

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of China Unicom Limited will be held on 12 May 2004 at 10:00 a.m. at Atrium Room, Level 39, Island Shangri-la Hotel, Two Pacific Place, Supreme Court Road, Queensway, Hong Kong for the following purposes:

As Ordinary Business:

1. To receive and consider the financial statements and the Reports of the Directors and of the Auditors for the year ended 31 December 2003.
2. To declare a final dividend for the year ended 31 December 2003.
3. To elect and re-elect the Directors and to authorise the Directors to fix their remuneration for the year ending 31 December 2004.
4. To re-appoint Auditors, and to authorise the Directors to fix their fees for the year ending 31 December 2004.

As Special Business, to consider and, if thought fit, to amend the Company's Articles of Association by passing the following Resolution as a Special Resolution:

Special Resolution

5. **"THAT** the Articles of Association of the Company be and are hereby amended as follows:-

(a) in Article 2(a) (relating to interpretation):

- (i) by adding, immediately before the definition of "Auditors" in that Article, the following new definition:

"**associate** in relation to any Director, has the meaning ascribed to it under the Listing Rules";

- (ii) by deleting the words "section 2 of the Securities and Futures (Clearing Houses) Ordinance" in the 2nd line of the definition of "Clearing House" in that Article and replacing them with the words "Schedule 1 to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)";

- (iii) by adding, immediately before the definition of "month" in that Article, the following new definition:

"**Listing Rules** means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited"; and

- (iv) by deleting the definition of "in writing and written" in that Article in its entirety and replacing it with the following:

"**in writing** and **written** shall include printing, lithograph, xerography, photography or other modes of representing or reproducing words in a permanent visible form or, to the extent permitted by and in accordance with the Ordinance and any other applicable laws, rules and regulations, any visible substitute for writing (including a communication sent by electronic transmission in any form through any medium), or modes of representing or reproducing words partly in one visible form and partly in another visible form.";

- (b) in Article 69(a) (relating to voting), by adding, immediately after the words “shall be decided on a show of hands unless” in the 1st and 2nd line of that Article, the words “a poll is required under the Listing Rules or”;
- (c) in Article 69(b) (relating to voting), by adding, immediately after the words “Unless a poll is” in the 1st line of that Article, the words “so required or”;
- (d) in Article 70 (relating to voting), by replacing the second, third and last sentence of that Article with the following: “If a poll is required or demanded in the manner above mentioned it shall (subject to the provisions of Article 72 hereof) be taken at such time (being not later than thirty days after the date of the meeting at which the poll was required or demanded) and in such manner (including the use of ballot or voting papers or tickets) as the Chairman of the meeting may appoint. No notice need be given of a poll not taken immediately. The result of such poll shall be deemed for all purposes to be the resolution of the meeting at which the poll was so required or demanded.”;
- (e) in Article 78 (relating to votes of members), by adding, immediately after that Article, the following:
- “78A. Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.”;
- (f) in Article 81 (relating to proxies), by adding, immediately after the words “except at an adjourned meeting or on a poll” in the 8th and 9th line of that Article, the words “required or”;
- (g) in Article 97 (relating to appointment and removal of directors), by deleting the words “not less than” in the 10th line of that Article and replacing them with the following: “during a period of not less than seven (7) days commencing no earlier than the day after the dispatch of the notice of the meeting appointed for such election and ending no later than”;
- (h) in Article 100 (relating to appointment and removal of directors), by deleting the word “special” in the 1st line of that Article and replacing it with the word “ordinary”;
- (i) in Article 104 (relating to alternate directors):
- (i) by deleting the sentence “Any Director of the Company who is appointed an alternate director shall be considered as two Directors for the purpose of making a quorum of Directors.” in the 16th and 17th line of that Article; and
- (ii) by deleting the sentence “A Director shall not be liable for the acts or defaults of any alternate Director appointed by him.” in the 20th and 21st line of that Article and replacing it with the following:
- “Every person acting as an alternate Director shall be deemed to be the agent of and for the Director appointing him and shall, without prejudice to any liability which he may cause to his appointor under the Ordinance or otherwise, be responsible to the Company for his own acts and defaults.”;
- (j) in Article 105(g) (relating to disqualification of directors), by deleting the words “a special” in that Article and replacing them with the words “an ordinary”;

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- (k) in Article 106 (relating to directors' interests), by deleting the first and second sentence of that Article and replacing them with the following:

"If a Director or any of his associates is in any way, whether directly or indirectly, interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company, the Director shall declare the nature of his interest or the interest of any of his associates at the earliest meeting of the Board at which it is practicable for him so to do notwithstanding that the question of entering into the contract, transaction or arrangement is not taken into consideration at that meeting. A general notice given to the Board by a Director stating that, by reason of facts specified in the notice, he or any of his associates is to be regarded as interested in a contract, transaction or arrangement of any description which may subsequently be made by the Company, that notice shall be a sufficient declaration of his interest or the interest of such of his associates, so far as attributable to those facts, in relation to any contract, transaction or arrangement of that description which may subsequently be made by the Company; but no such general notice shall have effect in relation to any contract, transaction or arrangement unless it is given before the date on which the question of entering into the contract, transaction or arrangement is first taken into consideration on behalf of the Company.";

- (l) in Article 108 (relating to directors' interests), by deleting that Article in its entirety and replacing it with the following:

"108. A Director shall not vote (nor shall he be counted in the quorum) on any resolution of the Board approving any contract or arrangement or proposal in which he or any of his associates is to his knowledge materially interested, and if he shall do so his vote shall not be counted (nor shall he be counted in the quorum for that resolution), but this prohibition shall not apply to any of the following matters, namely:

- (i) any contract or arrangement for the giving by the Company of any security or indemnity to the Director or any of his associates in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (ii) any contract or arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or any of his associates has assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (iii) any proposal concerning an offer of the shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or any of his associates is or is to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (iv) any contract or arrangement in which the Director or any of his associates is interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his or their interest in shares or debentures or other securities of the Company;
- (v) any proposal concerning any other company in which the Director or any of his associates is interested only, whether directly or indirectly, as an officer or a shareholder or in which the Director or any of his associates is beneficially interested in shares of that company other than a company in which the Director and any of his associates are in aggregate beneficially interested in five per cent. or more of the issued shares of any class of the equity share capital of such company (or of any third company through which such interest is derived) or of the voting rights (excluding for the purpose of calculating such five per cent. interest any indirect interest of such Director or any of his associates by virtue of an interest of the Company in such company);

- (vi) any proposal or arrangement for the benefit of employees of the Company or its subsidiaries including the adoption, modification or operation of a pension fund or retirement, death or disability benefit scheme which relates to Directors, their associates and employees of the Company or of any of its subsidiaries and does not give in respect of any such Director or any of his associates any privilege or advantage not generally accorded to the class of persons to whom such scheme or fund relates;
- (vii) any proposal or arrangement concerning the adoption, modification or operation of any employees' share scheme involving the issue or grant of options over shares or other securities by the Company to, or for the benefit of, the employees of the Company or its subsidiaries under which the Director or any of his associates may benefit.

If any question shall arise at any meeting of the Board as to the materiality of the interest of a Director (other than the Chairman of the meeting) or any of his associates or as to the entitlement of any Director (other than such Chairman) to vote or be counted in the quorum and such question is not resolved by his voluntarily agreeing to abstain from voting or not to be counted in the quorum, such question shall be referred to the Chairman of the meeting and his ruling in relation to such other Director or any of his associates shall be final and conclusive except in a case where the nature or extent of the interest of the Director concerned or any of his associates as known to such Director has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the Chairman of the meeting or any of his associates such question shall be decided by a resolution of the Board (for which purpose such Chairman shall not be counted in the quorum and shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such Chairman or any of his associates as known to such chairman has not been fairly disclosed to the Board.”;

- (m) in Articles 143 and 144 (relating to accounts and auditors), by deleting those Articles in their entirety and replacing them with the following:

- “143 (A) The Directors shall, from time to time, in accordance with the Ordinance, cause to be prepared and to be laid before its annual general meeting the relevant financial documents required by the Ordinance. The Directors may also cause to be prepared a summary financial report if they think fit, which may be provided to members and/or debenture holders instead of the relevant financial documents in circumstances permitted by the Ordinance, the Listing Rules and any other applicable laws, rules and regulations.
- (B) Subject to paragraph (C) below, a copy of the relevant financial documents or the summary financial report shall, not less than 21 days before the meeting, be delivered or sent by post to the registered address of every member and debenture holder of the Company, or in the case of a joint holding to the member or debenture holder (as the case may be) whose name stands first in the appropriate Register in respect of the joint holding. No accidental non-compliance with the provisions of this Article shall invalidate the proceedings at the meeting.

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(C) Where a member or debenture holder of the Company has, in accordance with the Ordinance, the Listing Rules and any other applicable laws, rules and regulations, consented to treat the publication of the relevant financial documents and/or the summary financial report on the Company's computer network as discharging the Company's obligation under the Ordinance to send a copy of the relevant financial documents and/or the summary financial report, then subject to compliance with the Ordinance, the Listing Rules and any other applicable laws, rules and regulations, publication by the Company on the Company's computer network of the relevant financial documents and/or the summary financial report at least 21 days before the date of the meeting shall, in relation to each such member or debenture holder of the Company, be deemed to discharge the Company's obligations under paragraph (B) above.

144. For the purpose of Article 143, "relevant financial documents" and "summary financial report" shall have the meaning ascribed to them in the Ordinance.";

(n) in Articles 148 and 149 (relating to notices), by deleting those Articles in their entirety and replacing them with the following:

"148 Any notice or document to be given or issued under these Articles shall be in writing, except that any such notice or document to be given or issued by or on behalf of the Company under these Articles (including any "corporate communication" within the meaning ascribed thereto in the Listing Rules) shall be in writing which may or may not be in a transitory form and may be recorded or stored in any digital, electronic, electrical, magnetic or other retrievable form or medium and information in visible form (including an electronic communication and publication on a computer network) whether having physical substance or not and may be served or delivered by the Company by any of the following means subject to and to such extent permitted by and in accordance with the Ordinance, the Listing Rules and any other applicable laws, rules and regulations:

- (i) personally;
- (ii) by sending it through the post in a properly prepaid letter, envelope or wrapper addressed to a member at his registered address as appearing in the Register or in the case of another entitled person, to such address as he may provide;
- (iii) by delivering or leaving it at such address as aforesaid;
- (iv) by advertisement in an English language newspaper and a Chinese language newspaper in Hong Kong in accordance with the Listing Rules;
- (v) by transmitting it as an electronic communication to the entitled person at such electronic address as he may have provided; or
- (vi) by publishing it on a computer network.

149. Any notice or document (including any "corporate communication" within the meaning ascribed thereto in the Listing Rules) given or issued by or on behalf of the Company:

- (i) if sent by post, shall be deemed to have been served on the day following that on which the envelope or wrapper containing the same is put into a post office situated within Hong Kong and in proving such service it shall be sufficient to prove that the envelope or wrapper containing the notice or document was properly prepaid, addressed and put into such post office (airmail if posted from Hong Kong to an address outside Hong Kong) and a certificate in writing signed by the Secretary or other person appointed by the Board that the envelope or wrapper containing the notice or document was so properly prepaid, addressed and put into such post office shall be conclusive evidence thereof;
- (ii) if not sent by post but delivered or left at a registered address by the Company, shall be deemed to have been served on the day it was so delivered or left;
- (iii) if published by way of a newspaper advertisement, shall be deemed to have been served on the date on which it is advertised in one English language newspaper and one Chinese language newspaper in Hong Kong;
- (iv) if sent as an electronic communication, shall be deemed to have been served at the time when the notice or document is transmitted electronically provided that no notification that the electronic communication has not reached its recipient has been received by the sender, except that any failure in transmission beyond the sender's control shall not invalidate the effectiveness of the notice or document being served; and
- (v) if published on the Company's computer network, shall be deemed to have been served on the day on which the notice or document is published on the Company's computer network to which the entitled person may have access.

149A. Subject to any applicable laws, rules and regulations, any notice or document, including but not limited to the documents referred to in Article 143 and any "corporate communication" within the meaning ascribed thereto in the Listing Rules, may be given in the English language only, in the Chinese language only or in both the English language and the Chinese language.

149B. For the purpose of Article 148 and 149, the expression "entitled person" shall have the meaning ascribed to it in the Ordinance."

- (o) in Article 151 (relating to notices), by deleting the words "delivered or sent by mail to, or left at the registered address of, any member, in pursuance of these Articles," in the 1st and 2nd line of that Article and replacing them with the words "served in accordance with these Articles"; and
- (p) in Article 153 (relating to notices), by deleting the words "written or printed" in that Article and replacing them with the words "written, typed, printed or made electronically"."

And as Special Business, to consider and, if thought fit, to pass the following resolutions as ordinary resolutions:

Ordinary Resolutions

6. **"THAT:**

- (a) subject to paragraphs (b) and (c) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to purchase shares of HK\$0.10 each in the capital of the Company including any form of depositary receipts representing the right to receive such shares ("Shares") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") or any other stock exchange recognised for this purpose by the Securities and Futures Commission of Hong Kong and the Stock Exchange in accordance with all applicable laws including the Hong Kong Code on Share Repurchases and the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of Shares which may be purchased or agreed conditionally or unconditionally to be purchased by the Directors pursuant to the approval in paragraph (a) above shall not exceed 10 per cent of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution, and the said approval shall be limited accordingly;
- (c) for the purpose of this Resolution:

"Relevant Period" means the period from the passing of this Resolution until the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiry of the period within which the next annual general meeting of the Company is required by the Company's articles of association (the "Articles of Association") or the Companies Ordinance to be held; and
- (iii) the revocation or variation of the authority given to the Directors under this Resolution by ordinary resolution of the Company's shareholders in general meeting."

7. **"THAT:**

- (a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional Shares and to make or grant offers, agreements and options which might require the exercise of such powers be and are hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;

(c) the aggregate nominal amount of share capital allotted, issued and dealt with or agreed conditionally or unconditionally to be allotted, issued and dealt with (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a), otherwise than pursuant to (i) a Rights Issue (as hereinafter defined), (ii) the exercise of options granted under any share option scheme adopted by the Company or (iii) any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association, shall not exceed the aggregate of (aa) 20 per cent of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution, plus (bb) (if the Directors are so authorised by a separate ordinary resolution of the shareholders of the Company) the aggregate nominal amount of share capital of the Company repurchased by the Company subsequent to the passing of this Resolution (up to a maximum amount equivalent to 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution), and the said approval shall be limited accordingly; and

(d) for the purpose of this Resolution:

"Relevant Period" means the period from the passing of this Resolution until the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiry of the period within which the next annual general meeting of the Company is required by the Articles of Association or the Companies Ordinance to be held; and
- (iii) the revocation or variation of the authority given to the Directors under this Resolution by ordinary resolution of the Company's shareholders in general meeting; and

"Rights Issue" means an offer of shares open for a period fixed by the Directors to holders of Shares on the register of members on a fixed record date in proportion to their then holdings of such Shares on such record date (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any legal or practical restrictions or obligations under the laws of, or the requirements of, any recognised regulatory body or any stock exchange in any territory applicable to the Company) and an offer, allotment or issue of shares by way of rights shall be construed accordingly."

8. **"THAT** the Directors be and are hereby authorised to exercise the powers of the Company referred to in paragraph (a) of Resolution 7 in respect of the share capital of the Company referred to in sub-paragraph (bb) of paragraph (c) of such resolution."

By order of the Board

Yee Foo Hei

Company Secretary

Hong Kong, 25 March 2004

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Notes:

1. Any member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and, on a poll, vote in his stead. A proxy need not be a member of the Company.
2. In order to be valid, a form of proxy together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be deposited at the Company's registered office at 75/F., The Center, 99 Queen's Road Central, Hong Kong at least 48 hours before the time for holding the above Meeting. Completion and return of a form of proxy will not preclude a member from attending and voting in person if he is subsequently able to be present.
3. The Directors have recommended a final dividend for the year ended 31 December 2003 of RMB0.10 per share and subject to the passing of the Resolution 2 above, the dividend is expected to be paid in Hong Kong dollars on or about 5 June 2004 to those shareholders whose names appear on the Company's register of shareholders on 5 May 2004.
4. The Register of the shareholders will be closed on 6 May 2004 and 7 May 2004, during which dates no transfer of shares in the Company will be effected. In order to qualify for the proposed final dividend, all transfers, accompanied by the relevant certificates must be lodged with the Company's Share Registrar, Hong Kong Registrars Limited at Rooms 1901-05, 19th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on 5 May 2004.
5. The Companies Ordinance (Chapter 32 of the Laws of Hong Kong) (the "Companies Ordinance") has recently been amended by the Companies (Amendment) Ordinance 2003 and the amendments came into operation on 13 February 2004. On 31 January 2004, The Stock Exchange of Hong Kong Limited (the "Stock Exchange") announced amendments to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") which include, among other things, amendments to Appendix 3 to the Listing Rules that will come into effect on 31 March 2004. Appendix 3 to the Listing Rules sets out the provisions to which a listed company's articles of association should conform. The Companies Ordinance and the Listing Rules had also been amended in 2002 to allow companies greater flexibility in choosing the format and medium of their corporate communications with shareholders.

In order to make the Company's Articles of Association consistent with the amended Companies Ordinance and the amended Listing Rules and to take advantage of the flexibility given to the Company in choosing the format and medium of its corporate communications with shareholders, a special resolution to modify various Articles in the Company's Articles of Association is proposed under agenda item No. (5). The background for the proposed amendments to the following Articles is set out below:

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| (a) Article 2(a) - definition of "Clearing House" | To reflect the change in the reference to the Securities and Futures Ordinance (the "SFO"). The Securities and Futures (Clearing House) Ordinance was repealed upon the commencement of the SFO on 1 April 2003. Any recognised clearing house under the repealed Ordinance shall be deemed to have been recognised as a clearing house under the SFO. |
| (b) Article 2(a) - definition of "associate" and "Listing Rules" | To accord to the term "associate", when used in the Company's Articles of Association, the meaning ascribed to it in the Listing Rules. |
| (c) Article 2(a) - definition of "in writing and written" | To widen the definition of "in writing and written" so as to allow corporate communications to be made in printed as well as other forms, including electronic form. |
| (d) Articles 69, 70 and 81 | To reflect the requirement of voting by poll in certain circumstances prescribed by the amended Listing Rules. |
| (e) Article 78 | To reflect the restriction on voting by members as required by the amended Appendix 3 to the Listing Rules. |
| (f) Article 97 | To be consistent with the amended Appendix 3 to the Listing Rules which requires there to be a minimum period during which notice may be given by a person other than a Director to propose a person for election as a Director (and during which notice is also given by such person of his willingness to be elected). This minimum period must be fixed for at least seven days and should commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than seven days prior to the date of such meeting. |
| (g) Articles 100 and 105(g) | To be consistent with the amended Companies Ordinance that removal of any Director before the expiration of his period of office can be made by Ordinary Resolution instead of Special Resolution. That is to say, such a resolution will be carried by a simple majority of votes cast in favour of the resolution at that meeting. |
| (h) Article 104 | To (1) clarify that any Director who is appointed an alternate director may not count as two Directors for quorum purposes; and (2) be consistent with the recommendations in the amended Companies Ordinance that an alternate director shall be deemed to be the agent of the Director who appoints him and that the Director appointing an alternate director shall be vicariously liable for the acts of his alternate. |
| (i) Articles 106 and 108 | To be consistent with the provisions of the amended Appendix 3 to the Listing Rules so that (1) a Director is required to declare his and his associates' interest in any contract, transaction or arrangement with the Company or any related proposal; and (2) subject to certain exceptions, a Director is not allowed to vote on any resolution of the Board approving any contract, transaction or arrangement or any related proposal in which he or any of his associates has a material interest nor shall he be counted in the quorum present at the meeting. |
| (j) Articles 143 and 144 | To allow the Company to distribute summary financial reports, if published, to shareholders who have given their consent to receive summary financial reports in place of the full set of the annual report and accounts, in printed form or through the Company's computer network. |
| (k) Articles 148, 149, 151 and 153 | To allow the Company, subject to the consent of the relevant recipient, to (1) send or otherwise make available corporate communications to shareholders through electronic means; and (2) send or otherwise make available notices and documents (including corporate communications) to shareholders in English only or in Chinese only or in both English and Chinese. |
6. In relation to the Ordinary Resolution set out in item 6 of the Notice, the Directors wish to state that they will exercise the powers conferred thereby to repurchase Shares in circumstances which they deem appropriate or for the benefit of the shareholders. The Explanatory Statement containing the information necessary to enable the shareholders to make an informed decision on whether to vote for or against the resolution to approve the repurchase by the Company of its own Shares, as required by the Listing Rules, will be set out in a separate letter from the Company to be enclosed with the 2003 annual report.