.

6.2 Financial Reporting Oversight

- review annual financial statements and key disclosures before Board approval;

- consider whether the financial statements present a fair and accurate view in accordance with applicable standards and requirements;
- advise the Board on significant accounting, reporting or disclosure issues arising from the audit or financial reporting process.

6.3 External Audit

- review and discuss with the external auditor the audit scope, major findings, key issues and management responses;
- meet independently with the external auditor at least once annually, without management present where appropriate;
- advise the Board on audit-related concerns arising from the external audit process.

6.4 Internal Controls and Risk Management

- assess the adequacy and effectiveness of HKCRA's internal control framework;
- review risk management arrangements and major control weaknesses or governance concerns;
- identify and report significant financial, operational, compliance or governance risks to the Board;
- recommend improvements to strengthen internal controls, accountability and assurance.

6.5 Compliance, Irregularities and Whistleblowing

- review incidents of fraud, whistleblowing, suspected financial irregularity, serious non-compliance or other control failures;
- monitor the Association's compliance with relevant statutory, regulatory, governance and funding requirements;
- advise the Board on appropriate escalation, follow-up and remedial action while respecting confidentiality and need-to-know principles.

6.6 Governance and Integrity

- consider whether governance and integrity arrangements relevant to the Committee's remit are adequate and functioning effectively;
- review, where appropriate, conflict-of-interest controls, segregation of duties, approval controls and record-keeping arrangements from an assurance perspective;
- make recommendations to the Board on audit-related governance improvements.

The Committee shall also ensure that activities within its remit are conducted in accordance with:

- the HKCRA Articles of Association;
- applicable laws of Hong Kong;
- guidelines issued by the Sports Federation & Olympic Committee of Hong Kong, China;
- relevant subvention requirements of the Leisure and Cultural Services Department; and
- relevant ICAC corruption prevention and integrity guidance.

7. Meetings

The Committee shall meet at least four times per year, with additional meetings as required.

Meetings may be conducted in person or by electronic means, including video conference.

Notice of meetings shall be given at least seven days in advance unless urgent circumstances require otherwise.

The agenda and relevant papers shall be circulated in advance where practicable.

8. Quorum and Voting

A quorum shall consist of at least 50% of duly appointed voting members.

Voting shall be by show of hands unless the Chairperson of the meeting directs otherwise.

Decisions shall be made by simple majority of those present and voting.

In the event of a tie, the Chairperson of the meeting shall have a casting vote.

No person appointed in an advisory or non-voting capacity, and no person in receipt of a salary or wages from the Association, shall be entitled to vote at meetings of the Committee.

Written resolutions signed by all voting members may be adopted if unanimously agreed, where permitted.

If a meeting is inquorate, discussion may take place but no formal recommendation shall take effect unless subsequently confirmed at a quorate meeting or by valid written resolution.

9. Conflict of Interest

Members shall comply with HKCRA’s Conflict of Interest Policy.

An annual declaration of interests shall be completed by each member.

Members must declare any actual, potential or perceived conflict of interest at the beginning of each meeting, or as soon as it arises.

Any member with a conflict of interest in relation to a matter shall abstain from discussion and decision-making on that matter, and such abstention shall be recorded in the minutes. In accordance with the Articles of Association, any vote cast in breach of this requirement shall not be counted.

Particular care shall be taken in relation to audit matters, investigations, whistleblowing cases, control failures, related-party issues and any matter affecting the impartiality of the Committee's oversight role.

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10. Reporting

The Committee reports directly to the HKCRA Board.

A written report summarising each meeting's discussion, findings and recommendations shall be submitted to the Board. Copies of all minutes shall be furnished promptly to the Company Secretary and to the HKCRA Secretariat in accordance with the Articles of Association.

Complaints, serious incidents of non-compliance, suspected fraud, financial irregularities or other major control concerns shall be reported to the Board promptly, subject to appropriate confidentiality safeguards.

An annual summary report shall be provided to the Board.

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11. Secretariat Support

Administrative support shall be provided by the HKCRA Secretariat.

A designated staff member may attend meetings if requested by the Committee. The Committee may exclude management from any part of a meeting where appropriate.

All records, minutes and documentation shall be securely retained in accordance with HKCRA record-keeping policies.

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12. Access to Information and Advice

The Committee may request relevant information from the Secretariat necessary to discharge its duties.

The Committee may consult, through appropriate channels, with internal reviewers, the external auditor, legal advisers or other appropriate professionals on matters within its remit.

Where specialist external advice is required, prior Board approval shall ordinarily be obtained. In cases where urgent circumstances make it impracticable to seek prior Board approval, the Committee may proceed only where:

- the Chairperson of the Committee has given prior approval;

- the scope of any engagement is limited to the specific matter requiring urgent attention; and
- the Committee reports the nature, scope and cost of any such engagement to the Board at the earliest practicable opportunity and in any event at the next Board meeting.

The Committee shall not engage external advisers in a manner that could expose the Association to reputational, legal or financial risk without Board awareness.

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13. Review of Terms of Reference

These Terms of Reference shall be reviewed every two years by the Committee, and any proposed amendments submitted to the Board for approval.

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14. Adoption

Approved by the Board of Directors of the Hong Kong, China Rowing Association on:

Date: 23 April 2026

Chairman: