

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)

REMUNERATION COMMITTEE

TERMS OF REFERENCE

1 Purpose

Remuneration committee ("Committee") is a committee of the board of directors ("**Board**") and is established for the purpose of assisting the Board of Perception Digital Holdings Limited (the "Company") in determining the policy and structure for remunerating directors and senior management, evaluating the performance of directors and senior management, reviewing incentive schemes and directors' service contracts, recommending remuneration packages for directors and senior management and other remuneration related matters.

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 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 to attend any Committee meetings, though they shall not be counted in the quorum.

5 Meetings

5.1 Committee shall meet at least once every year. 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 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 recommend the remuneration payable to directors and members of senior management, the emolument policies and the basis for determining such emoluments. Committee is provided with sufficient resources to perform its duties and, specific duties of the Committee are set out below to enable it to perform its functions, Committee shall have access to directors and independent professional advice.

7 Duties

Committee should consult the chairman and/or chief executive of the Company about their remuneration proposals for other executive directors and its duties include:

- 7.1 to make recommendations to the Board on the Company's policy and structure for all directors' and senior management remuneration and on the establishment of formal and transparent procedures for developing remuneration policy;
- 7.2 to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- 7.3 to make recommendations to the Board on remuneration packages of individual executive director and senior management (include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of office or appointment) ;
- 7.4 to make recommendations to the Board of remuneration of non-executive directors;
- 7.5 to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;
- 7.6 to review and approve compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- 7.7 to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and
- 7.8 to ensure that no director or any of his associate is involved in deciding his own remuneration.

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.

Date the 30th day of March 2012