

**Report on China Unicom's
Corporate Social Responsibility
(2008)**

March 2009

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Chairman's Statement

Adhering to the conviction of “integrating ourselves into the global family as an excellent corporate citizen”, China Unicom has joined the United Nations Global Compact and is well poised to contribute to the cause of a stable, fair, inclusive and harmonious world under the Compact.

As a member of the UN Global Compact, China Unicom is engaged in combining its own growth with broad social responsibilities so that the business interests can be well matched with the social objectives. Working together with all the social entities, in particular the stakeholders, we aim at building up a harmonious ecosystem which is conducive to the growth of ourselves and the others as well. Inspired and stimulated by the Ten Principles of Global Compact on human rights, labor forces, environment and anti-corruption, China Unicom has been fulfilling its social responsibilities and obligations in every step it takes on the path of growth. In the framework of the Compact, China Unicom is profoundly concerned with the social legitimacy of both the enterprise and the market, and has been endeavoring to honor its social responsibilities in a

proactive manner. It is our great pleasure to find that China Unicom as of today features a rational, stable and healthy business operation model and boasts of an appealing corporate image and worldwide partnership. The corporate practice based on a system of credibility and accountability has enabled China Unicom to acquire a broad range of social trust and public resources, which in turn has served to propel the healthy and sustained growth of the company.

2008 was an extraordinarily painful year in China's quest for development. It was also a year of further restructuring for the country's telecom industry. Against that backdrop, China Unicom introduced a series of reorganizations to its major assets and services to grow into a nationwide fully integrated service provider, which marks a big stride forward in the company's development strategy and serves as a manifestation of new steps taken by the company to fulfill its corporate social responsibilities and build a harmonious enterprise.

In 2008, China Unicom has been conscientiously implementing the spirit of "The Notice on Deepening Reform of the Telecom System", and strictly complying with relevant laws, regulations and capital market rules at home and abroad. The company has successfully completed several

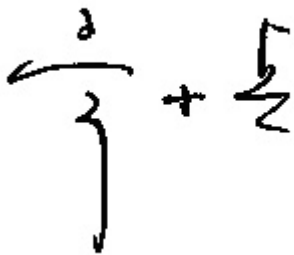
major asset mergers and acquisitions in the history of state-owned enterprises (SOEs), including the sale of its CDMA business and the merger of red-chip companies of the former China Unicom and the former China Netcom. Meanwhile, all tiers of the company have been earnestly seeking to grow in synergy, whilst working to enable prudent and orderly reorganization of its structure and personnel from top to bottom. The company's achievements in reorganization have been fully endorsed by the State Council, and widely recognized by ministries and commissions under the State Council, domestic and overseas capital markets and the general public as a whole.

In regard to building a harmonious enterprise, China Unicom in 2008 was committed to sharing its outcomes of information and communications technologies (ICTs) with all public sectors. During the year, the company was one of the first few companies that were awarded the title of National "Innovation-oriented Enterprise". In addition, it won 3 First Prizes, 8 Second Prizes, 14 Third Prizes and the Prize of Outstanding Organization in terms of innovation in corporate managerial modernization in the national telecom industry. In regard to promoting harmonious social development, China Unicom presented 11 first-ever telecom-related feats during the Beijing Olympic Games in the history of the Olympiad, which

showcased to the world a stunning telecom-enabled visual feast as a vivid accomplishment of the concept of Tech Olympics. In the rare freezing snowstorm in southern China in early 2008 and the "May 12" big earthquake in Wenchuan County of Sichuan Province, China Unicom's staff responded in concerted efforts and with a high sense of responsibility to provide agile and robust communications support and a vast array of disaster relief services. In regard to development in harmony with the nature, China Unicom has been advocating environmental protection and conservation by carrying out more than 1 200 projects in relation to energy conservation, reduction of energy consumption and technology upgrading, which helped slash over 200 million yuan on its energy bill.

Looking toward the future, we may find that a more complex world calls for the establishment of a new social order that features harmonious co-existence, mutual benefit and common prosperity. On the other hand, the public is raising its expectations on the level of corporate governance and the fulfillment of corporate social responsibilities. China Unicom is thus committed to taking even broader social responsibilities by engaging itself in public affairs even more proactively so as to facilitate the long-term development of the human society. Meanwhile, we also pin

great hopes on the Global Compact and aim to build up a sound international image of China Unicom by strengthening our cooperation with and playing a vital role in the UN Global Compact.

A handwritten signature in black ink, consisting of stylized Chinese characters. The first character is '常' (Chang) and the second is '晓' (Xiao), followed by a third character '兵' (Bing). The signature is written in a cursive, flowing style.

Chang Xiaobing

Chairman

China United Network Communications Group Company Limited (China Unicom)

Interpretation of the Corporate Logo



China Unicom's logo is derived from the ancient Chinese Buddhism graphics "Pan Zhang" or "Lucky Buddha Knot". The lines twisting in loops are symbolic of China Unicom as a modern telecom entity in orderly, neat and brisk operation as well as its eternal, never-ending business.

The logo also is hidden with two interconnected Chinese characters -- "Xin" in Mandarin, meaning "Heart". This is a vivid demonstration of China Unicom's service philosophy of "connecting to hearts", implying users will always be cared for, and the company will always stand behind its users wholeheartedly.

Chinese red is the color of China's national flag, representing enthusiasm,

passion and energy. The color is most typical of the Cathay complex, hinting at joy and fortune. The color also increases the affinity of the corporate image and gives a strong sense of visual impact, right fitting in the corporate positioning of vitality, innovation and fashion.

Ink black is the most inclusive and cohesive color, symbolizing nobleness and prudence. The red and black going together creates a stable, harmonious and appealing visual effect.

The dual "i"s in red just add to the perfect final touch, not only resembling two people communicating with each other at anytime and anywhere to highlight the spirit of the brand -- "Let everyone get connected as they wish", but also looking like an ear of wheat in the vertical direction to imply a bumper harvest, so as to enhance the company's image of joy and fortune in people's minds.

As the mandarin pronunciation of "i" is the same as "love", highlighting again the mission statement of the corporate brand – Going ahead Heart by Heart. In English, "i" could mean "I (myself)", or "information" to

stress the marketing model where customers are put first and provided with integrated communications and information services".

About Us

Company Overview

China United Network Communications Group Company Limited ("China Unicom") was established on January 6th, 2009 based on the former China Unicom and the former China Netcom, with branches located in 31 domestic provinces (autonomous regions and municipalities), a number of countries and regions overseas and a headcount of roughly 463,000 people.

The overall size and strength of the new China Unicom has been reinforced dramatically, as is showcased by its modern communications networks that are well-structured, technologically advanced and functionally powerful with nationwide coverage and global access. Currently the company mainly provides the following services: mobile communications, domestic and international fixed telephone network and facilities (including wireless local loops), voice, data, image and multimedia communications and information services, value-added

telecom services, IP telephony service, system integration services relating to communications and information services, as well as other services approved by the state.

Looking ahead, China Unicom is adamant to seize the new opportunities brought about by innovation and restructuring on the global telecom front and the drive called for by the Chinese government to promote integration of informatization with industrialization, rely on the loyalty of its hundreds of millions of users, give full play to the unique advantages following the restructuring process and fully mobilize the initiatives and creativity of its executives and employees. With fully-integrated service operation and 3G as the future growth engine, the company will adhere to the concept of putting users first, strengthen innovations in technologies, services, applications and products, work to enable fixed communications to go mobile and enable mobile communications to go broadband, further improve the overall corporate strength and core competitiveness and fully satisfy the customer demand for integrated information services, so as to build the company into "the world's leading broadband communications and information service provider".

Management Team

Mr. Chang Xiaobing: 51 years old, Chairman of China Unicom. A senior engineer of professor level, Mr. Chang holds a PhD degree in Business Administration, and has extensive management experiences in the telecom industry.

Mr. Lu Yimin: 45 years old, Vice Chairman and General Manager of China Unicom. A senior engineer of professor level, Mr. Lu holds a master degree in public administration, and has rich experiences in government affairs and management.

Mr. Zuo Xunsheng: 58 years old, Vice Chairman and Deputy General Manager of China Unicom. A telecom professional for years with an MBA degree, Mr. Zuo has a wealth of management experiences.

Mr. Tong Jilu: 50 years old, board director, Deputy General Manager and Chief Accountant of China Unicom. With a master degree in business administration, Mr. Tong has rich experiences in telecom enterprise management and financial management of listed companies.

Ms. Li Jianguo: 55 years old, a member of China Unicom's senior management staff. With an MBA degree, Ms. Li held a series of leading posts in enterprises, local government bodies and state ministries and commissions over the years, which rendered her rich experiences in government affairs and corporate management.

Mr. Pei Aihua: 58 years old, Deputy General Manager of China Unicom. With a PhD degree in Management and as a senior engineer of professor level, Mr. Pei has years of management experiences in the telecom industry and in government affairs.

Mr. Zhao Jidong: 58 years old, Deputy General Manager of China Unicom. With a master degree in ICT management, Mr. Zhao has extensive management experiences in the telecom industry.

Mr. Li Fushen: 46 years old, Deputy General Manager of China Unicom. With a master degree in management, Mr. Li has extensive management experiences in the telecom industry.

Mr. Li Gang: 51 years old, Deputy General Manager of China Unicom. With an MBA degree, Mr. Li has long served the telecom industry and gained extensive management experiences.

Mr. Zhang Junan: 52 years old, Deputy General Manager of China Unicom. With a PhD degree in management, Mr. Zhang has long served the telecom industry and gained rich management experiences.

Mr. Jiang Zhengxin: 51 years old, Deputy General Manager of China Unicom. With a PhD degree in Political Economics and as a senior engineer of professor level, Mr. Jiang has long served the telecom industry and gained rich management experiences.

Building a Harmonious Enterprise

Facing the increasingly diversified demand from the public for information, China Unicom is committed to providing the public with convenient, smooth and efficient communications and information services, broadening public access to information and interactive services through innovative integration in networks, services and terminals and promoting the sustained and healthy corporate development. Deeply aware of its duties and missions amid economic and social development, the company will follow noble business ethics, build a high-performance and standardized structure for corporate governance, actively promote a clean social climate and keep performing its social responsibilities as a well-mannered corporate citizen.

Highlighting Financial and Business Performances

According to the Express Report in December 2008 (unaudited), after the restructuring, China Unicom registered 165.08 billion yuan in revenue out of continued operations. As of the end of 2008, the company recorded a total of 272 million subscribers, of which there were 133 million mobile

subscribers, 29.87 million broadband subscribers and 109 million fixed and PHS users. The sheer size of its revenue lifted the company into the list of Fortune 500. The user base and market capitalization of the listed company ranked 4th and 12th among all telcos across the globe.

Deepening Risk Management

Focusing on a responsibility mechanism to implement long-term internal control, the company kept promoting the effective implementation of internal control and risk management to ensure stability of its business objectives. In the wake of a series of internal and external tests, the company passed the Sarbanes internal audit in 2007 with success. While consolidating the outcomes of internal control and risk assessment of 2007 and recognizing its mandates in corporate governance, the company in 2008 placed emphases on improving its economic efficiency, putting operational risks under control and solving problems impeding further business growth and efficiency improvement, so as to make full use of the internal control instrument for planned and staged day-to-day internal reviews and thematic evaluations, bring to light risk-related issues in time, make in-depth analyses of the causes and the crux of risks and gather valuable opinions and inputs. In the mean time, the company kept urging

its local branches to integrate the above efforts with the real-world business scenario to make internal control a regular part of their daily work. All this has served to greatly enhance the awareness of risk management and improve the operational efficiency as well as the caliber of corporate management.

Enhancing the Supportive Capacity of Information Technology Services

China Unicom has adhered to the principle of stressing project construction and service application by offering necessary support and providing standards. The company kept improving its major enablement systems, i.e., service management processes, IT management and control as well as specifications and standards. Every effort was made to promote the building of a new generation of BSS and MSS, and put them on track to enable fully integrated services. Sale of the CDMA network was wrapped up as expected, with a 3G roll-out plan already taking shape and the level of ICT application further improved. In the first national test evaluating the level of ICT application in SOEs, China Unicom ranked 2nd in total score among the 145 SOEs taking part in the test on the strength of its leadership and outstanding performance in ICT application,

and was awarded the title of "Class-A SOE in ICT Application in 2007".

Persisting in Promoting Development by Means of Innovation

Innovation is not only a prerequisite for a corporation to sharpen its core competitiveness, but an objective need to meet the increasingly diversified customer demands. The capacity for innovation hinges on the sustainable corporate development. In 2008, China Unicom stuck to innovation for development, kept deepening managerial and technological innovations and scored a number of achievements in innovations. The company passed a comprehensive assessment by competent state ministries and commissions in regard to innovative pilot enterprises and was among the first few companies that were awarded the title of National "Innovation-oriented Enterprise".

China Unicom has been making unrelenting efforts to explore managerial innovations. At the 2008 national conference awarding telecom companies showing excellence in three performance categories, i.e., modernization in corporate managerial innovation, customer satisfaction and excellence of Quality Management Teams (QMT), China Unicom

won 3 First Prizes, 8 Second Prizes and 14 Third Prizes and the Prize for Outstanding Organization in the first category; 18 companies under China Unicom won the award in the second category; 57 QMTs under China Unicom won the award in the third category. Three bodies under China Unicom were named Advanced Units in QMT-led activities. China Unicom's "Study Report on Management of and Services to Retired Corporate Staff under the New Situation" was awarded the Third Prize by the Organization Department of the CPC Central Committee, the only award of its kind in the national telecom industry. At the Third China Human Resource Management Award hosted by the Chinese Enterprises Association under the State Council Development Research Center and the China Human Resources Development Research Association under the State Development and Reform Commission (SDRC), the "Personnel Selection Approach Stressing both Managerial Innovation of CPC (Communist Party of China) and Market-oriented Designation" and the "Dual Control Concept and Practice in Extensive Implementation of HR Planning and HR Cost Budgeting in Large SOEs" submitted by China Unicom gained the Gold Award and the Silver Award respectively. Another thesis from the company won the Award for Outstanding Achievement.

In 2008, China Unicom applied for five major national scientific and technological projects, among which the team of the Olympic City Connect project and teams of projects for enabling fixed communications technologies and information services and for fixed communications command and scheduling during the Games and the R&D team of IPv6 Video Monitoring System project were named Advanced Units by the Leading Group of the "Olympic Technology (2008) Action Plan" and the Committee on Science and Technology of the 29th Olympic Games.

Strengthening the Building of an Honest and Disciplined Team

Great emphasis was placed on building a clean management team. In accordance with "Implementation Guidelines for Establishing and Improving a System to Punish and Control Corruption and Stress Education, System and Supervision" from the CPC central committee, efforts targeting at education, system and supervision were highlighted on all business links of the company. A sound institutional mechanism against corruption was taking shape and being refined. Also, as part of the efforts to combat corruption, an "Anti-corruption Firewall" was set up to promote the healthy development of the company.

In addition, the company continued its education on disciplines to raise the awareness of discipline among corporate executives and employees. The company called for an earnest study of "The Provisions on Building a Clean SOE Leading Staff" (Provisional Version), so as to strengthen the clean ethical awareness among its staff and standardize their business behaviors. The company also held seminars for its staff to study relevant laws and regulations, requiring the staff to know, understand and observe such laws and regulations while perform their duties.

The company valued the creation of a clean corporate culture to foster an honest and trustworthy ethical morality among its employees. To that and, the company launched diverse forms of clean education, e.g., the Clean Publicity Column in the MSS system, SMS sent to staff groups spreading the concept of Being Clean, the public playing of videos highlighting corruption-related cases, etc., so as to create a clean business environment. The company also endeavored to enhance the professional ethics of its staff by holding workshops to study "The Code of Professional Ethics", so as to foster the value proposition of credibility and integrity among its staff. As an outcome of such studies, all of China Unicom's staff signed statements of commitment to professional ethics.

Beyond that, the company gave full play to the role of the Department for Discipline Inspection and Supervision (DDIS), and stressed strengthening supervision of processes. DDIS took part in the entire processes of bidding for construction projects, material procurement, advertiser selection and staff recruitment. In the mean time, it worked hard to further improve the corporate rules and regulations and standardize relevant business processes by combining the problems found in the above processes with real-world scenarios, so as to enable all the business processes to proceed in an orderly manner.

The company provided handy channels for whistle blowers to report staff irregularities that tended to breach disciplines or violate rules. Special telephone lines and e-mails were set up and made known to the staff, with specific employees responsible for registering and handling such cases. Malpractices proved to be true following investigation would be severely dealt with in line with relevant corporate and state regulations. Cases proved to be not true after investigation would be clarified to the people involved to protect the legitimate rights and interests of employees. Meanwhile, cases in violation of laws or disciplines would be given a thorough analysis to identify vulnerabilities in business processes for

timely redress and improvement.

Improving the Mechanism to Safeguard Employees' Rights and Interests

Currently, China Unicom is proactively and steadily pushing forward the building of a democratic management system for the Employee Congress. While carrying forward and introducing innovations to the existing mechanism of the Employee Congress, efforts are being made to improve the democratic corporate governance and safeguard employees' rights and interests. The company has brought into full play the positive role of the Employee Congress in building a harmonious enterprise and safeguarding the employees' right to know, participate in and monitor relevant corporate processes. The company also further improved the system for consultation on an equal footing and labor-related legal supervision systems in regard to collective contracts, labor contracts, labor dispute mediation and so forth. While implementing such systems, the company adopted flexibility in combining collective contracts with labor contracts by utilizing collective contracts to standardize labor contracts and establishing a sound performance accountability and supervision system for collective contracts, so as to ensure the successful implementation of

collective contracts.

Working Together to Build a Harmonious Society

China Unicom always pays close attention to the expectations and demands of our stakeholders and strives to create value for them. In the face of a series of important political events and natural disasters in 2008, such as the Beijing Olympics, the flight around the moon by Chang'e-1, the Seventh Asia-Europe Meeting (ASEM 7), and the earthquake in Wenchuan on May 12, the Company successfully fulfilled the responsibilities of guaranteeing the communication security of the country and ensuring communications for disaster relief operations. China Unicom also regards it as its own responsibility to advance the economic and social informatization and support the building of new socialist countryside. China Unicom actively participated in public welfare undertakings to enable vulnerable groups such as persons with disabilities to have equal access to new information and communication technologies and enjoy the facilitation and convenience brought about by such technologies. The Company strived to achieve the harmonious development between the enterprise and the society.

Improving Service Quality and Protecting Consumers' Interests

"10010.com" is introduced to provide consumers with convenience

Following the successful pre-commercialization of online payment in early October 2008, China Unicom's online service hall (www.10010.com) introduced three new payment functions on November 18, namely recharge through bankcards (direct recharge), recharge through regular recharge card and recharge through integrated recharge card. Users can log on the unified online service hall (www.10010.com) of China Unicom to recharge the accounts or pay phone bills for any brand of China Unicom's mobile phone services via bankcards or integrated recharge cards that can be used throughout the country. The introduction of these new functions provided the users with more convenient recharge and bill payment services.

Listening to customers' voices and meeting their demands

In line with the arrangements of SASAC and MIIT, China Unicom has taken the opportunity of the Olympic Games to launch 20 services to the society. To ensure the services to be well put in place, the company has

worked out more than 50 initiatives which cover network security, business operation, service management, etc. By now the services and initiatives have all been well implemented, which resulted in great improvement in China Unicom's reputation and credibility among its customers. Meanwhile, the company has launched a special campaign to understand the real needs of customers and help resolve problems clinging to the company. About 1.923 million people took part in the campaign and more than 10,000 pieces of advice were collected, which formed a sound basis for the improvement of the company's quality of service.

China Unicom has taken a number of measures to strengthen the management of the whole process of service provision, including making focused analysis on important cases, monitoring the resolution of hot issues, setting up accountability system for quality of service, conducting surveys on customer satisfaction, enabling public or secret investigations, etc. In 2008, the Quality Analysis Committee at the company's headquarters accomplished 12 focused analyses on 25 cases. With improved coordination mechanisms, clearer accountability system, optimized service and management flow, the issues that customers complain the most about were largely and effectively resolved.

Creating a green communications environment

In 2008, China Unicom continued to enrich network contents and clean up the network environment in a bid to build a harmonious cyberspace. Centering on the Olympic theme, China Unicom opened an Olympic hotline – 1169992008, an interactive information service, to provide customers with convenient access to Olympic knowledge. With regard to the theme of "barrier-free access to information", China Unicom opened the first "barrier-free information platform - 11699222 hotline" for persons with disabilities to provide them with an interactive platform to exchange information of education, employment, consultation, mutual aid and other aspects.

Cleaning out junk information and cleaning up network spaces

China Unicom established and improved the information detection, monitoring and disposal mechanism and adopted measures to improve SMS group sending service. China Unicom focused upon cleaning up unhealthy information. With regard to such problems as spamming from SMS ports for industry applications, spamming from information service operators, spamming of ads SMS, and spamming between networks, China Unicom improved technical support, strengthened management on the rates of mobile information services and fee charging behaviors,

accepted customers' reporting on unhealthy information and set up a long-term supervision mechanism to safeguard legitimate rights and interests of customers. China Unicom punished 5 SPs, closed 15 industry application ports, and intercepted more than 150,000 Spam messages.

Adopting rectification measures targeted at Internet access and key markets

China Unicom carried out rectification work extensively and cracked down on Internet pornography, fraud, gambling, sale of contraband and other illegal and criminal activities in accordance with applicable laws. China Unicom, in support of public security departments, provided website/access information for 1779 times, shut down 290 illegal websites, punished 39 violating SPs, deleted 8,394 pieces of unhealthy information, and handled 897 complaints from customers. China Unicom strictly checked the qualification of the Internet service providers and the filing of their websites, actively filed IP addresses, worked closely with the communications authority to shut down 659 non-filing or non-licensed websites, filed 4,197,276 IP addresses and strengthened the self-check and rectification on fee collection service via mobile phone and mobile information access services.

Enabling Smooth Communications for the Olympics and Other Big Events

The Beijing Olympics, with its eleven firsts in the history of Olympic communications, has presented a feast of communications to the whole world.

In the 29th 2008 Beijing Olympics, China Unicom, based on innovation and development, fulfilled the idea of scientific and technical Olympics with eleven firsts in the history of Olympic communications and presented a wonderful feast of communications to the whole world, i.e. the first to adopt the intelligent optical transmission network based on the ASON technology; the first to use shallow compression HPV transmission technology; the first to employ the video monitoring system based on the IPV6 technology; the first to apply the broadband Internet card; the first to provide the multimedia real-time transmission service based on VLAN; the first to introduce the Olympic City Tone service; the first to build the multilingual calling center; the first to make use of the broadband wireless communications technology; the first to adopt the TelePresence technology in the video conferencing system; the first to employ the IMS technology in the command and control system and the first to launch the "Olympic service standards ".

During the Olympics, good interaction was formed between the host city Beijing and other co-host cities as Qingdao, Tianjin, Shenyang, Qinhuangdao, Shanghai, Hong Kong; between provinces and cities directly related to the Olympics and large network support, main trunk line maintenance and overseas POP; between communications guarantee and marketing and customer reception. Through joint coordination in the whole process and network, China Unicom has supported the success of the 2008 Beijing Olympics with great effort and enthusiasm.

During the Olympics, the company totally accepted and activated 24.6 thousand fixed-line phones, 840 ISDN, 3000 ADSL and almost 3000 private lines. 23000 people in total have directly participated in the Olympic service and guarantee work, of which 6600 people were arranged in event cities and positions of communication trunk line, resident places and important guarantee areas. Besides, some people were specially assigned for International nodes as Hong Kong, Los Angeles, San Francisco, New York, Tokyo, London and Frankfurt. During the Olympics, the company dispatched almost 514,000 people in total, and patrolled optical cables about 7,552,000km.

In the whole process of the Olympics, the network worked well, without any high-class communication failure. As all systems had the backup,

customers felt no failures; the acceptance response was 100% real time. No complaints occurred in the Olympics, which is unprecedented compared with the past Olympic communications guarantee work. IOC, BOCOG, domestic and foreign media, different government divisions and sports organizations have extended their appreciation for China Unicom's excellent communications service; Reuters, AFP, AP, Xinhua News Agency, Getty Images, NBC, EBU and the chairman of BOB and the chairman of EUTELESAT have expressed their thankfulness as well and hoped to further cooperate with China Unicom.

By working for the Olympics, China Unicom faithfully puts its social responsibilities in practice and builds good images as a large-sized state-owned cooperation; by working for the Olympics, China Unicom keeps on intensifying the capability of basic communication network and further improves the level of communications guarantee; by working for the Olympics, China Unicom devotes to the application of new technical services and provides advanced modern information and communication services; by working for the Olympics, China Unicom takes the initiative to expand the market and obtains much more operation experience and improves the service level; China Unicom insists on exercising the staff by working for the Olympics and lays a strong foundation for its healthy and sustainable development. The experience accumulated during the

Olympics is a precious fortune for the development of the new company in the future, which should be transformed into the power to push the development of the new company. To achieve this, the company should further intensify the sense of responsibility and carry forward the success experience of gained from the Olympics; further boost up the sense of development and unfold the vigor of success; further intensify the sense of innovation and take the innovation spirit of "scientific and technical Olympics "; and further boost up the sense of talent and show the group spirit of Olympics to create new situations for the fast and healthy development of the new company.

On September 25, 2008, the summarizing and honoring ceremony for the Olympic work was held in Beijing. In the ceremony, Beijing branch of China Unicom was awarded "Prominent contribution honor of the Olympic work", Hebei branch and other eleven units were awarded "Excellent organizing honor of the Olympic work", Qingdao Olympic command and other six units were awarded "Organizing honor of the Olympic work", the guarantee group of the National Stadium and other 53 groups were granted the "Best group of the Olympic work", and the network operation department of Shanghai branch was granted the "Best unit of the Olympic work".

Enabling trusted communications for big events

China Unicom undertakes the job of supporting national communications security and smooth communications, provides support for the success of major political and social events and offers communications guarantee service for NPC and NCCPC.

In 2008, Beijing branch of China Unicom accomplished the one year communications guarantee job for "Chang' I" circumlunar satellite. Miyun Bulaotun observatory undertook the job of data collection and transmission during the key phase of launching the "Chang'e I" circumlunar satellite. The company provided ASON network support for data transmission from the observatory to Beijing's and Shanghai's observatories. The company not only rebuilt the original transmission, but changed the single chain to dual router and the protection of transmission loop, and established a special emergency communications team, made a detailed communications guarantee plan and dispatched maintenance staff to ensure and make regular maintenance.

In 2008, Beijing branch of China Unicom accomplished the communications guarantee work satisfactorily for the Seventh Asia-Europe Meeting. The company activated the 24 core optical cable pathway from the media center located in Beijing International Hotel to

the long-distance call building and activated 55 phones, about 200 Internet ports and the coverage of WLAN of all meeting rooms to provide 7×24 hours site guarantee. The company activated 2 relay phones with IDD function for CCTV; activated the pure optical circuit from Shangri-La Hotel that was the work position of Ministry of Public Security to the building of Ministry of Public Security located in Chang'an Street and provided communications guarantee; accomplished the activation and testing work of 19 optical private lines of Ministry of Public Security and Beijing Municipal Public Security Bureau; and implemented 24 hours communications guarantee for 19 hotels and 2 activity centers related to the meeting and real-time monitoring for performance indicators of key network elements. During the meeting, diversified communications approaches were used to transmit the meeting to domestic and foreign media up to 59 sections with 4400 minutes.

Emergency Rescue and Disaster Relief, the Embodiment of Corporate Responsibility and Mission

As an enterprise and citizen, China Unicom has the coverage to undertake responsibilities for big events and dedicates to the society positively, which can show the strong sense of social responsibility that a large-sized state-owned should have. In the face of southern freezing rain and snow disaster at the beginning of 2008 and Wenchuan earthquake happened on

May 12, 2008, China Unicom threw itself into the breach, fought against the disaster with joint effort and made quick response, which greatly reduced the inconvenience and loss generated by the disaster and strongly supported local governments in the work of emergency rescue and disaster relief.

The freezing disaster: heading for the front line of emergency rescue and disaster relief

During fighting against southern freezing rain and snow disaster in 2008, China Unicom dispatched staff 166568 times for emergency rescue and disaster relief, used repair vehicles 100448 times, repaired 5156 sets equipments, generated electricity up to 86330 times, spent totally 701900 hours for the generation of electricity, consumed oil 2.2637 million liters, and dispatched vehicles for emergency communications 16123 times and vehicles for communication recovery and the generation of electricity 63026 times. Other provinces purchased 2546 generators in total to guarantee the communications and the investment used to purchase disaster relief materials as ail, rainproof products, products against the cold added up to 9.11 million yuan. In the process of disaster relief, totally 8561 generators were used; according to the requirements of disaster provinces, northern branches of China Unicom dispatched 5 60KW oil locomotives, 50 small-sized oil locomotives and abundant

necessities of life like thick clothes and flashlights to southern disaster areas, with the overall cost amounting to 28 million yuan. During the fighting against the freezing and the work of disaster relief, China Unicom sent totally 447 million emergency short messages to the public. During the emergency rescue and disaster relief, Beijing branch of China Unicom activated 32 road video transmission circuit for the Publicity Department, Ministry of Communications, Ministry of Civil Affairs, Ministry of Agriculture, Ministry of Commerce, Ministry of Finance, Ministry of Supervision, Civil Aviation Administration of China and China Insurance Regulatory Commission, which transmitted 27 sections with 3595 minutes and supported nationwide disaster relief TV conference 12 times. Guangxi branch activated 5 communications command circuits from Nanning to Guilin for Guangxi Power Grid Company within 2 hours, which ensured the smooth command and control of electric power system. Sichuan branch broadcasted over 9 million public welfare information like disaster weather forecast through the SCDMA network. Jiangxi branch contributed the phone card of 1 million to disaster areas through its Department of Civil Affairs. In addition to the disaster relief work, to recover the production, China Unicom carried out full-scale after-disaster reconstruction work in the mid of February, made the "Disaster relief report and after-disaster reconstruction plan" and "Project of after-disaster reconstruction

planning" and invested substantial funds for reconstruction.

On April 29, 2008, State Assets Supervision and Administration Commission of the State Council (SASAC) held a summarizing and honoring ceremony of fighting against freezing rain and snow disaster for central enterprises. In the ceremony, China Unicom was selected the 2008 advanced unit of fighting against freezing rain and snow disaster; 9 branches including Hunan and Guizhou were granted the 2008 advanced unit of fighting against freezing rain and snow disaster; 12 people were awarded the 2008 advanced individual of fighting against freezing rain and snow disaster; 2 units were selected the advanced basic party organization of fighting against freezing rain and snow disaster and 2 persons were chosen excellent party members of fighting against freezing rain and snow disaster.

Wenchuan earthquake: presenting the social responsibility undertaken by a state-owned communications enterprise

By June 4, 2008, after the 5.12 super earthquake, 71.8 thousand fixed-line phone and broadband users were negatively affected according to incomplete statistics; 1487 base stations were damaged; the network and services involving 22 counties were negatively affected; 394 work rooms were damaged; 874km optical cables were damaged; more than 2000

telegraph poles fell down and 2438 (set) equipments were to some extent damaged or destroyed.

Soon after the Wenchun super earthquake happened, China Unicom activated the family searching hotline 10010 and 10198 and established a special zone for family searching on its Website to provide services as relatives and friends searching, help seeking information, reporting safety to the family and checking the phone of disaster relief and hospitals. By 00:00, June 11, the family searching service had 3.6 million times access, received family searching phone 22296 times and helped find families 1134 times.

After the earthquake, China Unicom staff took the initiative to donate money and materials for disaster areas. The staff donated 45 million yuan in total; party members paid the "special party dues" up to 26.83 million yuan.

On July 14, All China Federation of Trade Unions (ACFTU) decided to nominate the " 'Worker pioneer' of fighting against the earthquake and disaster relief and reconstruction". China Unicom's 21 units and individuals got the title of "Worker pioneer" of fighting against the earthquake and disaster relief and reconstruction. On October 7, in the

summarizing and honoring ceremony of 2008 fighting against the earthquake and disaster relief held by the Central Committee of the CPC, the State Council and the Central Military Commission of the CPC, the maintenance center director Hu Yong of Xuyong County, Sichuan Luzhou branch of China Unicom, was granted the "Model of 2008 fighting against the earthquake and disaster relief".

To fully recover the communications in disaster areas of Sichuan, according to the requirements of Ministry of Industry and Information Technology (MIIT), China Unicom made a detailed after-disaster reconstruction plan based on the three-step strategy of "activation, recover and reconstruction": to recover network communications in disaster areas before June 6 and the coverage and network capacity should recover to the level before the disaster; to realize the safe and steady operation of the network before June 27, and the quality of network and capability of service should get to the level before the disaster; to develop the network optimizing work before August 27, and the quality of network and capability of service should be better than the level before the disaster. In terms of the reconstruction plan, China Unicom reconstructed 956 base stations, recovered 6300km optical cables and established over 130 temporary business houses ranging more than 800sq.m.; reconstructed 70500km optical cables and 3200 basestations;

newly built 38800sq.m.business houses. After the reconstruction, the level of network coverage increases 15% or so compared with that before the disaster.

Promoting ICT Application in the National Economy

China Unicom takes promoting ICT application in economic and social life as its own responsibility, honestly implements the scientific outlook of development, driving industrialization with information technology and promoting information industry with industrialization and helps the ICT application in national economy. China Unicom considers it its duty and obligation to enable the public to enjoy benefits and convenience of modern ICT by providing customers with wide range of information products and services and makes every effort to serve economic and social informatization.

Promoting 3G development and sharing the benefits of advancement of ICT with the general public

In 2008, China Unicom demonstrated to the public on several exhibitions WCDMA-based 3G services where users could watch video TV on the mobile phone anytime; realize long-distance real-time monitoring on the traffic, home security and business operation on the mobile phone with mobile or fixed video front-end camera in virtue of high bandwidth of 3G

network; fast access to the Internet and Internet applications anytime anywhere with laptop or PC with HSPA 3G card at 7.2Mb/s download rate; and multiple applications such as mobile payment, ID authentication, anti-counterfeiting, advertisement and information exchange through the "non-contact IC card mobile wallet".

Leveraging full service operation and developing broadband multi-media services

With a user-centric approach, China Unicom focuses on users' needs, expands business content, builds converged network and strengthens technology, business and application innovation to meet users' demand for comprehensive information services through a combination of bundled products and integrated services. While making great efforts in developing broadband, China Unicom develops innovative growth models, enhances service capacity and strengthens close combination of broadband access with data, content, application and multi-media to explore new business for high and sustainable revenue growth. An integrated comprehensive operational system has taken shape as a result of convergence of mobile and fixed services, which demonstrates a combined development force in mobile and fixed broadband areas. The highlighted services and applications targeting different customer groups including individuals, households, government and enterprises in

different industries such as culture and entertainment, education, medical care and transportation fully meet social demand for information services.

Promoting informatization of public services to benefit the public

In 2008, in collaboration with the Ministry of Labor and Social Security, the State General Administration of Quality Supervision, State Administration of Taxation 12366, "National minimum security project" under Ministry of Civil Affairs, China Unicom launched an environmental protection project signing ceremony in Inner Mongolia Autonomous Region, signed network transformation project agreements with Bank of China, China Minsheng Bank, China Construction Bank and Xinhua Life Insurance Company and won the bid for VPN network construction projects at China National Petroleum oil stations in ten northern provinces. Among them, the environmental protection project in Inner Mongolia took the key pollution sources automatic monitoring system as the breakthrough point, to enhance informatization of environmental management authorities at all levels in the Inner Mongolia Autonomous Region, including building a comprehensive environment management platform for monitoring and early warning, law enforcement supervision, information sharing and decision-making support.

Promoting informatization at home and providing services to millions of households

Through effective customer segmentation of public and business clients, China Unicom strengthens brand operation such as the "affection 1 +" to transfer from product operation to customer operation. In the "affection 1 +" new package design, China Unicom highlights broadband, providing home users with information services such as multimedia communications, digital entertainment, security monitoring, home business to meet customer demand for high quality of life. The "1 + life" "1 + entertainment" and "1 + warmth" and other packages are targeted for home users with different structures and needs. At present, subscribers of "affection 1 +" in the 10 northern provinces reached 10.8 million. Home informatization is promoted through new products such as high speed broadband, home gateways, video monitoring, virtual home network and fixed POS machines in virtue of Internet content application like entertainment, education, financial management and print, as well as local products and services.

Focusing on industry informatization to ensure efficient operation of the industry

China Unicom provides customized solutions to finance and other industries in response to their needs for informatization. In 2008, China

Unicom further demonstrated its competitive edge in industry application by providing customized and one-stop communication and information solutions to the business community, industry and government to enhance their development. China Unicom's "Enterprise Mobile Email" can be real-time online, which enables users to handle e-mail, agent matters, travel and meeting notice anywhere and will soon offer synchronized directory to search the company contact persons.

Promoting informatization of enterprises to support their healthy growth

China Unicom launched the "Business Broadband" service to help enterprises improve the level of informatization to enhance their competitiveness and profitability. "Broadband Business" is a full range office automation and communications solutions developed by China Unicom to meet SME's demand for integrated communications and IT service. It runs on the telecom-level operating platform, integrating of a variety of communications and information products, to meet customers' dual demand for "external communications and internal ICT applications". By sorting business customer list, China Unicom developed a portfolio of five products "enterprise website, Wide view-mEye, basic communications, business whiteboard and telephone marketing service".

In March, 2008, the company's "Business Broadband" brand was awarded the fifth "Chinese SME informatization top ten influential brand", the only telecom operator that won this award.

Promoting Construction of the New Socialist Countryside

Promoting the "Extension of telephone coverage to every village" and undertaking the responsibility to provide universal service in rural areas

China Unicom is committed to the construction and development of universal service in rural areas. It takes the initiative to undertake the obligations of "Extend telephone coverage to every village" in more than 20 provinces and autonomous regions, and actively promote the construction of rural telecommunications in a planned and steady manner. With substantial investment in rural communications, high-speed optical transmission networks and mobile networks with large capacity, high efficiency that are technologically advanced, safe and reliable, covering both urban and rural areas have been rolled out; wired, wireless and satellite access are adopted to address the rural communications network coverage. With the rapid development of new technologies, broadband Internet, mobile Internet and other new types of communication networks have also gradually extended to rural areas. At present, China Unicom has

provided the rural market with mobile phones, fixed telephones, PHS, broadband Internet, rural information services and other types of value-added communications services.

With the support of the Ministry of Industry and Information Technology, party committees at the provincial (autonomous regions and municipalities) level and the government and coordination of relevant local Communications Administrations in provinces (autonomous regions and municipalities), China Unicom overcame many difficulties such as the small-scale network, unbalanced network layout, fund shortage, adverse natural conditions and short construction period to achieve the targets for each year, thus made due contributions to realize goals of "extend telephone coverage to every village " at various stages. In 2008, the target set for China Unicom was 3,019 villages, covering 17 provinces and municipalities. China Unicom overcame adverse factors of internal integration and reorganization, network separation and Wenchuan earthquake and made great efforts to complete the work in 3,271 villages.

Promoting rural informatization and narrowing the urban-rural digital divide

In 2008, China Unicom continued to conduct modern long-distance education among party members and cadres in rural areas as a starting

point to promote the process of information construction in rural areas to support the rural economic, political, cultural, social and ecological development. The new long-distance education model of "Netcom broadband + STB + TV" developed by China Unicom have been identified as one of the three basic models of the infrastructure building and won the National Technology Progress Award, the Gold medal of National Outstanding Achievements in ICT Application, and highly recognized by President Hu Jintao, Premier Wen Jiabao and other high-level officials. Take Henan province as an example, since 2005, China Unicom has put up a total of 49,200 long-distance education receiving terminal sites, covering 97% of townships and administrative villages. The long-distance education system has program capacity of 60T. 10 live television channels have been on the air. The system has integrated 150 Teletext websites with over 50 billion clicks. The long-distance education system in Henan province has now become the local most comprehensive practical information platform that offers the most diversified services with the richest content, widest participation and largest system capacity.

Efforts at Promoting Social Employment

Amid the progressive spread of the financial crisis in 2008, China Unicom actively promoted industrial development. While consolidating

existing jobs, it made constant efforts to create new employment opportunities to ex-service men and women, college graduates, contributed to the government's endeavor to promote employment and provided substantial outsourcing jobs such as service and maintenance, which, to a large extent, eased the employment pressure and promoted building a harmonious socialist society.

After restructuring in 2008, China Unicom's has a total of 463,000 employees, of whom 347,000 employees are on-the-job, 29,000 early retirees and 87,000 formal retired employees. To alleviate the employment pressure, China Unicom made the commitment not laying off staff in restructuring, and took over all staff of the merged two companies, which embodied the social responsibility of a large SOE.

Connecting People with Disabilities

The theme of 2008 World Telecommunication and Information Society Day was "Connecting Persons with Disabilities". On this subject, China Unicom launched a virtual call center service on the virtual call center platform, which provided call center rental service and outsourcing for large enterprises and institutions. That made it a reality for persons with disabilities to work at home, promoting employment for the disabled. On October 30, 2007, China Unicom launched a voice value-added product

for the disabled hotline 1169988279. With employment bulletin board, voice library and other programs, the barrier-free information platform provided information on education, employment, consultation and mutual assistance, making it an inclusive communication and information exchange platform.

In 2008, China Unicom also focused on "Connecting Persons with Disabilities" and provided 10 major services to the disabled during the Olympic Games and Paralympic Games, which allowed people with disabilities to fully enjoy the benefits of the advanced information communication technology. In addition, China Unicom also donated 150 location-based service terminals to the Beijing School for the Blind so that students, parents and teachers can find the blind students through rapid positioning when they get lost.

Creating a Healthy Network Environment for Young People

In order to further promote network cultural development and respond to MIIT's call for "green mobile cultural construction", China Unicom, together with "Our Civilization "serial activities Organizing Committee, UNI Alliance, China Youth Social Service Center co-sponsored a series of positive, healthy and civilized activities with the theme of " Harmonious

society, United China ", which sought to foster a public network, a new platform that spread socialist spiritual civilization and healthy culture to the masses of the people.

"Harmonious society United China " serial activities are composed of a number of positive events, including "Uni Alliance best selection of green business," "National juvenile online legal knowledge contest", "Military knowledge" network competition, "Chinese minors network application survey", "Webcast serial coverage- Golden age, Wonderful life "tour. These events encouraged the general public to tirelessly learn and spread healthy culture, consciously purify the network environment; propel cell phone promotion practitioners to adhere to professional ethics and strengthen the industry self-regulation. During the campaign, young people were given particular attention as the key group to be protected in the network culture construction. The Organizing Committee will jointly work together with Communist Youth League Central Committee and youth service centers to disseminate legal knowledge among young people to ensure a healthy network environment.

Actively Engaging in Public Welfare Undertakings

In 2008, China Unicom continued to strongly support the social welfare causes, actively carried out poverty-relief work and participated in

education, culture, sports and many other public welfare undertakings.

Since 2002, China Unicom has been working on poverty alleviation in the poor counties - Kangbao County and Guyuan County in Zhangjiakou City, Hebei Province. Since 2003-2008, China Unicom has made the cumulative investment of 15 million Yuan and dispatched six cadres to implement 32 poverty alleviation projects in three phases, which made contribution to poverty alleviation and economic and social development in the poverty-stricken areas. Hebei provincial government awarded the company "Model in poverty alleviation by the central entities" twice and awarded five cadres "advanced fixed-point pro-poor individuals" title. Kangbao County and Guyuan County also awarded the company "model of poverty alleviation and development" many times. Four cadres were awarded the second and third prize by the local government in Zhangjiakou City and counties. While completing mission to help the poor, China Unicom actively carried out public welfare activities. China Unicom organized several public donations and donated more than 150 used office computers, 350 pieces (sets) of office furniture to the local government, villages and schools. Company heads and staff made donations of 520,000 Yuan, more than 1,000 pieces of clothes and 4,000 volumes of books. 800 poor students received assistance from their donators. 1000 poor families stricken by the snowstorm were given help.

The company also helped to build school library buildings. Since 2002, China Unicom has assumed responsibility to support development in Geji County in Ali, Tibet. The company attaches great importance to the aid to Tibet. Over the past six years, China Unicom sent two batches of cadres to work in Tibet and invested a total of 40 million Yuan in the 14 construction projects such as the Hope Primary School, education and training centers, cultural plaza and housing projects, which played a positive role in improving the Tibetan people's production and living conditions.

In 2008, China Unicom organized and coordinated a medical team to Shache County in Xinjiang and operated on 84 poor cataract patients. The company also participated in the opening ceremony of a bilingual kindergarten and teacher training program in Shache County, Xinjiang. On its tour to Heilongjiang for poverty alleviation survey, China Unicom earmarked 1million Yuan for the professional training center building in Raohe County and encouraged staff to donate over 80,000 Yuan for the poor high school students. The company also initiated a new phase of assistance plan to Xinjiang and formulated some proposals, added the third aid fund to Tibet and allocated 1 million Yuan for poverty alleviation to Raohe County.

Going Greener

To implement the government's strategic initiative to build an energy-efficient and environment-friendly society, China Unicom has executed the idea of environmental protection and resource conservation in every link of its operations and launched a company-wide campaign on environmental protection and conservation in a bid to realize harmonious development of both the business and the nature.

Fostering a Culture of Conservation

The conservation awareness campaign

Conservation awareness campaign is aimed to educate and encourage the employees to conserve resources and refrain from wasting through detail management and process control in production and operation.

Conservation of raw materials

China Unicom's employees are required to maximize the use of electronic means and minimize the use of paper in their office. When there is an inevitable need for the use of paper, the use should be optimized through double-sided printing or photocopying. In principle, color printing should be avoided so long as there is no special need for it. Consumables must

be used appropriately. Strategic partnership has been established between China Unicom and its main equipment suppliers to ensure zero inventory for backup equipment. A quota has been created for material consumption. The company has also enhanced management on remaining materials from new buildings and used materials from dismantling old buildings.

Conservation of water resources

China Unicom has strengthened its management of water usage in computer rooms and office buildings. Multiple use of water and the use of recycled water are highly encouraged. The company promotes the use of water-efficient devices. At the HQ building, reclaimed water system has been installed. Reclaimed water is used to flush public toilets, wash cars as well as spray greeneries, which is a very effective way to conserve water and protect the environment. A new variable-frequency non-vacuum water distribution system is adopted for water supply, which makes it unnecessary to build a reservoir thus avoiding the need to clean the reservoir regularly and also secondary pollution, as is the case with traditional water boosting system.

Conservation of land resources

China Unicom makes full use of its existing land resources and encourages conservation and intensive use of land. It tries to reduce the amount of land used by central offices in the principle of "more business outlets and fewer central offices". To increase the efficiency of business outlets, the company has relocated some of the outlets.

Creating a Conservation-oriented Business through Increased Energy Efficiency

In line with the requirements of SASAC and MIIT on energy conservation and emission reduction, China Unicom has given top priority to energy conservation upgrade projects, strictly implemented energy conservation standards in production and office buildings and strengthened electricity saving in communication projects, operation and maintenance, office lighting and air-conditioning. To be specific, air-conditioning is forbidden in office area when the temperature is below 26°C. The layout of computer rooms is optimized to reduce space and thus air-conditioning. Electricity-saving technologies have been adopted and power-consuming systems such as elevators have been readjusted. The use of energy-efficient lights and equipments has been maximized. It has been ensured that lights are switched off and electricity cut off when

the last person leaves the office. A quota of oil is given to all automobiles for official purposes to restrict oil consumption. All employees are encouraged to reduce use of private cars to contribute to oil conservation. By the end of 2008, China Unicom has invested more than RMB 120 million and conducted over 1,200 projects on energy conservation, which helped reduce energy-related cost by RMB 200 million.

Increasing Overall Energy Efficiency

To increase efficiency of energy, China Unicom has carried out a number of activities which mainly include: accelerating network integration and making the best use of existing network resources, sticking to the principle of imposing capacity floor control and giving full play of existing devices, activating unused network capacity through external cooperation, optimizing network maintenance and minimizing maintenance cost through China Unicom's professional maintenance teams in northern 10 provinces and integrated maintenance and management of long-distance, local and rural cables, enhancing resources dispatching and management, coordinating marketing department, operation & maintenance department as well as deployment department to optimize network structure and increase network efficiency and security, maximizing the use of existing teleconferencing technologies to reduce conference expenses and increase working efficiency.

Taking into Consideration the Harmonious Co-existence of Man and Nature in Network Deployment

China Unicom has tried to minimize the environmental effects of telecom network deployment. Site selection is done with careful planning. Mines, forests, grasslands, wildlife, natural and cultural heritage, nature reserves and tourist attractions are intentionally avoided in the process of telecom route survey. Cutting-edge technologies are adopted to ensure that cables go underneath barriers so as to avoid changing surrounding environment. While deploying base stations, great efforts have been made not only to comply with radiation standards, but also to ensure the compatibility between the appearance of the antenna and its surrounding environment.

China Unicom is committed to environmental protection and circular economy. With intensive management to reduce energy consumption and continuous promotion of emission reduction, the company has fostered a strong atmosphere for a "conservation-oriented business" internally and has created a wonderful image of "environmentally-friendly business" externally, thus contributing its due part to the sustainable development of the society.

Future Outlook

As a world-class Chinese telecom operator, China Unicom is transforming itself into a "leading broadband and information service provider" globally. With the evolution of Information Technology, opening up of the telecom market and accelerated convergence of different industries, China Unicom will make best use of its recent merger to speed up integrated operation, reform and innovation. In the meantime, the company will actively undertake its social responsibility and try to realize coordinated and sustainable development along with other stakeholders.

With regard to the fulfillment of its economic responsibilities, China Unicom will focus on full-service operation and wireless broadband Internet, and accelerate network deployment and innovation capacity in an effort to create value for its customers and returns for its shareholders. The company will also improve its corporate governance, build up a system of punishment and prevention, strengthen monitoring on performance evaluation, and safeguard the legitimate rights of its employees so as to promote sustainable development of the company.

With regard to the fulfillment of its social responsibilities, China Unicom will make further efforts to improve its quality of service especially after the acquisition of a mobile license, actively participate in the Connect the Villages Project to share the fruits of Information Technology with the whole society, and organize nationwide campaigns for the public good in a bid to help support disadvantaged groups, education and community service.

With regard to the fulfillment of environmental responsibilities, China Unicom will give priority to harmony between business development and natural environment, stick to saving energy and reducing emissions, promote ICT application internally and externally, strengthen waste management to increase recycling of resources, implement strict electro-magnetic radiation standards and enhance in-depth cooperation between upstream and downstream links on the industry chain so as to create a sound eco-system jointly.

The newly-restructured China Unicom is entering into a brand new stage of development. We will try to increase our core competitiveness through increased input/output ratio. Meanwhile, we will constantly enhance our awareness about corporate citizenship and make the fulfillment of social responsibility part of the daily operation of the company so as to create

harmony between man and nature as well as between business development and environmental protection.

Awards and Feedbacks

◆The former Ministry of Information Industry (MII) recognized 6 of China Unicom's branches for their outstanding quality and credibility at the 2008 Annual Meeting of the Telecom Sector held on February 27, 2008. 4 branches, 26 teams and 56 individuals won the Star Award for their remarkable efforts in achieving customer satisfaction.

◆SASAC held a videoconference on March 20 to celebrate the closing of the Year of Quality Service and award winning service providers for the Olympic Games. China Unicom was among the 21 winning state-owned enterprises directly under the leadership of the central government and 29 individuals were also nominated as model employees for their high-quality service.

◆In a survey conducted jointly by the former MII and China Consumers' Association on customer satisfaction in March, China Unicom turned out to be the grand winner for both fixed telephony and broadband access. This was the 6th time for the company to be voted as the most satisfactory provider for broadband access service and the 5th time for the company to be voted as the most satisfactory provider of

fixed telephony.

◆To help boost quality of service, China Unicom launched a campaign over professional ethics in 2007 that promoted "ethical organizations" and "ethical individuals". The former China Netcom and China Unicom have both made great efforts in this area. The new company has been awarded numerous times for excellence in professional ethics at national, provincial and city levels.

◆A meeting was held in the Great Hall of the People on April 29 2008 to celebrate the coming International Labor Day which falls on May 1. 430 organizations and 1095 individuals were awarded with recognition certificates and medals at the meeting. 3 certificate winners and 11 medal winners were from the former China Netcom and 2 medal winners were from the former China Unicom. On 29th April, the All China Federation of Trade Unions decided to award 1055 organizations as "Pioneers of Workers". Altogether 130 organizations from the national defense and telecom sectors were nominated, among which 6 were under the former China Netcom and 4 under the former China Unicom. Such activities have helped improve greatly the company's quality of service.

Appendix

Note

This is China Unicom's second Corporate Social Responsibility (CSR) Report, after the first report was released in September 2007. China Unicom's Social Responsibility Report was written in line with the specification of Global Report Initiative (GRI) version G3 and the GRI Telecommunications Sector Supplement. Based on the principle of authenticity, objectivity and transparency, the report covers important information on how China Unicom fulfils its economic, social and environmental responsibilities. The Report covers our activity between January 1, 2008, and December 31, 2008, and covers operations from China United Network Communications Group Company Limited.

Thank you for taking the time to read this report and we are looking forward to your feedbacks which will help us do better in the future.

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EC3	Coverage of the organization's defined benefit plan obligations	●	P18-19,P43-44
EC4	Significant financial assistance received from government	○	
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	●	P44
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	●	P49-55
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	●	P18-19
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	●	P21-25,P29-36,P41-43,P47-48
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	●	P13,P38-43
Social benefits specifications			
LA1	Total workforce by employment type, employment contract, and region	●	P6,P44
LA2	Total number and rate of employee turnover by age group, gender, and region	○	
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	○	
LA4	Percentage of employees covered by collective bargaining agreements	●	P44
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements	○	
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	○	
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related	○	

No.	Contents	Whether or not it is relevant in the report	Location in the this report
	fatalities by region		
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	●	P44
LA9	Health and safety topics covered in formal agreements with trade unions	○	
LA10	Average hours of training per year per employee by employee category	○	
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	●	P44
LA12	Percentage of employees receiving regular performance and career development reviews	○	
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	●	P7-10
LA14	Ratio of basic salary of men to women by employee category	○	
Human Rights			
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	○	
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	○	
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	○	
HR4	Total number of incidents of discrimination and actions taken	●	P44
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	○	

No.	Contents	Whether or not it is relevant in the report	Location in the this report
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	●	P18-19
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor	●	P18-19
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations	○	
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	○	
Anti-corruption issue			
S01	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities	●	P16-18
S02	Percentage and total number of business units analyzed for risks related to corruption	○	
S03	Percentage of employees trained in organization's anti-corruption policies and procedures	●	P17
S04	Actions taken in response to incidents of corruption	●	P16-18
S05	Public policy positions and participation in public policy development and lobbying	●	P16-18
S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	○	
S07	Total number of legal actions for anti- competitive behavior, anti-trust, and monopoly practices and their outcomes	○	
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	○	
Product Responsibility			
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	●	P53

No.	Contents	Whether or not it is relevant in the report	Location in the this report
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle	○	
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	○	
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	○	
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	●	P21-24
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	●	P21-24
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications	○	
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	○	
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	○	
Environmental protection benefits			
EN1	Materials used by weight or volume	○	
EN2	Percentage of materials used that are recycled input materials	●	P52
EN3	Direct energy consumption by primary energy source	○	
EN4	Indirect energy consumption by primary source	○	
EN5	Energy saved due to conservation and efficiency improvements	●	P49-53
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	●	P49-53

No.	Contents	Whether or not it is relevant in the report	Location in the this report
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	●	P49-53
EN8	Total water withdrawal by source	○	
EN9	Water sources significantly affected by withdrawal of water	○	
EN10	Percentage and total volume of water recycled and reused	○	
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	○	
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	○	
EN13	Habitats protected or restored	○	
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	○	
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	○	
EN16	Total direct and indirect greenhouse gas emissions by weight	○	
EN17	Other relevant indirect greenhouse gas emissions by weight	○	
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	○	
EN19	Emissions of ozone-depleting substances by weight	○	
EN20	NO, SO, and other significant air emissions by type and weight	○	
EN21	Total water discharge by quality and destination	○	
EN22	Total weight of waste by type and disposal method	○	
EN23	Total number and volume of significant spills	○	
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and IV, and percentage of transported waste shipped internationally	○	
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting	○	

No.	Contents	Whether or not it is relevant in the report	Location in the this report
	organization's discharges of water and runoff		
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	○	
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	○	
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	○	
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	○	
EN30	Total environmental protection expenditures and investments by type	●	P33

Note: "●" indicates that it is relevant or sufficient in this report, "○" indicates that due to statistical reasons, some data are not able to be provided for the moment, or due to features of telecoms operating enterprises, the relevance is rather weak, therefore it will not be explained one by one in the text of this report.

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No.	Contents	Whether or not it is relevant in the report	Location in the this report
	Internal Operations		
IO1	Capital investment in telecommunication network infrastructure	●	P25,P29-30,P34-36,P42, P47-48
IO2	Net costs for service providers under the Universal Service Obligation when extending service to geographic locations and low-income groups, which are not profitable. Describe relevant legislative and regulatory mechanisms	●	P41-48

No.	Contents	Whether or not it is relevant in the report	Location in the this report
IO3	Practices to ensure health and safety of field personnel involved in the installation, operation and maintenance of masts, base stations, laying cables and other outside plant.	●	P19,P53
IO4	Compliance with ICNIRP (International Commission on Non- Ionising Radiation Protection) standards on exposure to RF emissions from handsets	●	P53
IO5	Compliance with ICNIRP guidelines on exposure to RF emissions from base stations	●	P53
IO6	Policies and practices with respect to Specific Absorption Rate (SAR) of handsets.	●	P53
IO7	Policies and practices on the siting of masts and transmission sites including stakeholder consultation, site sharing, and initiatives to reduce visual impacts. Describe approach to evaluate consultations and quantify where possible	●	P53
IO8	Number and percentage of stand- alone sites, shared sites, and sites on existing structures	○	
Approaches to Provide Communications			
PA1	Policies and practices to enable the deployment of telecommunications infrastructure and access to telecommunications products and services in remote and low population density areas.	●	P41-46
PA2	Policies and practices to overcome barriers for access and use of telecommunication products and services, including: language, culture, illiteracy, and lack of education, income, disabilities, and age. Include an explanation of business models applied.	●	P23, P44-45
PA3	Policies and practices to ensure availability and reliability of telecommunications products and services and quantify, where possible, for specified time periods and locations of down time.	●	P25-36
PA4	Quantify the level of availability of telecommunications products and services in areas where the organization operates, including the number of customers, market shares, population penetration and area penetration	●	P11-12

No.	Contents	Whether or not it is relevant in the report	Location in the this report
PA5	Number and types of telecommunication products and services provided to and used by low and no income sectors of the population, including how to set prices, such as call price per minute and charges collected per flow in backward areas and so on.	●	P41-52
PA6	Programmes to provide and maintain telecommunication products and services in emergency situations and for disaster relief.	●	P31-36
PA7	Products and services related to human rights	●	P19, P21-24, P41-48
PA8	Move forward open discussions and propaganda in electro-magnetic radiation, including in relevant information provided in retails locations	●	P53
PA9	Capital investment in electro-magnetic study, please describe currently relevant on-going projects in details	●	P53
PA10	Maintain transparency in the tariffs aspect	●	P21-22
PA11	Proactively notify customers of features and performance of products, allowing customers to effectively, cheaply and ecologically use such products	●	P21-22, P36-40
Technical Applications			
TA1	Provide examples of the resource efficiency of telecommunication products and services delivered	●	P13,P21, P39-41, P52
TA2	Provide examples of telecommunication products, services and applications that have the potential to replace physical objects	●	P13, P39-43, P52
TA3	Disclose any measures of transport and/or resource changes of customer use of the telecommunication products and services listed above. Provide some indication of scale, market size, or potential savings	●	P13, P36-43, P52
TA4	Disclose any estimates of the rebound effect (indirect consequences) of customer use of the products and services listed above, and lessons learned for future development. This may include social consequences as well as environmental	●	P13, P36-43, P49-53
TA5	Description of practices relating to intellectual	●	P25,P36,

No.	Contents	Whether or not it is relevant in the report	Location in the this report
	property rights and open source technologies		P43

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