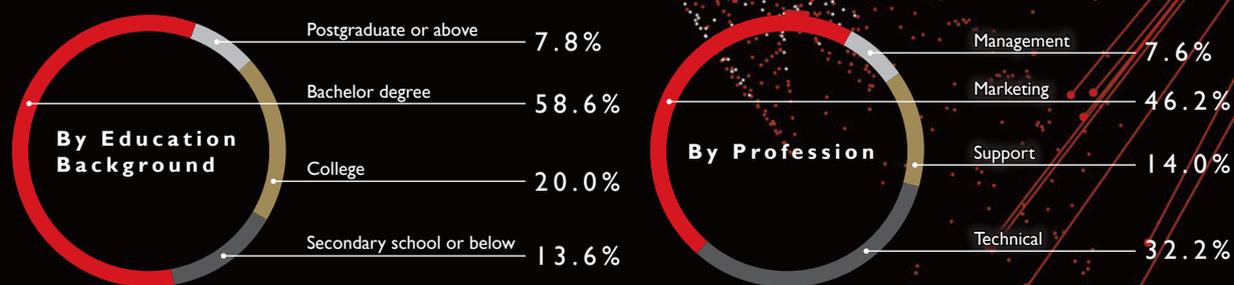


HUMAN RESOURCES DEVELOPMENT

Adhering to the people-oriented principle, China Unicom promotes system and mechanism innovation in a bid to pursuing harmonious development between the Company and its employees while sharing the returns. In 2019, underpinned by the goals of promoting “staff in and out”, “post up and down” and “compensation up and down”, China Unicom strengthened the importance of taking responsibilities, forged ahead in reform and was committed to the execution. The Company paid continuous efforts to deepen the human resources system reform, providing human resources support to fully accelerate China Unicom’s “Five New” establishment and promoting high-quality development.

ANALYSIS OF STAFF COMPOSITION



For further details of Human Resources Development, please refer to the relevant sections of the Company’s detailed Corporate Social Responsibility Report 2019 to be published in June 2020. Please visit the Company’s website at www.chinaunicom.com.hk

Supply-side reforms in human resources continued to improve labour efficiency. In 2019, China Unicom's employee productivity reached RMB1.05 million per employee. The Company continued to optimise its employee structure integrating the sub-division of performing unit reform, encouraged and induced more than 10,000 employees at all levels to redeploy to frontline positions at sub-divided units directly contributing to value creation.

The Company adopted performance-based compensation as the principal mechanism with the support of a diversified remuneration structure. The Company improved the employee compensation distribution and performance evaluation mechanism to achieve the aligned growth of labour costs, return and efficiency. The Company optimised its value-based internal remuneration distribution mechanism, further widening the difference in remuneration and stimulating the vibrancy of micro-entities. The Company enhanced the effectiveness of the overall incentive system and continued to improve employees' satisfaction. A long-term incentive system was established to effectively attract, retain, and properly motivate talents.

Focusing on the top level design, the Company conducted comprehensive analysis on the leadership team structure and the overall planning and coordination with due regard to the needs of the Company in the course of development. The Company was committed to enhancing the professional capabilities of cadre, strengthening cadre supervision and motivating cadres at all levels to take new responsibilities and new initiatives in the new era. The Company further strengthened

the young cadre team development, as well as the communication between the headquarters and the frontlines. While promoting the withdrawn rate of the management cadres per annum of no less than 1.5%, the Company stepped up effort to withdraw cadres, further stimulating vitality.

The Company strengthened professional talent pipeline development through continuous expansion of professional areas and the number of professional employees. A four-tier professional grade structure namely, leaders, experts, core members and new talents, composing of 15,000 members from a number of professions including IT, operating and maintenance, research and development, government and enterprise, marketing, finance, human resources, auditing and legal, and etc. was developed. The Company further promoted the implementation of "418" talent development initiative in the innovative areas and continued to action in accordance with the 4 working objectives of "new mechanism, increasing volume, improving capabilities and enhancing application". As at the end of 2019, the number of technical talents in the innovation areas reached 21,000, increased by 5,000 as compared to the end of 2018.

The Company actively built and reshaped its staff education and training system to answer the capability requirements on transformation. In order to strengthen staff quality in a more systematic, sustainable, targeted, and effective manner, annual key training plans for management personnel and professional talents were formulated, while continuously carrying out professional improvement and transformation training for all groups.