



# 4

***IMPROVE CORPORATE  
SYSTEM AND PROMOTE  
STEADY DEVELOPMENT***

# Improve corporate system and promote steady development



China Unicom fully implemented the SOE reform-deepening and improvement actions, strengthened the system integration, coordination and efficiency of reform, innovation and development, promoted the modernization of governance systems and governance capabilities, strengthened system construction, optimised governance efficiency, prevented and defused various risks, and promoted the high-quality corporate development.



## Measures adopted in 2023

- The Company enhanced the modernization level of corporate governance, continuously improved the working mechanisms of corporate governance, information disclosure and investor relations management, and won high evaluation in the capital market.
- The Company attached importance to partnerships, strengthened the standardisation of strategic cooperation systems, and realised resource sharing, complementary advantages and common development.
- Aiming at being a “world-class” enterprise, the Company continued to promote the upgrading of the modern supply chain system.
- The Company has been promoting the principle of not daring to corrupt, not being able to corrupt, and not wanting to corrupt, and further consolidating and expanding the results of anti-corruption efforts.
- The Company has established a risk management system covering key areas such as network security, data security, financial business, safe production, and integrity.



## Actions to be taken in 2024

- Guided by the new development concepts of innovation, coordination, green, openness and sharing, we will continue to build Cyber Superpower and Digital China.
- The Company will continue to expand the breadth and depth of cooperation with partners, and promote the implementation of strategic cooperation.
- The Company will implement the policy requirements of localisation, green and low-carbon, and improve the security and management level of the supply chain.
- The Company will continue to carry out anti-corruption endeavours and improve the integrity risk prevention and control system.
- The Company will continue to promote corporate governance in accordance with the law and strengthen risk management.

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## Enhancing the corporate governance framework

The Board of Directors of China Unicom is committed to maintaining high standards of corporate governance (including information disclosure) and recognises that good corporate governance is vital for the long-term success and sustainability of the Company's business. As a company incorporated in Hong Kong, the Company adopts the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the Securities and Futures Ordinance and other relevant laws and regulations as the basic guidelines for the Company's corporate governance. As a company listed in Hong Kong, its current Articles of Association fully complies with the regulatory requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. These rules serve as guidance for the Company to improve the foundation of its corporate governance, and strives to meet the relevant requirements of international and local corporate governance best practises. There were no instances of any violation of listing laws and regulations by China Unicom in 2023.

## Responsibilities towards the Capital Markets

China Unicom strictly fulfils its information disclosure obligations, organises and completes various information disclosure work in accordance with laws and regulations to ensure the truthfulness, accuracy, completeness and timeliness of information disclosed to the public (including inside information). The Company's efforts in corporate governance (including information disclosure) were highly regarded by the capital market and received a number of awards.

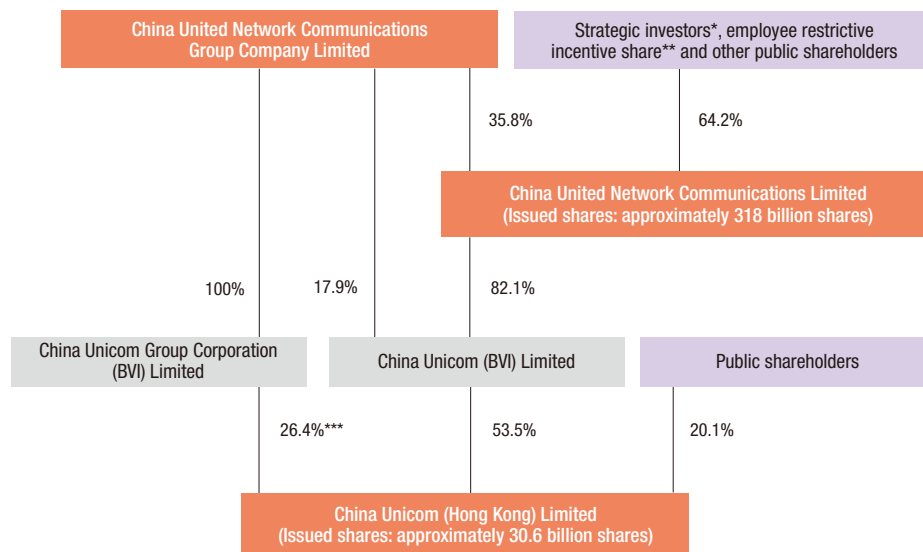
- The Company developed and refined the Information Disclosure Policy to ensure the convenience and security of information disclosure while ensuring the fulfilment of information disclosure obligations in compliance with laws and regulations.
- The Company established the Information Disclosure Committee chaired by the management to clarify the procedures for the compilation and reporting of financial and operational data and other information as well as the procedures for the preparation and review of periodic reports. The Company has made specific provisions on the contents and requirements for the verification of financial data, especially requiring the responsible persons of each major department to issue a statement letter to be assumed by individuals from the bottom to the top.
- The Company adhered to fair disclosure and held result briefings or presentations in Hong Kong and Beijing immediately after the publication of annual and interim result announcement to ensure that all investors have equal access to relevant information.
- The Company actively participated in various surveys and inquiries conducted by regulators and exchanges, and earnestly put forward constructive opinions and suggestions.
- The Company attached great importance to the protection of the rights and interests of creditors. The Company had a good credit history, all interest-bearing liabilities were repaid on time without any instances of debt default or adverse credit records.
- The Company regularly invites different professional teams to provide training for Directors on the latest development of relevant laws and regulations, market environment and industry development, so as to enhance their ability to perform their duties.

## Responsibilities towards the Investors

China Unicom strengthened proactive and effective investor relations management, coordinated regulatory, analyst, shareholder and securities media relations. This significantly enhanced the influence of the capital market and continuously enhanced the value of the Company and shareholders. Annual general meeting shall be held every year, and extraordinary general meeting may be held when the Board deems it appropriate, the Company's Directors and representatives of Board committees will attend the meetings. All matters at the Company's general meetings are resolved by poll and the relevant procedures are explained at the meeting and the Company publishes the poll results in a timely manner, thereby offering protection of the shareholders' rights and interests. Latest updates on the Company's significant business developments are being provided in a timely and accurate manner through announcements, press releases and the Company's website ([www.chinaunicom.com.hk](http://www.chinaunicom.com.hk)), so that investors can keep timely understand of the Company's latest developments. The Company was awarded the "Asia's Best IR Team (Telecoms)" by Institutional Investor.

- An Investor Relations Department is in place to provide investors with the information and services they require and to actively engage with investors and fund managers.
- The Company adopted Shareholders' Communication Policy to ensure that the shareholders are provided with readily, equal and timely access to balanced and understandable information to protect their right to know.
- The Company focused on strengthening communication with the capital market, enriched communication methods, organised a number of reverse investor roadshows/"Visiting Listed Companies" activities, and arranged the management to carry out roadshow activities from time to time. Throughout the year, the Company organised/participated in nearly 100 international capital market communication activities, and the communication with investors, analysts and the media increased significantly compared with last year.
- The Company actively respond to investors' concerns, and transparently makes adequate disclosures on the Company's efforts to address climate-related risks on climate change issues that have been widely concerned by investors in recent years.

## Shareholding structure



Shareholding Structure Chart of China Unicom

Notes:

- \* In 2017, approximately 10.9 billion shares of China United Network Communications Limited were acquired by the strategic investors introduced by the mixed ownership reform through non public share issuance and transfer of existing shares. These shares were no longer restricted from sale in November 2020.
- \*\* Pursuant to the phase 2 restrictive share incentive scheme in 2022, China United Network Communications Limited granted restricted shares to the core management talents and professional talents.
- \*\*\* The shares held by China Unicom Group (BVI) Limited do not include its pre-emptive right of 225,722,791 shares of China Unicom (Hong Kong) Limited.

As at 31 December 2023

## Standardising Board governance

To serve the best interests of the Company and its shareholders, the Board of Directors of the Company is responsible for reviewing and approving major matters of the Company, including, amongst others, business strategies and budgets, major investments, capital market operations and mergers and acquisitions. It is also responsible for supervising risk management and internal control, approving environmental, social and governance strategies, and reviewing and approving the announcements periodically published by the Company regarding its business results and operating activities. In addition, the Board of Directors has overall responsibility of environmental, social and governance strategies and reporting. There are three Board committees under the Board, namely the Audit Committee, the Remuneration Committee and the Nomination Committee, each of which has a written charter, which is available on the websites of the Company and the Hong Kong Stock Exchange.

## Directors and senior management



**Chen Zhongyue**  
Chairman and  
Chief Executive Officer



**Wang Junzhi**  
Executive Director



**Liang Baojun**  
Senior Vice President



**He Biao**  
Senior Vice President



**Tang Yongbo**  
Senior Vice President



**Li Yuzhuo**  
Executive Director and  
Chief Financial Officer



**Cao Xingxin**  
Senior Vice President



**Cheung Wing Lam Linus**  
Independent  
Non-executive Director



**Wong Wai Ming**  
Independent  
Non-executive Director



**Chung Shui Ming Timpson**  
Independent  
Non-executive Director



**Law Fan Chiu Fun Fanny**  
Independent  
Non-executive Director

Note: Changes in the composition of the Board and the management during the year 2023 and up to the date of this report.  
Chen Zhongyue (appointed as Chairman on 2 December 2023);  
Cao Xingxin (appointed as Senior Vice President on 8 March 2023);  
Liu Lie Hong (resigned on 30 July 2023 due to change in work arrangement).

## Board diversity and independence

The Board comprises executive Directors and independent non-executive Directors. The Board of Directors comprises experts from diversified professions such as telecommunication, information industry, technology, finance, banking, investment and management, and is diversified in terms of gender, age, duration of service, educational background, professional experience, etc., which contributed to the enhanced management standard and more regulated operation of corporate governance of the Company, and results in a more comprehensive and balanced Board structure and decision-making process.

The Board currently comprises seven members, consisting of three executive Directors and four independent non-executive Directors. The Company has established various channels for independent non executive Directors to express their views in an open and honest manner and, if necessary, in a confidential manner. The independent non executive Directors have been making positive contributions to the development of the Company's strategies and policies through independent, constructive and informed advice. Apart from the regular Board meeting, the Chairman meets annually with independent non-executive Directors, without the presence of other Directors, which further promotes the exchange of diversified views and opinions. These views and opinions facilitate the Board in making their decisions in the shareholders' best interests. All independent non-executive Directors have confirmed their independence to the Company upon their appointment and annually.

### Board election

In order to ensure a standardised and transparent process for the nomination and election of Directors, the Company has established the Nomination Committee. With respect to the nomination and appointment of new directors and senior management members and the succession planning for Directors, the Nomination Committee would, after considering the Company's need for new directors and/or senior management members, identify a wide range of candidates from within the Company and the human resources market and make recommendations to the Board. The Nomination Committee will consider candidates on merit against objective criteria and with due regard to the benefits of diversity on the Board, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and duration of service. After having obtained the consent from candidates in relation to the relevant nomination and based on the Company's actual needs, the Board would convene a meeting, attendees of which include non-executive Directors, to consider the qualifications of the candidates. The Directors of the Company (including non-executive Directors) are not appointed for a specific term. However, pursuant to the Company's articles of association, one-third of the directors shall retire from office by rotation and shall be eligible for re-election at each annual general meeting.

## Building a digital industry ecology

### Strengthening strategic cooperation management

China Unicom strengthened the strategic cooperation under the strategic guidance, strengthened the coordination of strategic cooperation, and established the strategic cooperation system and mechanism of China Unicom. We have established more in-depth strategic partnerships with a number of important partners to achieve mutual benefits and win-win results. We innovated the cooperation model and continuously expanded the breadth and depth of cooperation. We built a digital management platform to promote the implementation of strategic cooperation.

#### Building a strategic cooperation management system

China Unicom formulated the "Administrative Measures for Strategic Cooperation of China Unicom", built a strategic cooperation management system, established and improved the management mechanism, and implemented hierarchical and classified management. We established a group-level strategic cooperation working group to standardise the work flows, in order to realise cross-profession and cross-field collaborative interaction, and ensure the implementation of strategic cooperation projects.

#### Joining hands to build a strategic cooperation ecology

China Unicom has established mutual trust and mutual benefit partnerships with various partners to achieve resource sharing, complementary advantages and common development. We attached great importance to communication and collaboration with partners, strengthened the mutual visits of senior management and daily communication mechanism, and solved problems in cooperation in a timely manner to ensure the smooth progress of cooperation projects.

### Improving supply chain management

With the goal of ensuring supply, improving efficiency and controlling risks, China Unicom strengthened the construction of a two-level centralised procurement operation system at the group level and at the provincial level, and continued to promote the upgrading of the modern supply chain system. We formulated the China Unicom Supplier Management Regulations and other systems, to standardise supplier management, and build a fair, good and clean cooperation environment.

- We optimised supplier screening standards and added ESG elements related to environmental and energy emissions such as ISO14001 and ISO50001.

- We implemented list management of positive and negative behaviours and rewarded suppliers with excellent product evaluation and assessment results; For those that caused negative impacts and economic losses in the construction of communication networks, production and operation, quality services, corporate image, etc., measures such as prohibition of access, suspension of cooperation, and order for rectification were implemented to urge suppliers to improve their product and service capabilities, and promote the upstream and downstream of the supply chain to jointly fulfil social responsibilities.

- We continuously optimised the supplier blacklist management mechanism, refined the identification standards and disciplinary measures, clarified the supervision responsibilities, accurately punished the “hunting” behaviour, and promoted the purification of the external anti-corruption environment.

- The Company strengthened the all-round strategic coordination with strategic suppliers, connected with more than 200 suppliers, and realised strategic cooperation such as supply chain coordination, information push, and material investigation.

**25,000**  
new suppliers in 2023

	Region	Eastern China	Northern China	Central China	Southern China	Southwest China	Northwest China	Northeast China
2022	Number of suppliers	28,722	11,234	10,807	11,141	6,704	5,458	9,705
2023	Number of suppliers	33,420	15,730	12,400	12,725	7,364	6,057	7,685

### Linking capital with precision

China Unicom adheres to the principle of “promoting investment through research and promoting production through investment”, focuses on strategic emerging industries and future industries development, and the construction of a modern cybersecurity industry chain. The Company made full use of market-oriented investment tools such as direct investment and funds, focused on key areas of main responsibilities and main businesses to make precise investment directions, refined post-investment management, improved investment returns, continuously promoted resource sharing and achievement co-construction with capital means, and promoted the iterative upgrading of China Unicom’s industrial ecology.

- **The Company deepened joint ventures and cooperation with upstream and downstream partners in the industrial chain, and won the “Group Competition” for the construction of digital industry ecology.** We established a joint venture Nebula Times Technology Co., Ltd. with Tencent to build an independent and controllable CDN/MEC platform by integrating China Unicom’s “network resources and capabilities” and Tencent’s “technology and ecology”; China Unicom Digital Intelligence Medical Technology Co., Ltd. was jointly established with Capital Construction Investment Medical, Guangzhou Capital Investment, Nansha Artificial Intelligence, etc. Relying on China Unicom Smart Medical task force, China Unicom Smart Medical Technology Co., Ltd. created independent and controllable medical and health information and medical and health data products and technical services.

- **The Company actively promoted the integration and connection of central and local resources and created a new landscape of win-win cooperation and development.** Focusing on accelerating the construction of the local digital government system and enhancing the efficiency of digital government, the Company actively participated in projects like Shaanxi on the Cloud and Digital Ningxia. Focusing on improving the local network infrastructure and consolidating the foundation of digital government construction, the Company promoted the new Internet exchange centre project in Shanghai under the guidance of the Ministry of Industry and Information Technology and the local government. With deepening the integration and development of local industrial chains as the core, the Company established the brain for the clothing industry in Zhejiang to promote the intelligent transformation and upgrading of the textile and clothing industry in Zhejiang.

- **The Company innovated investment methods and strengthened the industrial investment model of “parent funds + sub-funds” linkage.** The Company gave full play to the industrial guidance and capital amplification functions of parent funds, aggregated various social capital, and formed upstream and downstream investments in relevant industrial chains and supply chains in strategic emerging fields through investment mode of the “direct investment of parent funds + sub-funds”, so as to accelerate industrial upgrading.

The investment research platform won the second prize of the Financial Technology Innovation Competition (2023) held by the Science and Technology Innovation Department of the China Association of Science and Technology and the China Association of Communications, and applied for the Capital Engineering Innovation Practice Case of the Beijing Association of Science and Technology.

### Preventing and defusing operational risks

#### Carrying out in-depth anti-corruption exercise

China Unicom adhered to the strict tone, strict measures and strict atmosphere, integrated the promotion of not daring to corrupt, not being able to corrupt, and not wanting to corrupt, coordinated the promotion of anti-four styles, anti-corruption and anti-privileges, and further consolidated and expanded the achievements of integrity, discipline and anti-corruption.

##### Improving the anti-corruption system

China Unicom continued to improve the system and mechanism, strengthen publicity and implementation, and resolutely curb and prevent corruption. For more information on the number and outcomes of corruption-related litigation cases, please visit the website of the Central Commission for Discipline Inspection and the National Supervisory Commission.

- **Standardising the acceptance of letters and visits.** The Opinions of China Unicom Disciplinary Inspection and Supervision Institutions on Several Issues Concerning the Application of the Regulations on Letters and Visits was issued to promote an accurate understanding of the core meaning and requirements, build a good order for letters and visits and reports, and improve the level of work standardisation.
- **Improving the penalty mechanism.** The Company further standardised the rules and regulations for disciplinary actions against those surveilled for of suspected violations of laws and crimes, improved the mechanism for linking the handling procedures of corruption cases, and strengthened the seriousness, standardisation and timeliness of disciplinary actions.
- **Improving anti-corruption efficiency.** We issued the Guiding Opinions on Further Strengthening and Standardising the Quality Review of Cases to clarify the evaluation standards and promote anti-corruption practises with the rule of law.

**Improving the anti-corruption mechanism**

**Strengthening risk prevention and control.** We continued to improve the integrity risk prevention and control system, sorted out integrity risk points, and improved prevention and control measures.

**Strengthening supervision and control.** The Company deepened the use of a three-dimensional supervision system, strengthened daily supervision around key personnel, key matters and key areas, and focused on small areas as early as possible to prevent snowballing; The Company deepened the use of digital means to carry out online real-time supervision and took the initiative to prevent risks in advance.

**Deepening warning education.** The Company filmed special films on warning education, reported corruption cases, organised trial hearings on cases, and carried out special warning education on typical cases to educate and guide cadres and employees to be aware of and respect, be vigilant and stick to the bottom line.

**Deepening the construction of integrity culture in the new era.** The Company released the core concept of China Unicom’s integrity culture and the integrity code of conduct, and promoted the integrity culture among the manager teams, departments, frontline staff, positions, families and partners.

More than  
**10,000**  
integrity culture activities



The Company’s cadres and employees promoting the core concept of China Unicom’s integrity culture

**2.593** million  
people received anti-corruption  
education and training

**100** % coverage of  
directors and employees in anti-  
corruption education activities



## Improving the ability to counter risks

### Improving the risk management system

China Unicom earnestly implemented regulatory requirements, continued to strengthen the construction of risk management systems, and established a risk management system covering the headquarters, branches and subsidiaries, covering key areas such as cybersecurity, data security, financial business, safe production, and honest practice.

<b>Risk identification and early warning</b>	<p>The Company strengthened the control of the source of major risks, continued to beware of and collect internal and external risk factors, analysed and identified the risk information faced by the Company, and strengthened the deep integration of the prevention and control of major operational risks with the implementation of the Company's strategies and the development of key tasks.</p>
<b>Risk control and tracking</b>	<p>It continuously strengthened the monitoring of major operational risks, regularly carried out daily operational risk monitoring and early warning in key areas, and carried out in-depth risk investigation and special rectification in key areas.</p>
<b>Risk reporting and management</b>	<p>In accordance with the relevant provisions of the capital market, the Company regularly discloses the risks that the Company may face, timely announces the occurrence, impact and response of major emergencies, and reports to the regulatory authorities as required.</p>
<b>Regular supervision, audit and evaluation of information disclosure</b>	<p>An accounting firm is engaged to audit the Company's financial reports and related internal control every year, which is combined with the Company's regular internal control self-evaluation and internal audit supervision to form a joint force of internal and external supervision to ensure that the Company's internal control design is reasonable and its implementation is effective, and the disclosed financial information is true, complete and accurate.</p>

### Focusing on the construction of internal control

Adhering to the goal of "strengthening internal control, preventing risks and promoting compliance", China Unicom continued to deepen the construction of the internal control system, strengthened the effectiveness of the design and implementation of the internal control system, and comprehensively improved the ability of risk prevention and control.

<b>Strengthening the construction of institutional system</b> <p>The Company further promoted the hierarchical and classified management and control of rules and regulations, strictly implemented the control requirements such as plan formulation, system evaluation and version management, adhered to focus on formulation, rectification, rescission and interpretation, and promoted the agile iteration of the system. In 2023, the Company formulated and revised a total of 5,872 rules and regulations.</p>	<b>Standardising internal control process</b> <p>We adhered to the standardisation of process governance, iterated and improved the process governance methodology, focused on key businesses to carry out process governance, and formed a scientific, systematic and standardised process system.</p>	<b>Strengthening internal control supervision and evaluation</b> <p>We strengthened the organisational leadership and institutional construction of internal audit, adhered to the principle of "top-down audit", ensured the independence of audit work, continued to deepen the digital transformation of audit, strengthened the risk monitoring of important parts of internal control, achieved full coverage of audit in important areas, improved the efficiency of audit supervision, and promoted the effective operation of internal control.</p>
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## Persistence in compliant and lawful operations

China Unicom has always been committed to building a business system that abides by laws and regulations, is resilient and attaches great importance to safety, continuously deepens the construction of corporate rule of law, continuously strengthens the prevention and control of legal risks, and improves the guarantee mechanism for the prevention and control of major risks, so as to escort the realisation of high-quality development.

### Improving the compliance management system

China Unicom strengthened and expanded the compliance management system, improved the compliance review process, revised the Compliance Management Measures, and issued the Compliance Management System Evaluation Measures, Labour Employment Compliance Guidelines and other management systems.

- **Improving the compliance organisation system.** The Group and its subsidiaries simultaneously set up chief compliance officers and organised training on duty performance capabilities; The branches and subsidiaries have set up special positions for compliance management, and professional departments at all levels have added compliance administrators to strengthen the compliance team.

- **Improving the compliance operation mechanism.** We formed a list of important decision-making compliance review matters for professional lines, embedding compliance review nodes in the contract system; lists of compliance risk identification were updated to evaluate compliance management.

- **Improving the compliance review process.** We conducted compliance review on operation and management such as rules and regulations, decision-making on major issues and contract signing to ensure legal and compliant operation. In terms of process setting, the compliance review process was embedded in the operational and management process to ensure that compliance review is a pre-requisite procedure for relevant operational and management activities. In terms of review, the Company evaluated whether the relevant operation and management activities and their carriers were in compliance with the requirements of national laws and regulations, regulatory requirements, industry standards, international treaties, rules, the Articles of Association, rules and regulations, etc.

- **Intensifying the publicity of laws.** The Company fully implemented the “Eighth Five-Year Plan”, significantly enhanced the publicity of the rule of law, and significantly improved the enthusiasm and initiative of employees to learn the law. The Company established the legal publicity platform of “rule of law in WO”, published 6,000 legal publicity articles and videos, and recorded more than 300,000 legal employees and more than 42 million employees read.

- **Strengthening intellectual property protection.** We issued the management measures for copyrights and software copyrights, improved 4 patent management-related systems, supported 1,457 software copyright applications, registered 66 trademarks such as “China Unicom Digital Technology”, formulated comprehensive strategies to protect important rights and interests such as “King Card”, monitored and filed 52 trademark objections, and took the initiative to eliminate barriers to rights, so as to protect the formation of high-quality scientific and technological innovation achievements.



### Continuously strengthening foreign compliance

China Unicom implemented the opinions on the compliance with foreign laws, strengthened overseas anti-commercial bribery compliance, and carried out special risk investigation of overseas legal compliance to respond to overseas risk events in a prudent manner.

### Making every effort to ensure safe production

China Unicom continued to consolidate the achievements of the three-year action plan for production safety, and continued to improve the level of corporate safety governance with the “Year of Safety Management Enhancement” and the “Special Investigation and Rectification of Major Hidden Dangers 2023 Action” as the key measures.

- Focusing on key areas and strengthening source management, the Company continued to carry out safety production inspections, identified a total of 39,756 potential risks, and completed the rectification of 37,139 items, with a rectification rate of 93.4%.

- The Company organised nearly 3,000 safety production publicity activities.

- The Company completed 4 batches of 19 sessions of fire safety professional practical training for 1,224 safety supervision personnel at all levels, which improved the professional quality of fire safety management personnel.

- The Company improved the management systems such as the China Unicom Measures for the Supervision and Administration of Work Safety and the China Unicom Measures for the Administration of Fire Precautions, and gradually established an evaluation mechanism for the work safety management process on top of the existing incident assessment.

The government and enterprise compliance operation R&D project of China Unicom Software Research Institute won the “2023 Outstanding Government and Enterprise Business Innovation Project” award. The award was released by the 2024 China's financial TMT “Top Show List” organised by the operator finance website.



Awarded the “2023 Outstanding Government and Enterprise Business Innovation Project” award

