

無限創意控股有限公司
UNLIMITED CREATIVITY HOLDINGS LIMITED

Terms of Reference of Audit Committee (“Committee”)

Membership

1. The Committee shall be appointed by the Board (the “Board”) of the Company from amongst the non-executive directors of the Company and shall comprise not less than three Independent Non-executive Directors.
2. The Chairman of the Committee shall be appointed by the Board.
3. A former partner of the Company’s existing auditing firm should be prohibited from acting as a member of the Committee for a period of 1 year commencing on the date of his ceasing:
 - (i) to be a partner of the firm; or
 - (ii) to have any financial interest in the firm.

whichever is the later.
4. The Company Secretary or his/her nominee shall act as the Secretary of the Committee.

Meetings and Quorum

5. The members of the Committee shall meet at least four times per year. Additional meetings should be held as the work of the Committee demands. In addition, the chairman of the Committee may convene additional meetings at his/her discretion.
6. The quorum for meetings shall be two members. Any member of the Committee may participate in a meeting by means of a telephone or other audio communications equipment
7. A resolution in writing signed by all members of the Committee shall be as valid and effectual as if it had been passed at a meeting of the Committee duly convened and held. Such consent in writing may be by means of telex, telegram, cable, facsimile or other written electronic communication.

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Authority

8. The Committee is granted the authority to investigate any activity within its terms of reference and all employees are directed to cooperate with the Committee. The Committee is authorized by the board to obtain outside legal or other independent professional advice and to invite the attendance of outsiders with relevant experience and expertise if it considers this necessary.
9. The Committee shall report to the Board any suspected frauds and irregularities, failures of internal control or suspected infringements of laws, rules and regulations which come to its attention and are of sufficient importance to warrant the attention of the board.
10. Where the Board disagrees with the Audit Committee's view on the selection, appointment, resignation or dismissal of the external auditor, the Committee will arrange for the Corporate Governance Report in the Annual Report to include an explanation of the Audit Committee's view and the reasons why the board has taken a different view.
11. The Audit Committee is to be provided with sufficient resources to discharge its duties.

Responsibility

12. The Committee is to serve as a focal point for communication between other directors, the external auditor and the internal auditor (if any) as regards their duties relating to financial and other reporting, internal controls, external and internal audits and such other matters as the Board determines from time to time.
13. The Committee is to assist the Board in fulfilling its responsibilities by providing an independent review and supervision of financial reporting, by satisfying themselves as to the effectiveness of the internal controls of the Company and its subsidiaries (the "group"), and as to the adequacy of the external and internal audits.

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Duties

14. The duties of the Committee shall be:
- (a) to make recommendations to the Board on the appointment, reappointment and removal of the external auditors, and to approve the remuneration and terms of engagement of the external auditors, and any questions of its resignation or dismissal;
 - (b) to review, before audit commencement, external auditor's independence, objectivity, effectiveness of the audit process and the scope of the external audit, including the engagement letter. The Committee should understand the factors considered by the external auditor in determining their audit scope. The external audit fees are to be negotiated by management, and presented to the Committee for review and approval annually;
 - (c) to develop and implement policy on engaging the external auditors to provide non-audit services;
 - (d) to monitor integrity of the Company's financial statements and annual report and accounts, half-year report and quarterly reports, and to review significant financial reporting judgements contained in them. In reviewing these reports before submission to the board, the committee should focus particularly on:
 - (i) any changes in accounting policies and practices;
 - (ii) major judgmental areas;
 - (iii) significant adjustments resulting from audit;
 - (iv) the going concern assumptions and any qualifications;
 - (v) compliance with accounting standards; and
 - (vi) compliance with the GEM Listing Rules and legal requirements in relation to financial reporting;

Regarding (d) above:

- (i) members of the Committee should liaise with the Board, and senior management and the Committee must meet, at least twice a year, with the Company's auditors; and

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- (ii) the Committee should consider any significant or unusual items that are, or may need to be, reflected in the reports and accounts and it should give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting, compliance officer or auditors.
- (e) to review the Company's financial controls, internal control and risk management systems;
- (f) to discuss with the internal control system with management to ensure that the management has performed its duty to have an effective internal control system. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;
- (g) to consider major investigations finding on internal control matters as delegated by the board or on its own initiative and management's response to these findings;
- (h) to review financial and accounting policies and practices; and
- (i) to review the external auditors' management letter, any material queries raised by the auditors to management about the accounting records, financial accounts or systems of control and management's response.
- (j) to ensure that the board will provide a timely response to the issues raised in the external auditor's management letter;
- (k) to review arrangements by which employees, in confidence can raise concerns about possible improprieties in financial reporting, internal control or other matters. The Committee is to ensure proper arrangements are in place for the fair and independent investigation of such concerns and appropriate follow up action;
- (l) act as the key representative body for overseeing the Company's relations with the external auditors;

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- (m) to report to the board on the matters in this terms of reference; and
- (n) to consider other topics, as defined by the Board from time to time.

Reporting Procedures

15. The Committee shall report to the Board on a regular basis. At the next meeting of the Board following a meeting of the Committee, the chairman of the Committee shall report the findings and recommendations of the Committee to the Board.

- END -

16 March 2012