

HUAYI TENCENT ENTERTAINMENT COMPANY LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 419)

Terms of Reference of the Remuneration Committee of the board of directors (the “Board”) of the Company

1. **CONSTITUTION**

The Board of Huayi Tencent Entertainment Company Limited (the “Company”) has resolved to establish a Remuneration Committee (“Remuneration Committee”).

2. **MEMBERSHIP**

- a. The members of the Remuneration Committee shall be appointed by the Board from amongst the directors of the Company and shall consist of not less than two members, a majority of whom should be independent non-executive directors of the Company. A Director shall automatically cease to be a member of the Remuneration Committee on ceasing to be a director of the Company.
- b. The Chairman of the Remuneration Committee appointed by the Board must be a member of the Remuneration Committee and an independent non-executive director of the Company.
- c. The secretary of the Remuneration Committee shall be the company secretary of the Company.
- d. The appointment of the members and secretary of the Remuneration Committee may be revoked, or additional members may be appointed to the Remuneration Committee by separate resolutions passed by the Board.

3. **PROCEEDINGS OF THE REMUNERATION COMMITTEE**

3.1 Notice

- a. Notice of any meetings of the Remuneration Committee has to be given at least 14 days prior to any such meeting being held. Any member may waive any notice required to be given by law or under these terms of reference, and the attendance of a member at a meeting shall be deemed to be a waiver by such member. Any member of the Remuneration Committee may, and the secretary of the Remuneration Committee on the request of a member of the Remuneration Committee shall, at any time summon a meeting of the

Remuneration Committee. Notice shall be given to each member of the Remuneration Committee by telephone, by e-mail, by facsimile or any other electronic means at the telephone number, email address or facsimile number from time to time notified to the secretary by such member of the Remuneration Committee or in such other means as the members may from time to time determine. Any notice given orally shall be confirmed in writing.

- b. Notice of meeting shall state the place, date and time of the meeting.
- c. An agenda together with other documents which may be required to be considered by the members of the Remuneration Committee for the purposes of the meeting shall be circulated to all members in a timely manner and at least 3 days before the intended date of the meeting.

3.2 Quorum

The quorum of the Remuneration Committee meeting shall be two (2). Any member of Remuneration Committee may participate in a meeting by means of telephonic or other similar communication whereby all persons participating in the meeting can hear each other speak, and participation in a meeting in this manner shall be deemed to constitute presence in person at such meeting and any member may be situated in any part of the world for any such meeting. The Chairman of Remuneration Committee shall preside as chairman at every meeting of the Remuneration Committee. In the absence of the Chairman, the members present may choose one of their members (another independent non-executive director) to be chairman of the meeting.

3.3 Frequency of meetings

Meetings shall be held at least once every year.

4. WRITTEN RESOLUTIONS

A resolution signed by all the members of Remuneration Committee shall be as valid as if it had been passed at a meeting of Remuneration Committee.

5. ANNUAL GENERAL MEETING

The Chairman of the Remuneration Committee shall attend the annual general meeting of the Company (“AGM”). If the Chairman of the Remuneration Committee is unable to attend the AGM, another member of the Remuneration Committee or failing this his duly appointed delegate, shall be available to answer questions at the AGM.

6. AUTHORITY

The Remuneration Committee may exercise the following powers in order to

perform its duties:

- a to seek any information it requires from any employee of the Company (together with its subsidiaries from time to time, the “Group”).
- b to access to independent professional advice if necessary at the Company’s expense and be provided with sufficient resources.
- c to consult the chairman of the Board and/or chief executive about their remuneration proposals for other executive directors.

7. **DUTIES**

The duties of the Remuneration Committee shall include, without limitation:

- 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 (i) to determine, with delegated responsibility, the remuneration packages of individual executive directors and senior management; and (ii) to make recommendations to the Board on the remuneration packages of individual non executive directors. (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 associate is involved in deciding his own remuneration.

8. **REPORTING PROCEDURES**

The secretary of the Remuneration Committee shall circulate all minutes of the meetings and written resolutions of the Remuneration Committee to all members

of the Board.

9. MINUTES AND RECORDS

- a. Full minutes of the meetings and written resolutions of the Remuneration Committee should be kept by the secretary of the Remuneration Committee.
- b. The secretary of the Remuneration Committee shall circulate the draft and final versions of minutes of the meeting of the Remuneration Committee to all members of the Remuneration Committee for their comment and records respectively within a reasonable time after the meeting. The secretary of the Remuneration Committee shall record individual attendance of members of the Remuneration Committee, on a named basis, at meetings.

10. CONTINUING APPLICATIONS OF THE BYE-LAWS OF THE COMPANY

The bye-laws of the Company regulating the meetings and proceedings of the Directors so far as the same are applicable and not inconsistent with the provisions of these terms of reference shall apply, mutatis mutandis, to regulate the meetings and proceedings of the Remuneration Committee.

In the event of any inconsistency, the English language text of these terms of reference shall prevail over the Chinese language text.