

HARMONIOUS DEVELOPMENT AND SHARING SUCCESS WITH SOCIETY

Sharing is the starting point and destination of our five development philosophies. With a commitment to pushing beyond its growth boundaries through the philosophy of sharing, China Unicom shares the outcomes of corporate growth with employees and the society so as to jointly build a harmonious enterprise and contribute to its growth. In 2016, the Company, adhering to the people-oriented principle, took initiatives to safeguard employee interests, care for employee growth and encourage them to participate in management with a view to build harmonious labour relations. The Company supported the construction of a harmonious society through a wide range of concrete actions, including voluntary participation in social welfare undertakings, support to western development, continuously efforts of targeted poverty alleviation to eliminate the digital divide and active engagement in local community development.

Measures adopted in 2016

- Actively undertook pilots of general service, helped the development of western region, strengthened network coverage and service channel construction in remote areas; finished broadband construction in 4,489 administrative villages and built 620,000 ports in 2016.
- Carried out featured services for farmers, ethnic minorities and the disabled, thoroughly deepened assistance for Tibet and targeted poverty alleviation, and strived to minify regional development gap and digital divide.
- Comprehensively implemented promotion and incentive system and 24% of all employees got their ranks promoted; implemented corporate pension plan in 31 provincial branches and 13 subsidiaries.
- Built strategic talent team, and cultivated more than 550 backbone talents, over 1,100 young and competitive talents, among whom 382 entered into overseas talent pool.
- Provided 16 sessions of leadership seminar, 259 sessions of professional skills training, developed and introduced 27 digital courses, and organised 513 skill competitions and knowledge contests.
- Practically pushed forward worker's union system, and motivated current employees to leave messages to General Manager.
- Pushed forward localisation of equipment procurement and employee recruitment, earnestly participated in public welfare volunteering activities, and carried out responsible investment.

Actions in 2017

- Strive to push forward the coordinated development in the western region and in the rural areas, and providing more convenient and high-speed information services.
- Pay attention to special groups of people, push forward the implementation of Tibet assistance project, implement targeted poverty alleviation, and share the achievements of information development with people in underdeveloped region and with vulnerable groups of people.
- Perfect market-oriented system of internal distribution of compensation, push forward the implementation of comprehensive employee incentive system in branches and subsidiaries to better reflect the returns to be acquired by employees from the Company.
- Build two talent teams of potential backup management talents and professional strategic talents, and set up potential talent pool of different specialties and levels.
- Strive to strengthen training in key fields and for key professional talents, and help to enhance employee value.
- Extensively and thoroughly carry out the action of "building employees' home", implement the "employee caring project", unify and mobilise employees to contribute to the development of the Company, and practically and efficiently provide assistance to employees.
- Promote overseas institutions to actively engage in local communities, and push forward the construction of a harmonious society.

REDUCE DIGITAL DIVIDE

Help the development of western region

China Unicom actively responds to the "Western Region Development Strategy" of China, implements "The 13th Five-year Plan" for Development of Western Region, and promotes regional coordinative development.

Favourable business policy

In mobile business, China Unicom staffed exclusive and targeted market service managers at branches in the western provinces to take charge of business report and optimisation in those provinces, and offered special approval to business needs proposed by western provincial branches; Some western provincial branches are allowed to offer best data package products to ensure that users in western region can afford data services carefree; Discount products such as targeted data package, holiday data package, idle hours data package and night-time data package are launched according to special needs of users in the western region.

In fixed line business, China Unicom accelerated speed of transformation of fibre optic broadband, speeding up services for users with bandwidth lower than 10M, and lowered the price of broadband products of 20Mbps, 50Mbps and 100Mbps, while speeding up service for copper cable user from below 4Mbps to 4Mbps or higher for free.

Investment in network construction

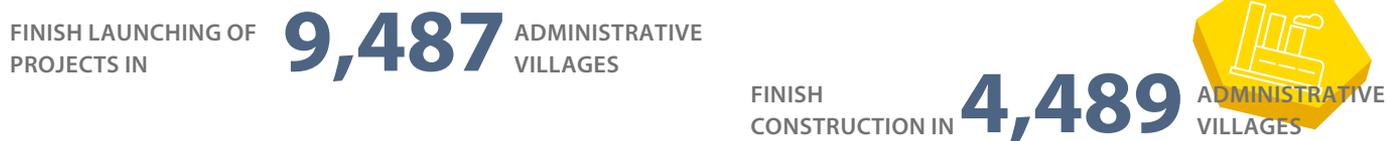
In 2016, China Unicom continued to strengthen telecommunication network infrastructure construction in western region, and completed a RMB12 billion investment in fixed asset; the Company preliminarily realised continuous coverage of 4G network in cities, counties, towns and administrative villages with population aggregation; the proportion of ports at 20M or above in cities reached 82%, and ports at 8M or above in rural areas reached 99%. China Unicom built two large-scale data centers in Hohhot and Gui'an, two cloud computing resource pools in Guangxi and Ningxia, and expanded three cloud computing resource pools in Inner Mongolia, Shaanxi and Chongqing.

Benefit remote areas

China Unicom actively provides general communication services in rural and remote areas, and allows more farmers to use the Internet by expanding effective coverage of fibre optic broadband network and 4G network in rural areas so as to help poverty alleviation.

Strengthen network coverage

China Unicom actively participated in the pilot work of telecommunication general service in 2016, and undertook broadband access tasks for 12,146 administrative villages in 17 provinces with a total investment of RMB1.7 billion; it finished launching of projects in 9,487 administrative villages, finished construction in 4,489 administrative villages and built 620,000 ports.



China Unicom Guizhou Branch echoed to the requirements of national broadband strategy and targeted poverty alleviation, and undertook broadband construction projects for general communication service in Guiyang and Anshun. In Guiyang, 48 administrative villages were newly built broadband and 223 administrative villages were upgraded broadband; whereas in Anshun, 199 administrative villages were newly built broadband and 205 administrative villages were upgraded broadband.

Build service channels

As of end of 2016, the number of self-owned stores below county-level reached 13,300, of which 10,200 are township stores, accounting for 49%, basically achieved one store in one town in Northern China. The number of channels in rural and remote poverty-stricken areas reached 260,000.

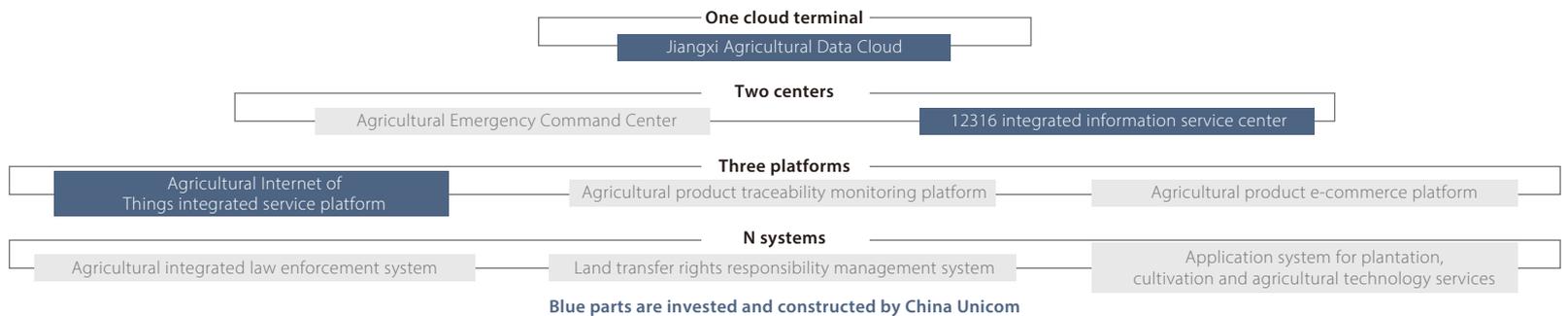


Discount tariff packages

Local branches of various regions launched hometown card and Spring Festival card to meet the communication needs of farmers and migrant workers while they work in cities and return home; various combined packages were launched for various consumer groups to enjoy 4G high speed Internet service with lower communication costs, benefiting various special groups in the society brought by technology advancement.

Develop agricultural informatisation application

China Unicom rolled out a series of informatisation achievements in three agricultural information bases in Jiangxi, Shaanxi and Henan Province. One cloud, two centers and three platforms of smart agriculture built in the Jiangxi Base have all been launched; Shaanxi Base completed construction of Shaanxi Agricultural Data Service Platform, Targeted Agricultural Production Platform and Farmer-benefited Information Platform, and implemented 14 agricultural informatisation projects; Henan Base designed and developed "Henan Agricultural Products Traceability Platform" and "Henan E-commerce in Rural Area", which are highly recognised by experts from Henan Provincial Academy of Agricultural Sciences and leaders of Henan Provincial Department of Agriculture.



China Unicom Liaoning Branch strived to push forward "Internet+ rural area" construction, invested over RMB3 million to build province-wide e-commerce access platform in rural areas, and invested RMB2.7 million to build three-level service outlets, namely county, township and village, and three-level logistics outlets in Qingyuan county for rural e-commerce operators so that people in rural areas can enjoy the convenience of online shopping. On one hand, quality commodities can be bought at low price to reduce living and production costs of farmers; on the other hand, quality and sideline agricultural products can be sold to increase the incomes of farmers.

China Unicom Shandong Branch launched the first "Beautiful Village" integrated information service platform in Shandong Province, which includes four segments and over 160 functions, covering five-level organisations of province, city, county, township and village. The platform serves entry-level government staff, grower/breeding farmers in rural areas, and village-run enterprises, and features the functions of administrative management, information consulting, e-commerce, and leisure and entertainment. For users using the "Beautiful Village" app, China Unicom Shandong Branch also launched high data flow and low price products for users to participate in activities such as trade-in old for new smartphone with RMB1,000, as well as purchase mobile phone with a discount. The number of registered users of "Beautiful Village" has already exceeded 100,000.