

# **China Unicom (Hong Kong) Limited**

*(incorporated in Hong Kong with limited liability)*

**(Stock Code: 0762)**

## **Remuneration Committee Charter**

### **Establishment**

1. The Board of Directors of China Unicom (Hong Kong) Limited (the “Company”) proposes the establishment and formation of a remuneration committee (hereinafter referred to as the “Committee”), the powers and duties of which are set out as follows:

### **Members**

2. Members of the Committee shall be appointed by the Board of Directors, the majority of which shall be independent non-executive directors. The Committee shall consist of three members at the minimum, and two members shall constitute a quorum.
3. The Chairman of the Committee shall be appointed by the Board of Directors and shall be an independent non-executive director.
4. The term of office of the members of the Committee shall be determined by the Board of Directors, and shall be subject to the provisions of the Articles of Association of the Company on retirement of members of the Committee by rotation.
5. The membership of the Committee shall be set out in the report on the directors’ remuneration which shall be submitted to the shareholders.
6. Each member of the Committee shall disclose to the Committee:
  - (a) if any of his/her personal economic benefit is involved in any matter to be decided by the Committee (other than his/her benefit as shareholders); or
  - (b) if any conflict of interests arises from any double directorship.

Where any resolution to be considered by the Committee involves the above interests, such member shall abstain from voting, shall not participate in any discussion on such resolution, and shall (at the request of the Board of Directors) withdraw from the Committee.

### **Attendance**

7. The Chairman shall normally attend the meetings.
8. Meetings may be conducted by way of telephone.

### **Frequency of Meetings**

9. The Committee shall hold a meeting where appropriate, and meeting shall be held at least once a year.

## **Authority**

10. The Board of Directors authorises and delegates to the Committee to conduct any relevant investigation within the scope of its duties and responsibilities, and to obtain any required information from any relevant personnel. The relevant personnel shall be instructed to cooperate with the Committee as requested.
11. The Board of Directors authorises the Committee to seek the advice from its internal personnel and independent external professional advisors about their proposals relating to the remuneration of other executive directors and have access to independent professional advice if necessary.

## **Duties**

12. The duties of the Committee shall be:
  - (a) to make recommendations to the Board of Directors on the policies and structure for all 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 corporate goals and objectives of the Board of Directors;
  - (c) to make recommendations to the Board of Directors on the remuneration packages of individual executive directors and senior management (including benefits in kind, pension right and compensation payments, including any compensation payable for loss or termination of their office or appointment)
  - (d) to make recommendations to the Board of Directors on the remuneration of non-executive directors;
  - (e) to consult the chairman and/or chief executive of the Company about their remuneration proposals for other executive directors;
  - (f) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;
  - (g) to consider any concrete plan proposed by the management of the Company for the grant of option which has not been granted, and any plan to amend any existing option scheme of the Company;
  - (h) 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;
  - (i) 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
  - (j) to ensure that no director or any of his associates (as defined in the Hong Kong Listing Rules) is involved in deciding his own remuneration.

13. In performing its duties, the Committee shall:
- (a) provide the necessary remuneration package to attract, retain, and motivate executive directors and senior management of such quality as required, provided that care shall be taken to ensure that the amount of any payment made for such purposes shall not exceed what is necessary;
  - (b) make decisions based on a comparison between the Company and other companies. The Committee shall be aware of the levels of remuneration paid by companies of similar types and shall have regard to any relevant results of operation, provided that care shall be taken in making any comparison lest the remuneration levels would continually rise without any corresponding improvements on the relevant results;
  - (c) pay extensive attention to other conditions, including the levels of remuneration and the employment condition of staff in other places, particularly at any time when any decision is made on annual pay increase, taking into consideration time to be spent by the relevant director and senior management and their responsibilities;
  - (d) ensure that an important part of the remuneration package of the executive directors and the senior management shall be linked to the results of operation; to arrange for the benefits of the executive directors and the senior management to be linked to the benefits of the shareholders; and to provide good incentive to such directors and senior management to achieve the best results; and
  - (e) ensure compliance of any share option scheme of the Company with the provisions of Chapter 17 of the Listing Rules of The Stock Exchange of Hong Kong Limited.

### **Report**

14. The Company Secretary shall deliver minutes of the meetings of the Committee to all members of the Board of Directors.

### **Corporate Information**

15. The Committee should make available its terms of reference, explaining its role and the authority delegated to it by the Board of Directors by including them on the website of the Stock Exchange of Hong Kong Limited and the website of the Company.