



## **CHINA STAR ENTERTAINMENT LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 326)**

### **TERMS OF REFERENCE FOR REMUNERATION COMMITTEE**

#### *Constitution*

1. The board of directors (the “**Board**”) of China Star Entertainment Limited (the “**Company**”) has resolved to establish a committee of the Board to be known as the Remuneration Committee.

#### *Membership*

2. The Remuneration Committee shall be appointed by the Board from time to time, a majority of whom should be independent. The Board shall appoint one member of the Remuneration Committee as the chairman of the Remuneration Committee, whom should be an independent non-executive director (the “**Chairman**”). A quorum shall be a majority of members.

#### *Attendance at meetings*

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

#### *Frequency of meeting*

5. 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.

#### *Authority*

6. The Remuneration Committee should consult the Chairman and/or the Vice Chairman in making their remuneration proposals for other executive directors and have access to independent professional advice if necessary.
7. 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*

8. The duties of the Remuneration Committee shall be:
- (a) to make recommendations to the Board on the Company's policy and structure of directors' and senior management 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 the Company 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 the Company consistent with contractual terms and are otherwise reasonable and appropriate;
  - (h) 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
  - (i) with respect to any service contracts of directors that require shareholders' approval under Rule 13.68 of the Listing Rules, to advise shareholders as to whether the terms are fair and reasonable, whether such contracts are in the interests of the Company and its shareholders as a whole, and as to how to vote.

### *Reporting Procedures*

9. The minutes of the Remuneration Committee meetings should be kept by a duly appointed secretary of the meeting (who should normally be the company secretary). Draft and final versions of minutes of the Remuneration Committee meetings should be sent to all members of the Remuneration Committee for their comment and records within a reasonable time after the meeting.
10. The Remuneration Committee shall report to the Board on the matters set out in these Terms of Reference and the Code Provisions as and when necessary, and shall promptly report back to the Board on its decisions and recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).

### *General*

11. The Remuneration Committee should make available its terms of reference, explaining its role and the authority delegated to it by the Board by including them on the websites of the Company and The Stock Exchange of Hong Kong Limited.
12. The Remuneration Committee should be provided with sufficient resources to perform its duties.
13. The Company should disclose details of any remuneration payable to members of senior management by band in their annual reports.
14. The Chairman of the Remuneration Committee or, in his/her absence, another member of the Remuneration Committee or failing this, his/her appointed delegate as invited by the Chairman for the Board should attend annual general meetings to answer any questions from the shareholder.

Dated: 30 March 2012