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**RULES OF THE BOARD OF MANAGING DIRECTORS OF  
CINEMA CITY INTERNATIONAL N.V.**

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## **RULES OF THE BOARD OF MANAGING DIRECTORS OF CINEMA CITY INTERNATIONAL N.V.**

These Rules of the Board of Managing Directors (“**Rules**”) were adopted by the Board of Managing Directors (the “**Board of Managing Directors**”) of Cinema City International N.V. (the “**Company**”) on, and are effective as of December 20, 2006.

### **Article 1 Status and contents of the Rules**

- 1.1. These Rules are adopted pursuant to article 18 paragraph 5 of the Company’s articles of association (the “**Articles**”). These Rules have also been adopted in view of the provisions of the Dutch Corporate Governance Code (the “**Code**”) and shall be applied and interpreted with reference to the Code. These Rules regulate the decision-making process of the Board of Managing Directors and shall replace in their entirety any rules previously adopted by the Board of Managing Directors.
- 1.2. To these Rules the following attachments are included, which form an integrated part of these Rules:
  - Annex 2.4:** the Code of Conduct
  - Annex 6.2:** rules related to investments by managing directors
  - Annex 9.3:** rules for reporting and handling suspected irregularities for employees of the Company and its group companies (“**Whistleblower Rules**”).
- 1.3. Where these Rules are inconsistent with Dutch law, the law shall prevail. Where these Rules are inconsistent with the Articles, the Articles shall prevail to the extent the Articles are not inconsistent with Dutch law.

If one or more provisions of these Rules are or become invalid, this shall not affect the validity of the remaining provisions. The Board of management directors shall replace the invalid provisions with ones that are valid and the effect of which, given the contents and purpose of these Rules, is to the greatest extent possible similar to that of the invalid provisions.

### **Article 2 Responsibilities of the Board of Managing Directors**

- 2.1. The role of the Board of Managing Directors is to manage the Company, which means, among other things, that it is responsible for achieving the Company’s aims, strategy and policy, and results. The Board of Managing Directors is accountable for its responsibilities to the Board of Supervisory Directors and to the general meeting of shareholders (the “**General Meeting**”). In performing its role, the Board of Managing Directors shall be guided by the interests of the Company and its affiliated enterprise, taking into consideration the interests of the Company’s stakeholders (including the Company’s shareholders) and the objective in creating shareholder value in the long run.
- 2.2. The responsibilities of the Board of Managing Directors shall include:
  - a) the achievement of the Company’s aims;
  - b) determining the strategy and policies designed to achieve the aims;
  - c) the general state of affairs in and the results of the Company;
  - d) the compliance with all relevant legislation and regulations;
  - e) managing the risks associated with the Company’s activities;

- f) financing of the Company;
- g) putting in place adequate and effective internal risk management and control systems;
- h) maintaining and preparing the financial reporting process;
- i) drawing up the annual budget and important capital investments of the Company;
- j) preparing and disclosing the annual accounts and other financial information;
- k) compliance with and maintenance of the corporate governance structure of the Company;
- l) giving advice to the Board of Supervisory Directors in connection with the nomination of the external accountant of the Company; and
- m) striving for ongoing improvement of the performance in the areas of safety, health and environment.

2.3 A managing director shall not:

- a) enter into competition with the Company;
- b) demand or accept gifts from persons or entities having actual or potential relationships with the Company or offered because of the managing director's status of a managing director (unless of a type or amount approved under the Company's Code of Conduct) for himself/herself or for his/her spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree;
- c) provide unjustified advantages to third parties to the detriment of the Company; and/or
- d) take advantage of business opportunities to which the Company is entitled for himself/herself or for his/her spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree.

2.4 The Company shall in any event employ as instruments of the internal risk management and control systems:

- a) risk analyses of the operational and financial objectives of the Company;
- b) a code of conduct which should be published on the Company's website;
- c) guides for the layout of the financial reports and the procedures to be followed in drawing up the reports; and
- d) a system of monitoring and reporting.

The above referenced Code of Conduct is attached as **Annex 2.4**. The Board of Managing Directors shall implement this Code of Conduct in the Company and in all group companies.

The Board of Managing Directors shall state in the annual report that the internal risk management and control systems are adequate and effective and shall substantiate this in a sufficient manner. The Board of Managing Directors shall report in the annual report on the operation of said systems during the year under review and describe any significant changes that have been made and any major improvements that are planned and shall confirm that they have been discussed with the Board of Supervisory Directors.

2.5 At least once per year, the Board of Managing Directors shall submit to the Board of Supervisory Directors for approval:

- a) the operational and financial objectives of the company;
- b) the strategy designed to achieve the objectives; and
- c) the parameters to be applied in relation to the strategy, for example in respect of the financial ratios.

The main elements shall be mentioned in the annual report.

- 2.6 The Board of Managing Directors shall, under the supervision of the Board of Supervisory Directors, be responsible for setting up and maintaining internal procedures ensuring that the Board of Managing Directors is aware of all important financial information, in order to safeguard timely, complete and accurate external financial reporting. To that effect, the Board of Managing Directors shall ensure that the financial information from group companies is reported directly to it and that the integrity of the information is not affected.
- 2.7 The Board of Managing Directors (and an audit committee, if installed) shall report the dealings with the external auditor to the Board of Supervisory Directors on an annual basis, including particularly his independence (for example, the desirability of rotating the responsible partners of an external audit firm that provides audit services, and the desirability of the same audit firm providing non-audit services to the Company), so that the Board of Supervisory Directors shall take this into account when deciding its nomination for the appointment of an external auditor, which nomination shall be submitted to the General Meeting.
- At least once every four years, the Board of Managing Directors (and an audit committee, if installed) shall conduct a thorough assessment of the functioning of the external auditor within the various entities and in the different capacities in which the external auditor acts. The main conclusions of this assessment shall be communicated to the General Meeting for the purposes of assessing the nomination for the appointment of the external auditor.
- 2.8 The internal auditor shall operate under the responsibility of the Board of Managing Directors.
- 2.9 The Board of Managing Directors shall attach to the annual accounts an annual report on how it has functioned and on the work undertaken by it. The annual report shall in any event contain the information required by law and pursuant to the Code. In addition, the Board of Managing Directors shall report on the sensitivity of the Company's results to external factors and variables.

### **Article 3 Composition of the Board of Managing Directors**

- 3.1 The Board of Managing Directors consists of one or more members as determined by the General Meeting. The General Meeting shall from time to time determine the appropriate number of managing directors.
- 3.2 If the Board of Managing Directors has more than one member, it shall have a chairman who shall ensure the proper functioning of the Board of Managing Directors as a whole.

### **Article 4 Division of duties. Chairman of the Board of Managing Directors**

- 4.1 In the event that the General Meeting has not granted a title to managing directors other than the Chief Executive Officer in accordance with article 15 paragraph 5 of the Articles, the Board of Managing Directors shall, with approval from the Board of Supervisory Directors, determine the tasks and title of its members.
- The following tasks and titles may, among others, be distinguished:
- the chief executive officer of the Company (the "CEO");
  - the chief financial officer of the Company (the "CFO");

- the chief operating officer of the Company (the “COO”);

The CEO shall be the chairman of the Board of Managing Directors.

- 4.2 Each managing director shall report on a regular basis, in such a manner as to give the entire Board of Managing Directors a proper insight into the performance of his/her duties.

Each managing director shall have the right to receive from other managing directors and from Company employees any information about matters that he/she may deem useful or appropriate in connection with his/her collective responsibility for the Company’s management. He/she must consult with the other managing directors if the performance of his/her duties affects the performance of the duties of the other managing directors or if the significance of the matter requires consultation with the other managing directors.

- 4.3 In addition to the coordination of the policy of the Board of Managing Directors, the chairman shall be responsible for:

- a) ensuring that the Board of Managing Directors functions in an effective manner;
- b) ensuring that budgets and policy plans are drawn up in a timely manner;
- c) supporting the other managing directors and mediating in any differences of opinion between them;
- d) ensuring there is ample time for consultation, consideration and the other aspects of preparing decision-taking in and minuting of the meetings of the Board of Managing Directors and the supervision of the implementation of resolutions;
- e) drawing up the draft annual accounts with the corresponding annual report, and the dispatch of these documents to the Board of Supervisory Directors;
- f) chairing the meetings of the Board of Managing Directors;
- g) ensuring the timely and adequate provision of information to the managing directors as necessary for the proper performance of their duties;
- h) preparing decision-taking in and minuting of meetings of the Board of Managing Directors with the Management Board of group companies and meetings with the heads of the designated divisions;
- i) supervising the proper functioning of the external accountant of the Company and the submission of his/her report to the Board of Supervisory Directors;
- j) maintaining intensive and frequent contacts with the Board of Supervisory Directors and in particular with its chairman, and informing the other managing directors in a timely and careful manner about the results of those contacts;
- k) receiving and deciding on reports by employees of the Company of irregularities in the Company of a general, operational and financial nature, unless the Company’s rules on whistleblowers provide that employees report those irregularities to the chairman of the Board of Supervisory Directors;
- l) ensuring the timely and adequate provision of information to the Board of Supervisory Directors and to the individual members of that board as necessary for the proper performance of their duties; and
- m) ensuring the annual evaluation and assessment of the functioning of the managing directors and the Board of Managing Directors.

## **Article 5 (Re)appointment, term, retirement and resignation**

- 5.1 Managing directors shall be appointed by the General Meeting based on a proposal made by the Board of Supervisory Directors.

- 5.2 Managing directors shall be appointed for a term approved by the General Meeting, of up to 4 years unless determined otherwise by the General Meeting.
- 5.3 Management positions in group companies of the Company are deemed positions derived from the position of managing director of the Company and shall therefore be subject to these Rules.
- 5.4 Managing directors shall not pursue the candidacy for a position as member of the Board of Supervisory Directors or a similar position in companies not belonging to the group without the prior approval of the Board of Supervisory Directors. Such position must contribute to the Company's interests.
- 5.5 A managing director may hold no more than two Supervisory Board memberships in listed companies. A managing director may not be chairman of a Supervisory Board of another listed company. A managing director shall not accept a Supervisory Board membership of another listed company without the Board of Supervisory Directors' prior approval. Important additional memberships and positions shall be reported to the Board of Supervisory Directors.
- 5.6 Managing directors may be dismissed in the event of inadequate performance, structural differences of opinion, incompatibility of interests, and other instances where dismissal is deemed necessary at the discretion of the Board of Supervisory Directors.
- 5.7 If one or more managing directors (excepting, however, the chairman) are not capable of performing their duties, the remaining managing directors or the sole remaining managing director shall continue to exercise the authority and responsibilities of the Board of Managing Directors.

## **Article 6 Remuneration; Investment Regulation.**

- 6.1 The remuneration of the managing directors shall be determined in accordance with the remuneration policy prepared by the Board of Supervisory Directors and adopted by the General Meeting. The amount of the remuneration of each individual managing directors shall be determined by the Board of Supervisory Directors.
- 6.2 The Board of Supervisory Directors shall adopt a set of regulations containing rules governing the ownership interest of, and transactions in, securities (other than issued by the Company) by the managing directors. The regulations shall be placed on the Company's website. A managing director shall periodically, at least every quarter, notify the compliance officer of the Company, or if no such officer has been appointed, the chairman of the Board of Supervisory Directors, of any changes in his or her ownership interest in securities in Dutch listed companies. Managing directors that invest solely in listed investment funds, or, in case of investment in other funds, only if they have entrusted an independent third party with the management of their securities portfolio pursuant to a written mandate agreement are exempted from this latter provision.

The above referenced regulation as currently in force is attached as **Annex 6.2**.

**Article 7 Meetings of the Board of Managing Directors (agenda, teleconferencing, attendance, minutes) and resolutions**

- 7.1 The Board of Managing Directors shall hold meetings whenever one or more of the managing directors have requested a meeting. In addition, meetings may be held by telephone or videoconference provided that all participants can hear each other simultaneously.
- 7.2 The chairman, and in his/her absence his/her deputy, shall chair the meeting. If both are absent, the meeting shall appoint one of the managing directors as chairman of the meeting.
- 7.3 The meetings shall be convened in due time by the chairman. Any other managing director may request that the chairman convene a meeting.
- 7.4 The chairman shall determine the agenda of each meeting. Other managing directors may submit to the chairman of the board items to be discussed in the meeting. The chairman may decide not to include on the agenda an item which has not been submitted on time or is not supported by sufficient documentation.
- 7.5 At the request of a managing director and with the agreement of the majority of other managing directors, urgent matters may be discussed immediately or in an additional meeting.
- 7.6 The managing directors must attend the meetings of the Board of Managing Directors. Where they are unable to attend and the minutes require explanation, the chairman of the meeting shall inform them about the resolutions passed and the discussions held in the meeting in question.
- 7.7 The Board of Managing Directors may pass resolutions only if at least a majority of the managing directors are present. In the case of urgent matters, the chairman of the meeting shall consult with the absent managing directors by telephone or telefax if he/she believes that a resolution is required.
- 7.8 Resolutions may be passed outside a meeting provided that the resolution is adopted in writing and all managing directors have expressed themselves.
- 7.9 Where possible, resolutions shall be passed by unanimous vote. If this is not possible, the resolution shall be taken by an absolute majority of votes. If there is a tie, the chairman of the Board of Managing Directors shall have the casting vote.
- 7.10 If there is insufficient consensus at the meeting about certain subjects, the chairman of the Board of Managing Directors may refer the relevant item on the agenda for further consideration.
- 7.11 The minutes of a meeting of the Board of Managing Directors shall be adopted in the next meeting. Adopted minutes shall be evidence of the proceedings. A copy of the minutes shall be given to the chairman.

**Article 8 Conflicts of interest**

- 8.1 A managing director shall not participate in the discussions and/or decision-taking process on a subject or transaction in relation to which he/she has a conflict of interest with the Company within the meaning of article 8.2. Such transaction, if approved, must be concluded on terms

at least customary in the sector concerned and be approved by the Board of Supervisory Directors.

- 8.2 A managing director shall in any event have a conflict of interest (“conflict of interest”) if:
- a) he/she has a material personal financial interest in a company with which the Company intends to enter into a transaction;
  - b) he/she has a family law relationship (*familierechtelijke/ verhouding*) with a person (i.e. his/her spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree) and such person is a managing director of a company with which the Company intends to enter into a transaction;
  - c) he/she is a member of the management or supervisory board of, or holds similar office with, a company with which the Company intends to enter into a transaction;
  - d) under applicable law, including the rules of any exchange on which the Company’s shares (or depositary receipts thereof) may be listed, such conflict of interest exists or is deemed to exist; and
  - e) the chairman of the Board of Supervisory Directors has ruled at his/her sole discretion that a conflict of interest exists or is deemed to exist.
- 8.3 Each managing director shall immediately report any potential conflict of interest concerning a managing director to the chairman of the Board of Supervisory Directors and to the other managing directors. A managing director with such (potential) conflict of interest must provide the chairman of the Board of Supervisory Directors and the other managing directors with all information relevant to the conflict, including information relating to persons with whom he/she has a family law relationship (*familierechtelijke verhouding*) (i.e. his/her spouse, registered partner or other life companion, foster child and relatives by blood or marriage up to the second degree). In all circumstances other than the ones listed in article 8.2 under d) and e), the chairman of the Board of Supervisory Directors will determine whether a reported (potential) conflict of interest qualifies as a conflict of interests to which article 8.1 applies.
- 8.4 The chairman of the Board of Supervisory Directors shall ensure that conflict of interest transactions are published in the annual report of the Board of Managing Directors, with a declaration that the provisions of the Code have been complied with.

## **Article 9 Complaints, whistleblowers**

- 9.1 The Board of Managing Directors shall ensure that employees have the opportunity, without jeopardizing their legal position, to report alleged irregularities of a general, operational and financial nature within the Company to the chairman of the Board of Managing Directors or to an officer designated for such purpose by him.
- 9.2 The Board of Managing Directors shall ensure that employees have the opportunity, without jeopardizing their legal position, to report alleged irregularities that relate to the functioning of the managing directors to the chairman of the Board of Supervisory Directors.
- 9.3 The arrangements for whistleblowers as currently in force, attached as **Annex 9.3**, will be placed on the Company’s website: [www.cinemacity.nl](http://www.cinemacity.nl).

## **Article 10 Information, relationship with the Board of Supervisory Directors**

- 10.1 The Board of Managing Directors shall timely provide the Board of Supervisory Directors with information (if possible, in writing) on all facts and developments concerning the Company, which the Board of Supervisory Directors may need to function as required and to properly carry out its duties.
- 10.2 The Board of Managing Directors shall no less frequently than quarterly provide the Board of Supervisory Directors with a report prepared in a format as agreed to from time to time and setting out detailed information on, *inter alia*, finance, marketing, investments and staff.
- 10.3 The Board of Managing Directors shall provide the Board of Supervisory Directors with a budget, long-term plans, the main features of the strategic policy, the general and financial risks, and the management and control systems of the Company. In addition, the Board of Managing Directors shall issue an annual declaration that it has provided the Board of Supervisory Directors with all relevant information required for the due performance of its duties. These documents will be provided in accordance with schedules agreed to from time to time by the Boards of the supervisory and managing directors.

## **Article 11 Relationship with the shareholders**

- 11.1 In accordance with the Articles, General Meetings may also be convened at the request of the Board of Supervisory Directors or the Board of Managing Directors. If a General Meeting is convened the Board of Supervisory Directors shall ensure that it is held in due time and that the shareholders are informed by means of a shareholders circular of all facts and circumstances relevant to the item(s) on the agenda. The shareholders circular will be placed on the Company's website: [www.cinemacity.nl](http://www.cinemacity.nl).
- 11.2 The managing directors shall attend with the members of the Board of Supervisory Directors the General Meeting, unless they are prevented from attending on serious grounds or the General Meeting has expressed the wish to meet without the presence of the Board of Managing Directors or a managing director.
- 11.2 The Board of Managing Directors shall provide the general meeting with any information it may require, unless important interests (*zwaarwegende belangen*) of the Company or any law, rules or regulations applicable to the Company prevent it from doing so. The Board of Managing Directors shall specify the reasons for invoking such important interests.

## **Article 12 Confidentiality**

Managing directors shall treat all information and documentation acquired within the framework of their position as a managing director with the necessary discretion and, in the case of classified information, with the appropriate secrecy. Classified information shall not be disclosed outside the Boards of supervisory or managing directors, made public, or otherwise made available to third parties, even after resignation from the Board of Managing Directors, unless it has been made public by the Company or it has been established that the information is already in the public domain.

### **Article 13 Non-compliance, amendment**

These Rules may be amended by a resolution of the Board of Managing Directors to that effect and subject to the prior approval of the Board of Supervisory Directors. Such a resolution shall be referred to in the annual report of the Board of Managing Directors.

### **Article 14 Governing law and jurisdiction**

- 14.1 These Rules shall be governed by and construed in accordance with the law of the Netherlands.
- 14.2 The relevant court of the Netherlands having jurisdiction over the Company shall have exclusive jurisdiction to settle any dispute arising from or in connection with these Rules (including any dispute regarding the existence, validity or termination of these Rules).

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