

PERCEPTION DIGITAL HOLDINGS LIMITED

幻音數碼控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1822)

NOMINATION COMMITTEE

TERMS OF REFERENCE

1. Purpose

Nomination committee ("**Committee**") is a committee of the board of directors ("**Board**") of Perception Digital Holdings Limited (the "Company") and is established for the purpose of identifying, screening and recommending to the Board appropriate candidates to serve as directors of the Company and to oversee the process of developing, recommending and monitoring nomination guidelines for the Company.

2. Composition

Committee consists of at least 3 members to be appointed by the Board comprising a majority of independent non-executive directors and chaired by the chairman of the Board or an independent non-executive director.

3. Secretary of Committee

Company Secretary shall be the secretary of the Committee.

4. Attendance & Quorum

A quorum shall be 2 Committee members. Other board members, apart from Committee members, may by invitation attend any Committee meetings, though they will not be counted in the quorum.

5. Meetings

5.1 Committee shall meet at least once every year and Committee members may call any meeting at any time when necessary.

5.2 Committee is required to report back to the Board its decisions or recommendations following each meeting unless there are legal or regulatory restrictions on its ability to do so (such as a restriction on disclosure due to regulatory requirements).

6. Authority

Committee is authorized by the Board to determine the procedures, process and criteria to be adopted for the purpose of selecting and recommending candidates for directorship and Committee is provided with sufficient resources to perform its duties and, where appropriate, to seek independent professional advice at the Company's expense to perform its responsibilities.

7. Duties

- 7.1 to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- 7.2 identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;
- 7.3 assess the independence of independent non-executive directors;
- 7.4 make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular chairman and chief executive of the Company; and
- 7.5 where the Board proposes a resolution to elect an individual as an independent non-executive director at the general meeting, Committee should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting why they believe he should be elected and the reasons why they consider him to be independent.

8. Reporting Procedures

Secretary shall circulate minutes of meetings and reports of findings and recommendations of the Committee to the Board.

Note:

If there is any inconsistency between the English and Chinese version of this document, the English version shall prevail.

Dated the 30th day of March 2012