



China Digital Licensing (Group) Limited
中國數碼版權(集團)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8175)

TERMS OF REFERENCE FOR THE REMUNERATION COMMITTEE
(THE “COMMITTEE”)

(Adopted by the Company pursuant to Board resolutions passed on 11 June 2005 and revised on 23 March 2012)

1 Membership

- 1.1 Members of the Committee shall be appointed by the board of directors of the Company (the “Board”).
- 1.2 A majority of the members must be independent non-executive directors (“INEDs”).
- 1.3 The company secretary or his/her nominee shall act as the Committee’s secretary. In the absence of the company secretary, his/her delegate(s) or any person elected by the members present at the meeting of the Committee, shall attend the meeting of the Committee and take minutes.

2 Chairman

- 2.1 The Chairman of the Committee shall be appointed by the Board and shall be an INED.

3 Frequency and proceedings of meetings

- 3.1 The Committee shall hold at least one regular meeting in a year. Additional meetings shall be held as and when required.
- 3.2 The quorum for meetings of the Committee shall be any two members.
- 3.3 Unless otherwise specified hereunder, the provisions contained in the Company’s Articles of Association (as amended from time to time) for regulating meetings and proceedings of directors shall apply to the meetings and proceedings of the Committee.

- 3.4 Members of the Committee may attend meetings of the Committee either in person or through other electronic means of communication or in such manner as the members may agree.
- 3.5 The other directors, company secretary (or his/her delegate(s)), and relevant senior management and person(s) invited by a Committee member shall normally attend meetings of the Committee.
- 3.6 A meeting of the Committee may be convened by any of its members or by the company secretary.
- 3.7 Unless otherwise agreed by all the members of the Committee, notice of at least 7 days shall be given for a regular meeting of the Committee. For all other meetings of the Committee, reasonable notice shall be given.
- 3.8 Agenda and accompanying supporting papers shall be sent to all members of the Committee and to other attendees as appropriate at least 3 days before the date of the meeting (or such other period as the members may agree).
- 3.9 Draft and final versions of minutes of Committee meetings shall be sent to all Committee members for their comment and records within a reasonable time after the meeting.
- 3.10 Minutes of the Committee shall be kept by the company secretary and shall be available for inspection by any member of the Committee or the Board at any reasonable time on reasonable notice.
- 3.11 Without prejudice to any requirement under the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”), written resolution may be passed and adopted by all members of the Committee.

4 Responsibilities and authorities

- 4.1 The responsibilities and authorities of the Committee shall include such responsibilities and authorities set out in the relevant code provisions of the Corporate Governance Code (the “CG Code”) as contained in Appendix 15 of the GEM Listing Rules (as amended from time to time).
- 4.2 The Committee shall consult the chairman of the Board and/or the chief executive officer about their remuneration proposals for other executive directors.
- 4.3 Without prejudice to any requirement under the CG Code, the duties of the Committee include the following:

- (a) To make recommendations to the Board on the Company's policy and structure for all directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (b) To review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- (c) Either:
 - (i) to determine, with delegated responsibility, the remuneration packages of individual executive directors and senior management; or
 - (ii) to make recommendations to the Board on the remuneration packages of individual executive directors and senior management.

This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

- (d) To make recommendations to the Board on the remuneration of non-executive directors;
- (e) To consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;
- (f) 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;
- (g) 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
- (h) To ensure that no director or any of his/her associates is involved in deciding his/her own remuneration.

4.4 The Committee shall be provided with sufficient resources to perform its duties and shall have access to independent professional advice if necessary.

5 Reporting responsibilities

5.1 The Committee shall report to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).

6 Annual general meeting

- 6.1 The chairman of the Committee or in his/her absence, another member of the Committee or failing this, his/her duly appointed delegate, shall attend the Annual General Meeting of the Company and be prepared to respond to questions at the Annual General Meeting on the Committee's work and responsibilities.

Note: If there is any inconsistency between the English and Chinese versions of this Terms of Reference, the English version shall prevail.