



Orange Sky Golden Harvest Entertainment (Holdings) Limited

REMUNERATION COMMITTEE – TERMS OF REFERENCE

1. Constitution

The Board of Directors (the “Board”) of Orange Sky Golden Harvest Entertainment (Holdings) Limited (the “Company”) established a committee to the Board known as the Remuneration Committee (the “Committee”) on 8 October 2004.

2. Objectives

The Committee shall ensure that:

- 2.1 The Company shall disclose information relating to its directors’ remuneration policy and other remuneration related matters. There shall be a formal and transparent procedure for setting policy on executive directors’ remuneration and for fixing the remuneration packages for all directors and senior management;

(Notes: 1. Under paragraph 24B of Appendix 16 of the Listing Rules, the Company is required to give a general description of the emolument policy and long-term incentive schemes of the group as well as the basis of determining the emolument payable to the directors.

2. *Under paragraph 24 of Appendix 16, directors’ fees and any other reimbursement or emolument payable to a director must be disclosed in full in the annual reports and accounts of the Company on an individual and named basis.)*

- 2.2 Levels of remuneration shall reflect the performance and responsibilities of the

individual and be sufficient to attract, motivate and retain the high performing individual(s) needed to run the Company successfully, but avoid paying more than is necessary for this purpose; and

2.3 No director or any of his/her associates shall be involved in deciding his/her own remuneration.

3. Membership

3.1 The Committee shall have at least three members, each of them being appointed by the Board.

3.2 The Board shall appoint the Chairman of the Committee.

3.3 A majority of the members of the Committee shall be independent non-executive directors.

4. Proceedings of Meeting

4.1 The Committee shall meet at least once a year and at such other times as the Chairman of the Committee shall require.

4.2 Meetings of the Committee shall be called by the Chairman of the Committee, or at the request of the Board.

4.3 The quorum necessary for the transaction of business shall be two. Matters transacted at the meetings shall be determined by a majority of votes. In the case of any equality of votes, the Chairman of the Committee shall have an additional or casting vote.

4.4 Members of the Committee may participate in any meeting of the Committee by means of conference telephone or other communications equipment through which all persons participating in the meeting can communicate with each other simultaneously and instantaneously. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote and be counted in a quorum.

4.5 The members of the Committee shall abstain from voting on any resolution in which

they have a material interest and that they shall not be counted in the quorum.

- 4.6 The meetings and proceedings of the Committee shall be governed by the provisions contained in the Bye-laws of the Company for regulating the meetings and proceedings of the Board so far as the same are applicable and are not superseded by any regulations imposed by the Board.

5 Authority and responsibilities

- 5.1 The Committee shall consult the Chairman and/or Managing Director of the Board about their proposal relating to the remuneration of other executive directors and have access to professional advice if considered necessary.

- 5.2 The Committee shall have powers:-

- a) to make recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;

(Note: For the purpose of this document, "senior management" shall refer to the same category of persons as referred to in the Company's annual report and is required to be disclosed under paragraph 12 of Appendix 16 of the Listing Rules.)

- b) to have the delegated responsibility to determine the specific remuneration packages of all executive directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board on the remuneration of non-executive directors. The Committee shall consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the group and desirability of performance-based remuneration;

(Note: Please refer to item a) for definition of "senior management".)

- c) to review and approve performance-based remuneration by reference to corporate goals

and objectives resolved by the Board from time to time;

- d) to review and approve the compensation payable to executive directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company;

(Note: Please refer to item a) for definition of “senior management”.)

- e) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate; and

- f) to ensure that no director or any of his/her associates is involved in deciding his/her own remuneration.

(Note: The Committee shall advise shareholders on how to vote with respect to any service contracts of directors that require shareholders’ approval under Rule 13.68 of the Listing Rules.)

- 5.3 The Committee shall make available its terms of reference, explaining its role and the authority delegated to it by the Board.

(Notes: 1. This requirement could be met by making it available on request and by including the information on the Company’s website.

- 2. Under paragraph 2(f)(i) of Appendix 23 of the Listing Rules, the Company must explain the role of the Committee (if any) in the Corporate Governance Report.)*

- 5.4 The Committee shall be provided with sufficient resources to discharge its duties.

- 5.5 The Committee shall consider such other topics as it is directed by the Board to do so.

- 5.6 The Chairman of the Committee shall report regularly to the Board on the matters having discussed among the members.