

# **CHINA COMMUNICATION TELECOM SERVICES COMPANY LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

## **Term of Reference** **of** **Remuneration Committee** *(Revised and adopted on 30 April 2012)*

### **1. Composition**

- 1.1 The Remuneration Committee of the Board (the “Board”) of Directors (the “Directors”) of the Company (the “Remuneration Committee”) shall consist of three members (who must be independent non-executive Directors) appointed by the Board from time to time.
- 1.2 The Chairman of the Remuneration Committee shall be appointed by the Board.
- 1.3 The Company Secretary of the Company or his nominee shall be the secretary of the Remuneration Committee.

### **2. Meetings**

- 2.1 The quorum of the Remuneration Committee meeting shall be two members.
- 2.2 The Chairman of the Remuneration Committee may convene a meeting of the Remuneration Committee as and when necessary.
- 2.3 The secretary of the Remuneration Committee shall circulate minutes of the meetings and reports of the Remuneration Committee to all Directors. Minutes of meetings of the Remuneration Committee shall be produced to subsequent Board meetings for information.
- 2.4 Proceedings of meetings of the Remuneration Committee shall be governed by the Articles of Association (as amended from time to time) of the Company.

### **3. Authority**

The Remuneration Committee is authorised by the Board:

- (1) To seek independent professional advice if necessary, at the Company’s expense, to perform its responsibilities;
- (2) To seek information from the Company regarding the employment terms of the Directors and employees; and

- (3) To obtain sufficient resources from the Company to perform its duties.

#### 4. Duties

The duties of the Remuneration Committee are as follows:

- (1) To consult the Chairman of the Board and/or the Chief Executive Officer of the Company about their remuneration proposals for other executive Directors;
- (2) To make recommendations to the Board on the Company's policy and structure for all remuneration of the Directors and the senior management (which should refer to the same category of persons contained in the Company's annual report and is required to be disclosed under the relevant rule(s) of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited) (the "Senior Management") and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (3) To review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- (4) Either:
  - (i) To determine, with delegated responsibility, the remuneration packages of individual executive Directors and the Senior Management; or
  - (ii) To make recommendations to the Board on the remuneration packages of individual executive Directors and the Senior Management.

This should include (but not limited to) benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

- (5) To make recommendations to the Board on the remuneration of non-executive Directors;
- (6) To consider salaries paid by comparable companies, time commitment and responsibilities, and employment conditions elsewhere in the Group;
- (7) To review and approve compensation payable to executive Directors and the 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;

- (8) 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;
- (9) To ensure that no Director or any of his associates is involved in deciding his own remuneration. For this purpose, the remuneration of any member of the Remuneration Committee shall be determined by the Board.
- (10) To administer any share option scheme of the Company;
- (11) To do any act to enable the Remuneration Committee to exercise and perform its powers and functions delegated to it by the Board;
- (12) To implement or comply with any requirement, direction or regulation that may from time to time be prescribed by the Board or contained in the Company's Memorandum and Article of Association or imposed by legislation; and
- (13) To report to the Board on any decisions made by the Remuneration Committee, unless there are legal or regulatory restrictions to do so.