

## **CHINA STAR ENTERTAINMENT LIMITED**

### **Terms of Reference for Remuneration Committee**

#### *Constitution*

1. The Board has resolved to establish a committee of the Board to be known as the Remuneration Committee with effect from 31 August 2005.

#### *Membership*

2. The Remuneration Committee shall be appointed by the Board from amongst the Directors and shall consist of not less than three members, a majority of whom should be independent. Currently, the Remuneration Committee has three members comprising one executive Director (namely Ms. Chen Ming Yin, Tiffany) and two independent non-executive Directors (namely Mr. Leung Hok Man). A quorum shall be a majority of members.
3. The chair of the Remuneration Committee shall be appointed by the Board and is currently Ms. Chen Ming Yin, Tiffany.

#### *Attendance at meetings*

4. The Chief Financial Officer and/or the Financial Controller shall normally attend meetings.
5. The Company Secretary shall be the secretary of the Remuneration Committee.

#### *Frequency of meeting*

6. Meetings shall be held at least once a year to consider and review the remuneration policies of the Company and make recommendations to the Board or as requested by the Director responsible for the human resources function ("Responsible Director").

#### *Authority*

7. The Remuneration Committee should consult the Chairman and/or the Vice Chairman in making their recommendations relating to remuneration of other executive Directors.
8. The Remuneration Committee is and may, from time to time, seek advice from special personnel consulting groups so as to ensure that the Board remains informed of market trends and practices.

*Duties*

9. The duties of the Remuneration Committee shall be:
  - (a) to make recommendations to the Board on the Company's policy and structure of remuneration of Directors, corporate management (ie. senior management of the Company) and operating management (ie. senior management of the Company's business units) and on the establishment of a formal and transparent procedure for developing policy on such remuneration;
  - (b) to determine the specific remuneration packages of all executive Directors, corporate management and operating 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 of the remuneration of non-executive Directors;
  - (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, corporate management and operating 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;
  - (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;
  - (f) to ensure that no Director or any of his associates (as defined in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules")) is involved in deciding his own remuneration; and
  - (g) with respect to any service contracts of Directors that require shareholders' approval under Rule 13.68 of the Listing Rules, to advise the Shareholders as to whether the terms are fair and reasonable, whether such contracts are in the interests of the Company and the Shareholders as a whole, and as to how to vote.
10. In determining any specific package, the Remuneration Committee shall take into account factors such as salaries paid by comparable companies, time commitment,

responsibilities of Directors, employment conditions elsewhere in the group and whether any part of the remuneration package should be performance-based.

*Procedures*

11. The chair, in consultation with the Responsible Director and the secretary of the Remuneration Committee, should be primarily responsible for drawing up and approving the agenda for each Remuneration Committee meeting. The chair, with the assistance of the secretary, shall ensure that all members shall receive sufficient information in a timely manner to enable effective discussion at the Remuneration Committee meeting. The chair shall, with the assistance of the Responsible Director, brief all members on issues arising at each Remuneration Committee meeting. The secretary shall circulate the draft and final versions of the minutes of meetings and reports of the Remuneration Committee to all members for comments and records within a reasonable time after each meeting, subject to any legal or regulatory restrictions restricting such circulation or the making of such reports. The chair shall report in the forthcoming Regular Board Meeting any key decisions made and shall table before the Board an index of meetings and issues discussed.
  
12. The secretary of the Remuneration Committee shall record minutes of all duly constituted meetings of the Remuneration Committee. All minutes shall record in sufficient details the matters considered, decisions reached or recommendations made and any concerns raised by any member including dissenting views.

1 March 2007