



Report on China Unicom's Corporate Social Responsibility

(2010)

March 2011

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Chairman's Statements



Confronting the complicated and ever-changing macro-economic situation at home and abroad as well as the domestic telecom market environment, China Unicom grasped this opportunity with an unswerving belief and continued to expand the market, make innovations in the operation mode, accelerate structural adjustment, and strengthen the risk management & control and the independent innovation. As a result, the business operation of the Company witnessed a good momentum. Network capacities and quality of services were improved by a large margin, laying a more consolidated foundation for the sustainable development of the Company in the future.

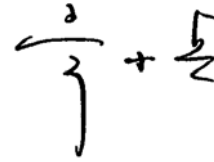
In 2010, China Unicom continued to carry on the corporate cultures fostered in the past while treasuring up its corporate responsibilities. The Company has been advocating the scientific social responsibility outlook by actively supporting the Global Compact initiative and persisting in the Global Compact's ten principles in the areas of human rights, labor, environment, anti-corruption, to increase efforts in corporate social

responsibility. As a result, a wide array of new achievements and progress has been made: we completed the construction of the world's largest high-quality WCDMA network in an extraordinarily fast speed and achieved outstanding operating results. We provided customers with a variety of mobile terminals as well as mobile Internet applications and services. Accordingly, the number of the Company's 3G subscribers surpassed 10 million on September 28. Meanwhile, we made great breakthroughs in multiple industries and sectors by launching various innovative information-based application products, having helped the whole society improve the operation efficiency and effectiveness. We continued to improve our service capabilities by building up the guarantee capacity of network and information security, providing responsible communication support for the country's major events and disaster relief services, putting up efforts in the energy-saving and emission reduction programs as well as the joint construction and sharing of telecommunication infrastructures, and carrying out a specific campaign to combat against the obscene and pornographic contents disseminated via mobile phones. We finally received the full recognition from all parties. We were determined to push forward the reform and innovation process within the Company and continuously improve the corporate system and mechanism. We strengthened the planning and investment management, centralized purchase management and resources

& assets management and established a full-cost accounting assessment system regarding the local access network (LAN). We facilitated the construction of the corporate internal control & risk management system suited to the new situations. We also strived to improve the employees' competencies and safeguard their legal rights and interests; hence, the cohesion as well as the innovation and execution capacities of the Company was further improved. Besides, we also made great contributions to fostering a sound industry environment and a harmonious society by conducting extensive and in-depth cooperation with all parties of the society in fields of capital, equipment, terminals, channels and content applications, and proactively participating in various public well-being activities.

Committed to the vision of becoming an “Innovation & Service Leader for Information Life” and adhering to the Outlook of Scientific Development, China Unicom will give full play to the key role of information network in the national economy and social development, will energetically foster the new-generation information technology industry and promote the application of information and communications technologies in agriculture, industrial manufacturing, finance, transportation, energy, public undertakings and other sectors. The Company will also align its business operations with the corporate social responsibilities, contribute to the economic development and the

enrichment of information-based life, and work together with all stakeholders to create a splendid future for the information life.

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Chang Xiaobing

Chairman

China United Network Communications Group Company Limited

March 2011

Company Overview



China United Network Communications Group Company Limited ("China Unicom") was established on January 6th, 2009 based on former China Unicom and former China Netcom, with branches located in 31 provinces (autonomous regions and municipalities) across China, and a number of countries and regions overseas. It is the only Chinese telecom operator listed on the stock exchanges in New York, Hong Kong and Shanghai. China Unicom has been among the World's Top 500 Enterprises for successive years.

China Unicom mainly operates fixed and mobile communications service, domestic and international communications facilities, satellite IPLC service, data communications service, network access service, value-added telecom services and system integration service related to information and communications services. On April 28, 2009, China Unicom launched a brand new unified service brand, "WO", carrying the service philosophy of consistency and commitment to innovation.

Following its introduction, the recognition and reputation of the WO brand has been improved continuously. As of the end of 2010, the total number of China Unicom's subscribers exceeded 300 million, among which mobile subscribers accounted for 167 million and broadband subscribers accounted for 47,224,000.

With a modern communications network characterized by nationwide coverage and global reach, China Unicom has been actively promoting the broadband-based development of its fixed and mobile network, expanding its international network coverage and improving the layout of its marketing outlets, so as to provide the comprehensive and high-quality information and communications services for the subscribers. By the end of 2010, China Unicom has completed the construction of 183,000 3G base stations, 329,000 2G base stations and 65.83 million broadband access ports, and it has opened the GSM international voice and SMS roaming service with 488 operators in 239 countries and regions, as well as the 3G (WCDMA) international high-speed data roaming service with 199 operators in 99 countries and regions.

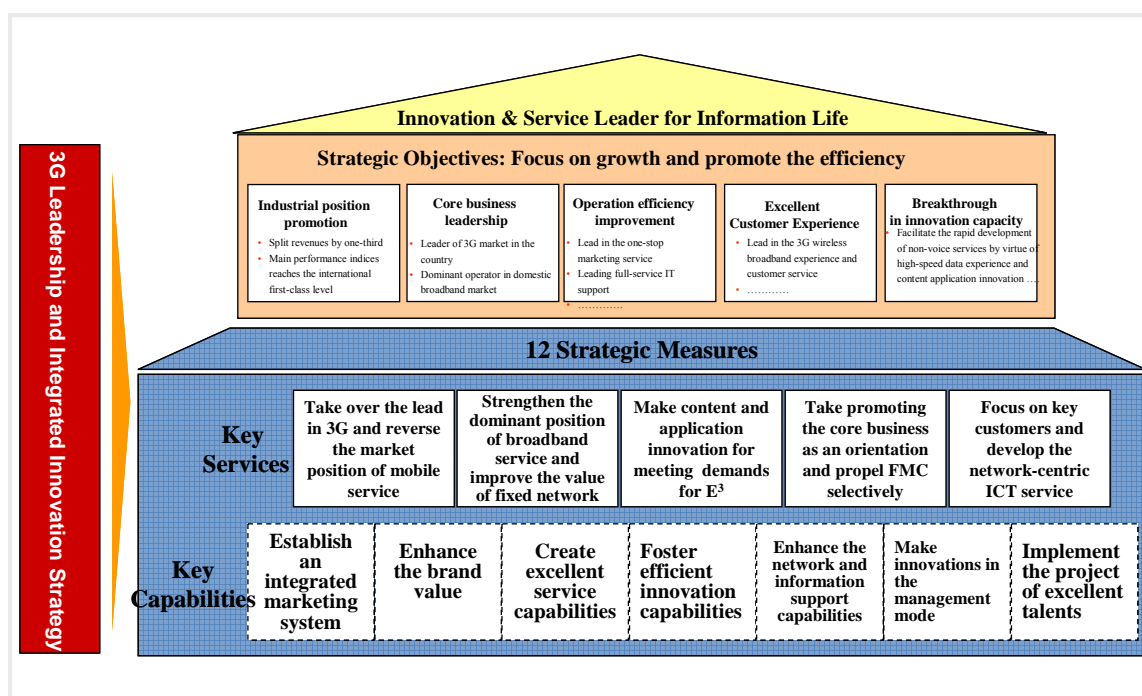
Currently, the telecom network has been evolving in an accelerated speed; the mobile-oriented, IP-featured, broadband-based integration process of telecom technologies and services has been speeding up; and a variety of information-based applications have been intensified. The emerging technologies and in-depth industry integration will vigorously

promote the sustainable development of the telecom industry not only at present, but also in a foreseeable future. Against such a background, China Unicom will give full play to its unique competitiveness formed out of the merger, put the Outlook of Scientific Development into practice and accelerate the transformation of development mode. Meanwhile, driven by the full service operation and 3G development and persisting in the customer-focused principle, the Company will improve its communication guarantee capacities and quality of service, and increase its strengths through continuous innovation, so as to meet the demands of the vast public for information services, become an “Innovation & Service Leader for Information Life” and make new contributions to expediting the informatization process of national economy and the society.

Development Strategy

In 2010, the Company put out a new corporate strategy featuring the vision of becoming an “Innovation & Service Leader for Information Life”. In the next five years, the Company will put up efforts to implemented the new strategy of 3G leadership and integrated innovation, adhere to the general goal of focusing on growth and promoting efficiency and taking up one third of the telecom market shares, and gradually achieve a series of specific objectives including industrial

position promotion, core business leadership, operation efficiency improvement, excellent customer experience, breakthrough in innovation capacity. China Unicom will fully follow through the initiatives concerning the development of 5 major services and 7 key capacities.

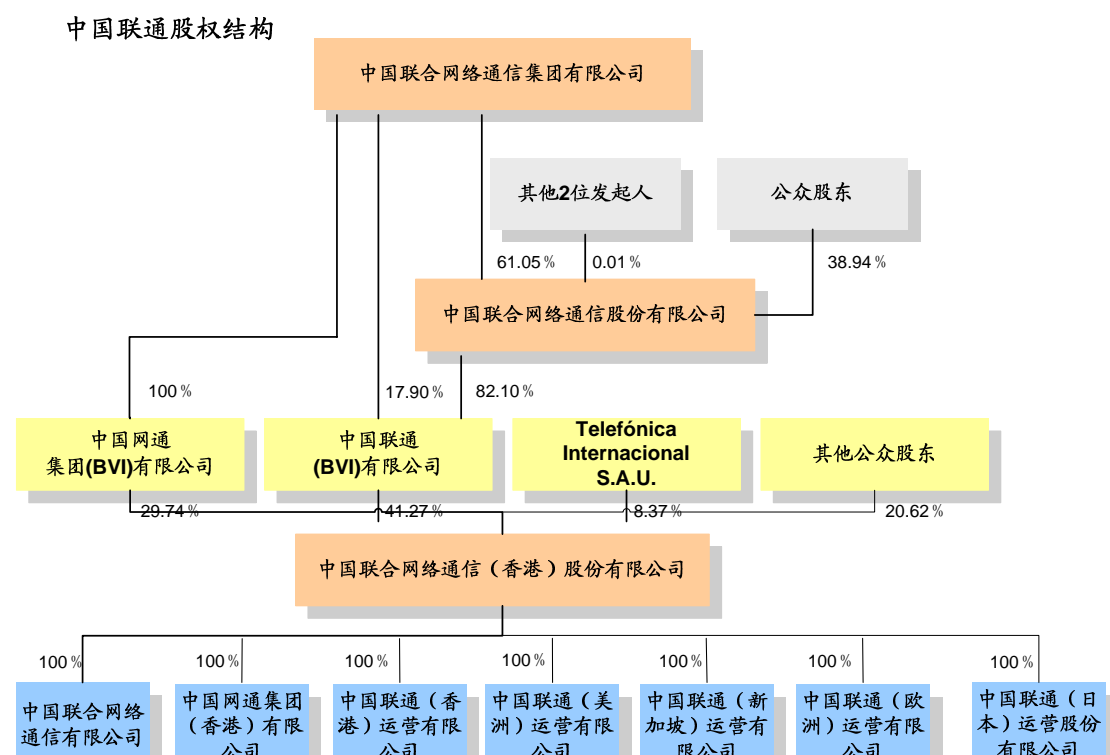


While integrating the corporate social responsibilities into the development strategies, the Company altered its business focus and orientation, i.e. shifting from focusing on self-development to customer demands, from providing customers with simple communication services to providing the integrated information services in aspects of daily life, education, working, and so on. The whole process indicated the transformation of development mode and scope of business of the Company. Moreover, it showcased that the Company would play an increasingly important role in social development process and make great

contributions to facilitating the progress of all trades and professions, boosting up the domestic needs, benefiting the peoples' livelihood and upgrading the national economy.

Corporate Governance

In 2010, the Company stepped up efforts in corporate governance by strictly complying with the regulatory rules of the mainland of China, Hong Kong and the U.S. as well as the internal management requirements, sharing the advanced experiences in corporate governance of the leading international corporations, and continuing to improve the corporate governance structure and various internal rules and regulations.



Enhancing the Building of Corporate Governance System

Based on the comprehensive review of the corporate governance conditions of its departments and subsidiaries at all levels after the merger, the Company built up a governance structure respectively within the group, China United Network Communications Limited (listed on the Shanghai Stock Exchange) and China Unicom (Hong Kong) Limited (listed on the Stock Exchange of Hong Kong and the New York Stock Exchange), in which the Board of Shareholders, Board of Directors and the senior management have clearly defined obligations and may restrict each other. Apart from that, the Company continued to optimize the related rules and regulations concerning the Board of Directors and information disclosure, and improved the decision-making process and the systems of the Board of Directors.

- ✧ The convening, voting and other related processes concerning the General Meeting of Shareholders shall strictly comply with the related laws, regulations and the internal rules so as to ensure that all shareholders, in particular the minority shareholders, could be treated equally and be entitled to their rights and interests based on their shares of the Company.
- ✧ The Board of Directors has always been serving the best interests of the Company and its shareholders. The listed companies effectively supervised the internal control system in relation to the financial report mechanism through establishing the Board of

Directors featuring universality as well as two committees under the Board. Besides, the listed companies also gave full play to the specialties of all directors to enhance the performance of the Board.

- ✧ Based on the shareholders' interests, the Board of Supervisors conducted supervision on major events, finance as well as the compliance of the directors and senior management of the Company.

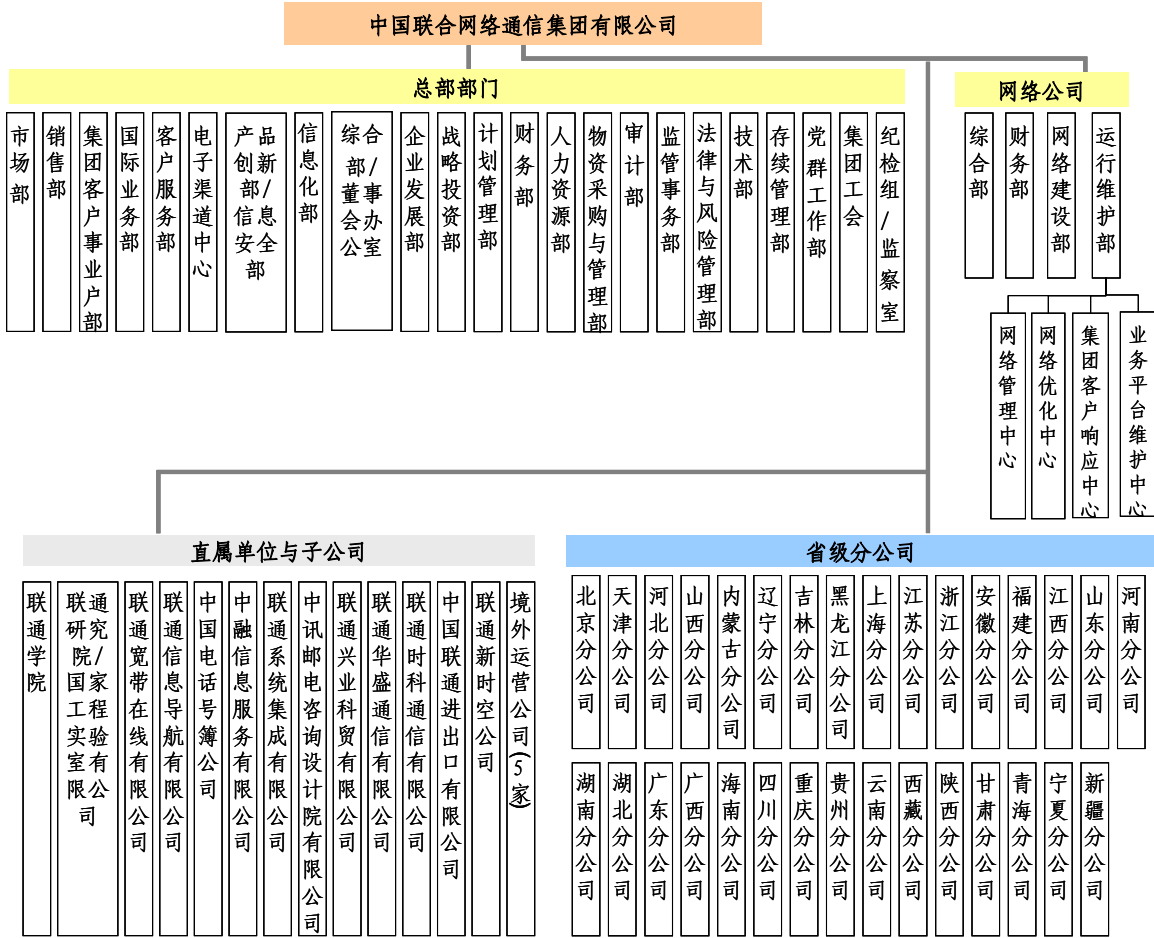
Continuously Improving the Communication with Investors

The Company has strictly complied with the laws and regulations on information disclosure of listed companies to ensure the authenticity, accuracy, completeness and timeliness of its public disclosures and the equality among all shareholders in obtaining corporate information. Meanwhile, the Company honored and safeguarded the legal rights and interests of all stakeholders by setting up the Investors Relations Department to provide investors with the materials and services as needed and actively maintaining on-going dialogues with the investors and fund managers through replies to inquiries, interviews and meetings between the management and investors and other opportunities to update the investors with the latest progress in business operation and management of the Company.

Organizational Structure

For the purpose of meeting the requirements for full-service operation as well as innovation and transformation of service development, the Company has persisted in the general principle of integrating the existing resources, giving full play to the integral advantages and straightening out the service systems so as to minimize the obstacles in coordination, streamline the functional departments and improve the management efficiency. The Company has further optimized the organizational structures in relation to the front end and back end support of marketing and function management at three levels, i.e. headquarters, provincial branches and municipal branches. As a result, the management systems became well organized and the operation efficiency was improved, laying a solid foundation for the sustainable development of the Company.

中国联通组织机构



Consolidating the Fundamental Management for Sustainable Development

By aligning the corporate social responsibilities and sustainable development with the business operation and reform & development, the Company brought up a set of innovative development philosophies, transformed its development mode and improved the fundamental management mechanism. Accordingly, a long-term mechanism for sustainable development has gradually come into being.

Strengthening Anti-Corruption and the Building of a Clean Management Team

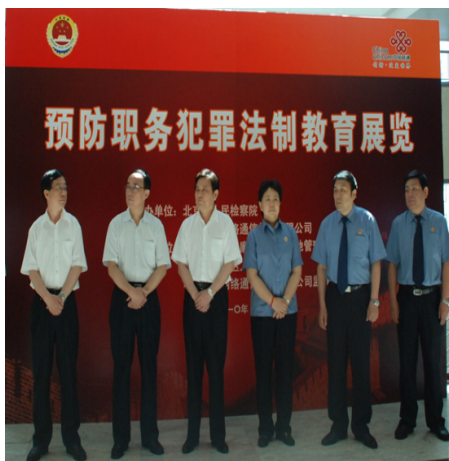
In 2010, the Company took into consideration the actual conditions of its reform & development, and accommodated the interests of all parties. The Company took the establishment of a corruption punishment and prevention system as the main line and focused on obligation fulfillment, guidance, supervision, early warning and organizational building to promote and ensure the reform & development and scientific development of the Company.

- ✧ Continuing to improve the anti-corruption system, build a clean management team, and improve the decision-making mechanisms

with regard to important policies, important appointment and dismissal of personnel, important programs & arrangements and large-amount capital operation.

- ✧ Further carrying out education programs on anti-corruption and honest and disciplined practice within the Company by means of SMS, featured lectures and knowledge contests on honest and disciplined management.
- ✧ Intensifying supervision and inspection by thoroughly carrying out special crackdown campaigns against the critical issues arising from project execution and the “off-books accounts” and strengthening process supervision on major programs, key operation & management activities as well as business processes.
- ✧ Smoothing the complaint and report channel, properly dealing with various complaints and reports and putting up efforts on investigations of related cases; meanwhile, further consolidating efforts on early warning and prevention.
- ✧ Initially setting up a four-tiered discipline inspection & supervision system and network covering the headquarters, provincial branches, regional and municipal branches, and county-level branches, and reinforcing the professional training for the discipline inspection & supervision personnel within the Company by virtue of self-owned and local resources. In 2010,

the total number of discipline inspection & supervision personnel participating in the professional trainings reached 1,500 person-times, and their political awareness and professional skills were effectively improved.



On July 5, Beijing Municipal People's Procuratorate and China Unicom jointly organized an exhibition for legal education on preventing occupational crimes. The Company called for the senior

management and the employees to pay a visit and learn lessons from the cases and examples with the goal of further consolidating their moral beliefs and their understanding of laws and regulation, and enhancing their capabilities in anti-corruption.

Improving the Legal and Risk Prevention System

Fostering a Compliance Corporate Culture Featuring Legal Operation

The Company has established a legal and risk prevention system centering on the chief legal counselor system and featuring ex ante prevention, in medias res control and en post remedy. Besides, the rules and regulations, contract management and the decision-making process in

relation to key problems have been standardized. The Company also paid much attention to legal publicity and education and launched a series of activities including organizing related contests within the Company, setting up an email box for legal consultation, development, issuing brochures on basic legal knowledge and case studies, and holding various thematic trainings to disseminate the information and theories on legal management.

Improving the Internal Control and Risk Management System

The Company has established an internal control & risk management organizational architecture covering the whole Company and composed of the Board of Directors, the Internal Control & Risk Management Committee, department of internal control and risk management and other related functional departments. Moreover, the Company also set up an internal control system involving the control at both the Company level and the process level based on the five elementary factors: internal environment, risk assessment, control activities, information & communication and internal supervision.

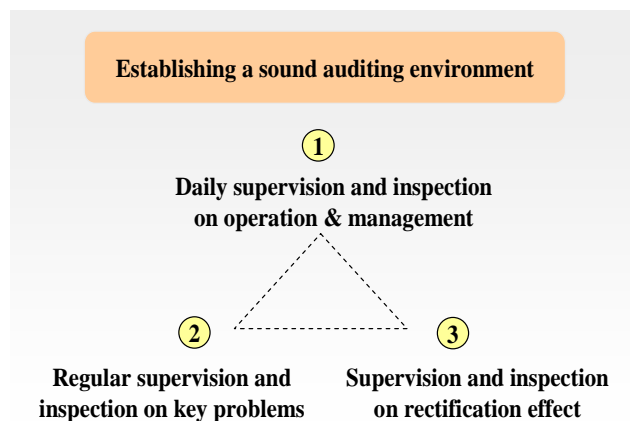
- ✧ Upgrading and optimizing the internal control regulations of the headquarters as well as the branches and subsidiaries to provide powerful support for the sustainable and healthy development of the Company.
- ✧ Assessing the major risks affecting the business operation of the

Company at regular intervals and pointing out key risks by means of risk report.

- ✧ Intensively reviewing risk cases to point out key risks in different business fields and submit the appropriate proposals for management and control; organizing trainings on risk management for employees at various levels to enhance their risk prevention awareness as well as the risk identification capability.

Intensifying Auditing Supervision

In 2010, the Company centered on the goals of ensuring **the profitability of businesses, truthfulness of financial information, security of capital assets and compliance of business operation**, which has effectively prevented and controlled the operation risks in the key fields including operation, construction and finance management. With auditing on the effectiveness of internal control as the main line, the Company conducted



persistently the auditing supervision, regulated the operation and management activities and facilitated the rectification of key issues, making contributions to the sustainable and healthy development of the

Company.

Carrying out Innovative Finance Management

The Company has intensified the management of budgeting process as well as the specific statistical analysis. Moreover, the Company also optimized its resource allocation dynamically by means of benchmarking management, quota management and revenue-and-expense-matching management to guide the flow of resources towards the frontline marketing units and highly profitable fields and improve the effectiveness and efficiency of resources.

- ✧ Thoroughly implementing the EVA management philosophy, focusing on increasing the efficiency of stock assets and laying out a reasonable incremental investment to improve the weakness in EVA management as well as the return ratio of investment.
- ✧ Carrying out campaigns themed on cost-effectiveness with an emphasis on decreasing network operation cost, marketing expenditures and administrative fees, and leading the employees at all levels to tap potentials in efficiency improvement to enhance the profitability of the Company.
- ✧ Improving capital management by virtue of separate management of earnings and expenditures, optimizing the liability structures and reducing financial expenses via low-cost financing methods

such as short-term financing, mid-term bonds, convertible debts and factoring. Accordingly, the average financing cost dropped from 4.1% at the beginning of this year to 3.2%.

- ✧ Improving the finance management systems, adjusting the accounting sharing system of the subsidiaries and building a financial assessment system.

The Company conducted full-cost finance assessment on local networks for the purpose of revitalizing local networks. Centering on value management and based on the existing financial information, the Company gathered and demonstrated all information on costs and expenses of local networks in four functional areas: investment & construction, network operation, marketing and general administration, and conducted objective assessment on ROI and management efficiency of the resource factors in different functional divisions of local networks, so as to provide guidance for local networks concerning identification of differences and goals and encourage local networks to accelerate development, improve management transparency and optimize resource allocation.

The issue of convertible debt in an amount of \$1.84 billion by China Unicom (Hong Kong) Limited in September 2010 was awarded the title of “Equity-Linked Deal of the Year” by International Financing Review (IFR). According to IFR, the issue set a new direction for the equity-linked market in Asia. The enthusiastic subscription of worldwide institutional investors implied their confidence in the development foundation and prospect of China Unicom.

Facilitating the Harmonious Relations between Employees and Enterprise

As the employees serve as the core resources of an enterprise, the Company has persisted in the people-oriented principle and counted on the vast employee base with a firm belief in them. The Company effectively safeguarded the legal rights and interests of the employees and stepped up efforts in the building of staff team and human resource trainings to inspire the creativity of the employees and continuously expand their growth potentials.

Safeguarding Employees' Rights and Interests

Pushing forward the Building of Democratic Management System for Employees

In 2010, the Company continued to improve the three-tiered Employee Congress system covering the prefectural and municipal branches, provincial branches and the headquarters, put into practice the proposals of employee representatives, and ensured the fulfillment of their obligations. The Company encouraged the employees to bring forward suggestions with regard to widely-discussed problems and cruxes in business operation. Meanwhile, the provincial branches collected rational proposals from employees on energy saving and emission

reduction, 3G development and other subjects, and smoothed the communication channels. Besides, the Company further improved the mechanisms of management transparency and democratic management to safeguard the employees' rights to know, participate in, express opinions on and monitor business affairs. In 2010, the Company was awarded the title of National Model in Management Transparency and Democratic Management.

Guaranteeing the Safety and Security of Employees in Working Environment

Taking into consideration the characteristics and practical situation of telecom industry, the Company continued to promote the building of occupational health management system, strengthened the publicity and education and improved the labor protection mechanism by launching campaigns to protect employees against poisonous materials, radiation, noises, coldness and heatstroke and distributing labor protective products to employees with priorities to the distribution and management of protective facilities, tools and products in the incident-prone environments.

Improving the Employees Incentive Policies

To encourage employees to make greater contributions to the reform & development and business growth of the Company, China Unicom

strengthened the contract management, continued to improve the market- and result-oriented performance management system and remuneration management system and promulgated incentive policies for local networks inclined to the high-value and frontline employees.

Encouraging Growth and Career Development of Employees

Expanding Career Development Space

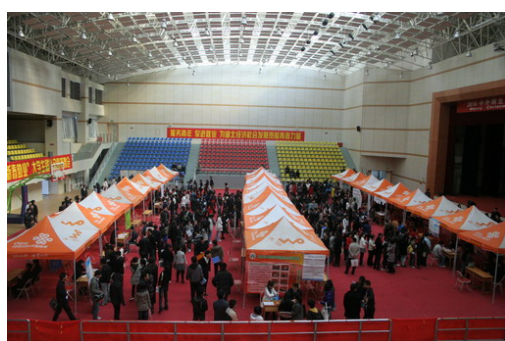
The Company strived to create a favorable working environment for its employees by means of developing a dynamic and optimized employment system, working out a value- and contribution-focused mechanism of dynamic position management and the career development mode, and formulating a series of differentiated incentive policies aimed at creating multi-channel development opportunities. In 2010, the Company elected a new generation management team in the headquarters and provincial branches through open competition, and appointed a group of young managers with rich experiences and qualified competences to serve as general managers of some provincial branches. The Company also stepped up efforts in human resource exchange among the headquarters, provincial branches and subsidiaries. Besides, the Company persisted in the transparent recruitment principle, and improved the confidence in and recognition of the Company by the external world, in particular the college graduates. The Company carried out recruitment

activities geared to the professionals and students and created job opportunities to the society. The Company was honored as the TOP 50 Best Employers selected by chinahr.com in 2010.

The Company worked with the Youth League Committee of **Hubei Province** to jointly organize a public graduate recruitment fair with a theme on “bringing vitality to WO and providing job opportunities for graduates” in Wuhan City. The



Company planned to invest over 2 million yuan annually to build a special fund for innovative practices of college students and provide no less than 5000 internship opportunities for college students in Hubei Province.



Moreover, the Company contributed an amount of 12 million yuan to build up a group of new-generation activity centers for college students as well as various platforms including the student innovative practice platform, employment service platform and modern communication experience platform so as to provide the college students with employment information, career guidance, video interview, communication experience and other services.

The Secretary of CPC Hubei Provincial Committee and the governor of Hubei Province highly appraised the public recruitment fair and delivered important instructions that the recruitment activity jointly held by the Youth League Committee of Hubei Province and China Unicom Hubei Branch manifested the care and concern shown by government and state-owned enterprises to the vast young students and this activity was significantly meaningful for Hubei Province.

Intensifying Efforts to Organize Training for Employees

The Company strived to build up a sound training system by means of elaborately designing training courses based on training demands of employees of different specialties and at different levels and carrying out training activities featuring multiple tiers, various patterns and high efficiency. Besides, the Company continued to optimize the knowledge structure and competence composition of employees to provide intellectual support and talent guarantee for the improvement of the Company's core competitiveness.

We have fostered a group of senior manager with an international perspective. In 2010, we selected 16 senior managers to participate in the special training session named "Leadership and Business Expansion Capacity" hosted by Telefonica and 25 senior managers to attend a leadership training course at the IBM headquarters held in the U.S.



Focusing on the key issues concerning the business operation as well as the local network, we held training sessions for general managers of all municipal branches to help them get a better understanding of the key tasks of the Company, improve their leadership skills and expand the range of knowledge so as to promote the development of the Company.

We strengthened the skill trainings for employees of different job categories mainly in the form of labor contests and competitions; in particular, we intensified efforts in improving the competences and skills of frontline employees. In the skill competition among employees of state-owned enterprises hosted by State-owned Assets Supervision and Administration Commission and the Ministry of Human Resources and Social Security, the Company was honored with the “Outstanding Contribution Award” and the “Prominent Organization Award”, and the contestants from the Company won 5 gold medals, 12 silver medals and 18 bronze medals.

We conducted experiential marketing trainings that were uniformly planned by the headquarters with a purpose of fostering the



internal trainers and then organized respectively by the subsidiaries to ensure the full-scale implementation of the experiential sales skill trainings.

We also carried out a series of activities to improve the online college system and study materials including developing online courseware on marketing, exclusive 3G customer services, experiential sales and state-of-the-art IT technologies. In 2010, the total number of employees attending online trainings exceeded 150 thousand person-times, and 37 online examinations of various types were held in which 33 thousand person-times of employees have attended.

Showing Care to Employees' Lives

The Company has always respected its employees and paid close attention to employees' demands and appeals. In order to enhance the sense of belonging to the Company of employees, we strived to resolve the problems of employees' concern, and particularly cared about the retired employees, poverty-stricken employees and employees in disaster-hit areas and solved the practical problems with regard to their work and lives. Besides, we held various recreational and sports activities such as contest of badminton, table tennis and basketball, photography and singing to enrich the spiritual life of employees, alleviate their stresses at work and promote the communication among employees. We

were also concerned about the psychological well-being of employees and created a mental health caring platform by means of holding lectures on psychological health and setting up a counseling mailbox.

To create a harmonious atmosphere for employees to fully enjoy both their work and lives, China Unicom Beijing Branch carried out an employee caring program. Under the framework of this program, Beijing Branch held a training session to foster employee mental health counselor and established the Caring Club to provide consultations for employees on psychological issues.



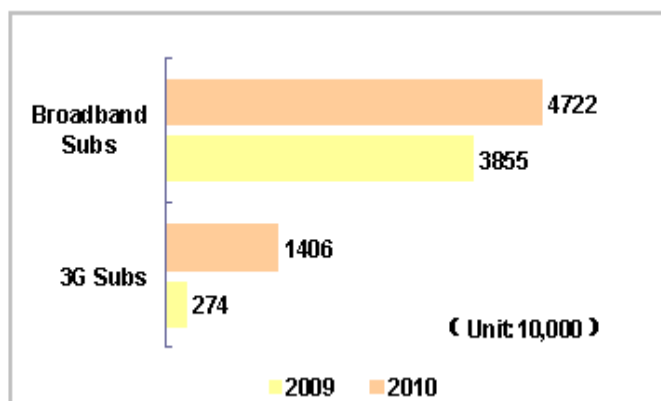
Comprehensively Enhancing the Sustainable Operation Ability

By adhering to the principle of "seizing opportunities, maintaining growth, adjusting structure, and improving service level" and guided by the concept of "structural adjustment in the development, enhancing vitality in innovation, and promoting the overall competitive strength", China Unicom has witnessed active and positive business development, has continuously improved the network capacity, has promoted the corporate value, and has remarkably increased the sustainable development strength.

Enhancing the Strength through Sound Operation

Rapid Development of Key Businesses

In 2010, China Unicom enriched 3G packages, improved the subsidy model, opened social channels, invigorated terminal policies, and carried out 3G experience marketing. The 3G mobile phone users increased by 11.32 million throughout the year, reaching 14.06 million. The broadband marketing strategy was refined; the marketing of broadband was speeded up, and there was a net increase of 8.67

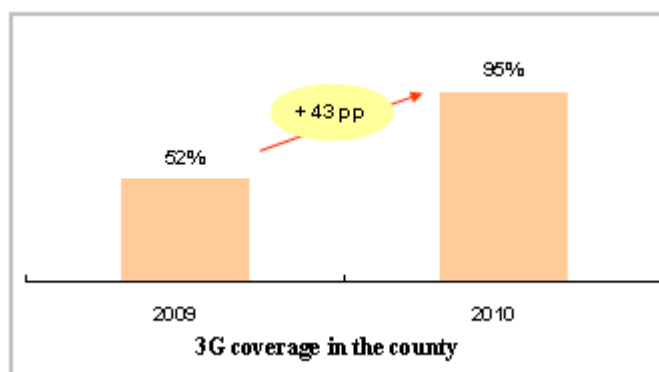


million broadband subscribers, with the number of broadband users reaching 47.22 million. China Unicom fully promoted the integration of business development, and launched the integrated full-service product - "Wo Family". By the end of the year, the subscribers of fixed-mobile converged service exceeded 19.26 million. China Unicom cultivated users' consumption habit for data services, and further increased the revenue ratio of data and information services.

Strengthening the Resources Allocation Ability

China Unicom enhanced the integration and construction of network resources, and continuously improved the informatization level. China Unicom built up the world's largest WCDMA 3G mobile communications network in the shortest time. The number of 3G base stations amounted to 183,000 and the number of 2G base stations reached 329,000. The network coverage in rural

areas was further expanded and the construction of WLAN coverage was speeded up,



which complemented the high-quality 3G network perfectly. China Unicom accelerated the expansion of network bandwidth capacity and broadband access capacity, launched the "triple play" pilot projects in Beijing, Dalian, Harbin, Qingdao etc. China Unicom also built up a

modern information system to meet the needs for operation and production, business development and management decision-making of the Company. China Unicom strengthened the construction of centralized system across the whole network, promoted standardized data management, and improved the tools and means for managing, controlling, promoting and monitoring the informatization work of the Company. The Company has effectively ensured the implementation of management initiatives. The Company strengthened and improved the construction of security management system, enhanced the security measures of "personal defense, physical defense, and technical defense", improved security control capacity, and effectively ensured the secure production and secure operation of telecommunications facilities and equipment. Under the annual theme of "Great Moments in Wo", China Unicom arranged a series of marketing activities during key events, which has effectively promoted the corporate brand and the “Wo” brand and enhanced the brand image of the Company.



Steady Progress in International Operations

China Unicom attached great importance to the coordinated development of both domestic and international markets. Five overseas operating companies in Hong Kong, America, Europe, Japan and Singapore and the representative office in Vietnam were established, which all obtained related licenses for telecommunications services in the

countries and regions where they operate. The establishment of the overseas operating companies further enhanced the capacity of China Unicom in overseas services, extended the overseas business coverage, improved the business balance, and enhanced the capacity for global networking, particularly for the business support across the overseas PoPs. China Unicom strengthened the capabilities of serving the foreign customers and partners for service termination in China and transit through. China Unicom provided better international communications services for domestic customers, providing solid communications guarantee for the enterprises striving to go global.

Significant Improvement in the Innovation Capability

Innovation is a long-lasting theme of China Unicom after various transformations. It is a major approach to achieve sustainable growth against complex challenges, such as the saturation of traditional market and in a new environment and situation. In the process of reform and development, China Unicom strengthened innovation, continuously optimized R&D system, and enhanced the construction of basic platform of independent innovation.

The R&D projects and standardization work have seen new progress. China Unicom has carried out the research and testing for new technologies in the fields of fixed-mobile convergence, wireless LAN,

fixed access, and transmission, led or participated in 16 special national technological research projects. We submitted 132 international standard contributions in the year, and led and participated in the preparation and revision of 165 domestic telecommunications industrial standards.

The science and technology outputs have witnessed new breakthroughs. In 2010, the Company filed 129 patent applications and was presented five Science and Technology Awards by Chinese Institute of Communications, including 1 first prize, 2 second prizes, and 2 third prizes; 8 Science and Technology Awards by China Communications Standards Association, including 3 second prizes and 5 third prizes. The Company was also presented 21 prizes of the Seventh National Management Innovation Award for the Communications Industry (2010), including 5 first prizes, 5 second prizes, and 11 third prizes.

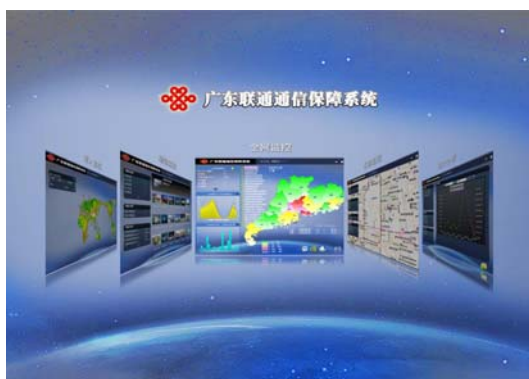
Rapid and Effective Communications Guarantee

In face of major events and natural disasters and according to the need of the country and the people, China Unicom, with a high sense of social responsibility, has provided reliable communications guarantee and has taken a full range of disaster relief measures with a rapid response.

Creating “High-Quality Network” for the Asian Games to Comprehensively Support the Communications of the Asian Games

China Unicom has fully supported the "Digital Asian Games" and

the "Information-based Asian Games" through the complete communications network guarantee, advanced and integrated information applications and high-quality communications and information services. China Unicom has invested 700 million yuan to maintain the communications network in the Asian Games venues and sites related to the Asian Games, which ensured the realization of "two 100%s and one 0" of the communications network in the Asian Games-related areas, which refers to 100% signal coverage, 100% network access rate, and 0 call drop rate. China Unicom has established multi-level communications guarantee systems for the Asian Games, including monitoring for the key areas of the Asian Games, information security and on-site maintenance group for the Asian Games, independently developed the communications guarantee system for the Asian Games, established the international roaming signaling monitoring system, adopted the "Uni-Video" command platform and multimedia trunk scheduling system, and used the 3G transmission technology to provide video monitoring service for 500



buses and 50 major bus stations. More than 11,000 people-times and more than 1,200 vehicle-times were involved in the communications

guarantee. China Unicom has successfully fulfilled various guarantee tasks for the Asian Games torch relay, the Asian Games and the Asian Paralympic Games. Meanwhile, in order to advocate, comply with and communicate the concept of "Thrilling Games, Harmonious Asia", China Unicom has launched the "Red Asian Games" activities to provide mobile micro-blog, mobile news, mobile video, mobile Internet, mobile music, interactive text messaging and other services and has realized "panoramic view of the Asian Games", because of which China Unicom was welcomed and recognized by the users.

Careful Deployment and Full Efforts to Support the World Expo

In a spirit of "participating in the World Expo, serving the World Expo, and dedicating to the World Expo", China Unicom has established a maintenance team for the World Expo, which is in charge of promoting and arranging network construction, maintenance, marketing, service, security and other work. An amount of 700 million yuan was invested in network construction for the World Expo Park, with 8.6 million yuan



special funds for the maintenance of the World Expo, 1397 persons for the operation and maintenance support and 5 vehicles for emergency communications. China Unicom has

also launched some practical and innovative 3G services, including the

mobile Wo navigation, World Expo Yellow Page, World Expo mobile phone supporting mobile payment, World Expo mobile news, SLIM chip card, and Strawberry international phone card, provided complete technical solutions for Haibao, the robot of the World Expo Organizing Committee, making the robot more intelligent and interactive. With a full range of network communications guarantee during the World Expo, Shanghai and the world have experienced 184 days of "successful, splendid and unforgettable" World Expo, shared the joy, passion, creativity, and jointly interpreted the concept of "understanding, communication, togetherness and cooperation" of the World Expo. CPC Shanghai Municipal Committee, the municipal government, Shanghai World Expo Bureau, and Shanghai Communications Administration have sent letters to express their gratitude to China Unicom for the provision of "safe, reliable, convenient and stable" communications services.

As one of the largest domestic information provider, China Unicom has given full play to its strengths in serving the economic development of Shanghai and has made positive contributions. Especially during the Shanghai World Expo in 2010, China Unicom has provided high-quality information services securely.

——Ai Baojun, Vice Mayor of Shanghai

Rapid Response to and Full Participation in Flood Control and

Earthquake Relief Operations

Caring for Yushu and serving the disaster-stricken areas. A 7.1-magnitude earthquake struck Yushu, Qinghai on April 14, 2010. After the earthquake, China Unicom immediately took the emergency disaster relief actions, made the emergency response efforts, set up disaster relief headquarters, and arranged a rescue team with more than 100 people, 2 emergency base-station vehicles, 2 satellite trucks, 18 satellite phones and other rescue equipment. With the unremitting efforts of the rescue personnel, all the base stations in Yushu area had been repaired, and the communications for the users of China Unicom had been fully recovered at 14:00 on April 17. While repairing the communications network in the disaster-stricken area and ensuring smooth communications, China Unicom had provided a wide array of emergency communications services for the government and the public in the disaster-stricken area, facilitating the on-site command and the understanding of the disaster conditions and releasing information concerning the disaster relief. China Unicom also opened a hotline to



help people look for the families. 13 family members were found through the hotline. It generated a positive social image of China Unicom. On April 20, “Yushu, Boundless Love”, a special fund-raising program organized by CCTV for the disaster relief, China Unicom donated 5 million yuan to the Yushu earthquake-stricken area to help the people there and assist the reconstruction after the disaster.

Supporting the disaster-stricken area in Zhouqu and ensuring the communications with joint efforts. After the enormous landslide hit Zhouqu County, Gannan Tibetan Autonomous Prefecture, Gansu



Province on August 8, 2010, the leaders of China Unicom had attached great importance to it and arranged emergency efforts to ensure the communications in the

fight against the flood. China Unicom had dispatched 63 persons for the disaster relief, 39 vehicles for repair, 10 emergency equipment, and 1 million yuan disaster relief funds. 2.11 million text messages had been sent, and 10 free wireless fixed phones had been provided in the shelters for the victims in Zhouqu County. The users in Zhouqu County with disaster relief task were exempt from the roaming fee.

Making sound arrangements and guaranteeing communications during the flood season. In 2010, some regions in the country were



seriously stricken by the flood.

With a high sense of responsibility, all the staff of China Unicom had made sufficient preparation, overcome difficulties and ensured

the communications for important customers, such as the Party committees, government, military, and command centers for flood control and drought relief, as well as for the general users. During the flood season, the leaders of China Unicom went to the front line of flood control in Jiangxi, Guizhou, Jilin, Fujian, Hunan, Shaanxi and Hubei to guide the communications guarantee and reconstruction work after the disaster. The relevant units had completed emergency recovery of the communications facilities caused by lightning, heavy rain, tornadoes, typhoons, landslides and other natural disasters. The emergency plans at



the Company level and the provincial level had been initiated for 93 times

involving 1.1 million person times and 230,000 vehicle-times in communications guarantee during the flood season.

In October 2010, the CPC Jilin Provincial Committee and Jilin Province sent letters to China Unicom to express their sincere gratitude for the strong support provided China Unicom to the flood control, disaster relief, and reconstruction after the disaster.

Providing Full Support and Excellent Communications Maintenance during Major Events

The Company completed the communications guarantee task for China's lunar exploration project. China Unicom has taken the responsibility of ensuring the success of Chang'e II satellite, strengthened equipment maintenance, line inspection and network monitoring, conducted multi-route protection, and ensured 24-hour uninterrupted communications. Upon the key moments, such as the braking maneuver near the moon by Chang'e II satellite and the lowering of the orbit at the 15 km, China Unicom has ensured the real-time and accurate orbit determination data transmission, and made important contributions to the success of the mission.

In December 2010, the lunar exploration project leadership office sent a letter of thanks to China Unicom, "Special thanks to China Unicom for enthusiastic help and full support".

China Unicom made sound preparations for the communications guarantee during the "two sessions". China Unicom developed the detailed security plans and emergency plans, established on-site service support team and professional service support team, provided a wide array of communications services for the residential and office space of the "two sessions", including the fixed telephone, broadband, digital circuits, transmission circuits, and video monitoring; meanwhile, the Company provided communications services for the news media reporting the "two sessions", and the video signal transmission services for 12 television stations of CCTV, established interim private network for the CPPCC, and provided technical support for the NPC website.

China Unicom ensured the smooth communications of the Davos World Forum and the UN Climate Change Conference in 2010. As the communications service provider for the Davos World Forum and the UN Climate Change Conference in 2010, China Unicom invested tens of millions yuan for the setup of venue equipment, the transformation of the local metropolitan area network, and the expansion of capacity for the trunk fiber optic cable around the Convention and Exhibition Centre, and realized seamless coverage for the mobile network. The Company provided fixed telephone, broadband, HSPA+ and other services for the Forum and the Conference, and fully met the communications needs of the Forum, participating media, security departments and other

departments. China Unicom has accomplished the communications guarantee work during the meetings and has been highly recognized by the Preparatory Committee, the participants and the media both home and abroad. The Company was awarded by the National Development and Reform Commission and Tianjin municipal government.

Enhancing the Quality of Information Life of the Whole Society

China Unicom takes the responsibility of providing the society with high-quality information service. The Company has enriched people's life and work with convenient and high-quality Internet access service, safe and efficient applications, innovative services, and contents integration services, and has become a reliable and satisfactory companion in information life of the customers.

Benefiting the Public with the ICT Achievements

Since the official commercialization of 3G services, China Unicom has received the high attention of the society and the strong support of the public. Through the 3G network of China Unicom, the users have enjoyed the high-quality, high-speed, high-reliability mobile news, mobile Internet, mobile music, mobile TV, mobile email and other services. China Unicom has also enhanced business innovation, introduced richer application contents, including Wo Store, mobile e-reading, mobile micro-blog and others to meet the diversified needs of the users.

Wo Store was in operation on November 10 across the country, providing the end users with personalized applications and services, as well as rich contents.

There is no threshold for developers, no limitations on applications. The process is transparent and



the applications can be priced by developers. Meanwhile, the marketing activity of giving out free gifts in celebration of the opening of Wo Store was launched. The users can get 20 yuan Wo credits upon registration; the “Gold Competition” for mobile application developers and the “CoolPlay Contest” for the mobile applications users were also launched with a total prize of 1 million yuan. At present, the number of registered users of Wo Store has exceeded one million, there are over 4,000 applications, and more than 320 thousand downloads.

Enriching the Informatization Applications for the Group Customers

With the increasing ICT products and industrial applications, China Unicom has promoted the informatization construction for the government, industry and enterprises, and accelerated the application penetration. China Unicom continued to consolidate and expand the

strategic cooperation with the provinces, autonomous regions and municipalities, enhanced the informatization level of government affairs and cities, and established "wireless cities" and "smart cities" to fully support the local economic and social development.

Jointing hands with Jilin Province, China Unicom has opened the "Splendid Jilin" project, using the 3G information platform



to fully demonstrate economic development, investment, city features, enterprise styles, culture, geography, and convenience services of Jilin Province, which has become a unique ICT "business card" to promote, present and introduce Jilin to the world.

China Unicom was responsible for the construction of "wireless city" pilot project in Tai'an city. China Unicom made efforts to promote the six major projects, including the wireless e-governance, public mobile informatization, mobile e-commerce, mobile e-community, wireless digital urban management and emergency response, as well as "triple play".

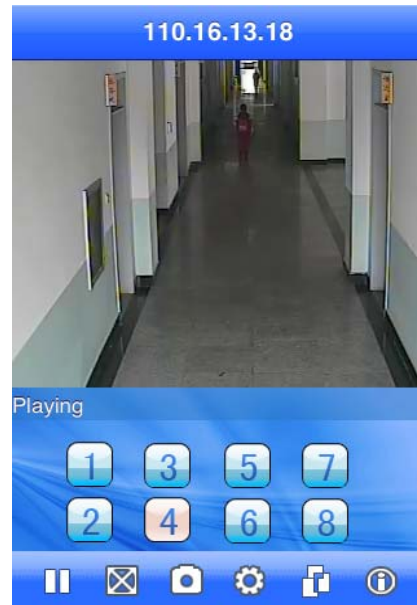
China Unicom and the Ningbo municipal government made jointed efforts to build the "smart city", innovated on the commercial and service model of intelligent application system, and cooperated to build advanced and intelligent network infrastructure, information security facilities, and industrial intelligent applications and provide better application service to the society.

In 2010, China Unicom signed strategic cooperation agreements with 38 units, guiding and promoting the rapid development of ICT applications in the related fields. China Unicom offered a variety of featured industrial applications and featured informatization solutions, set up industrial application development bases and demonstration sites, and made breakthroughs in the fields of mobile office, mobile police, environmental monitoring, mine monitoring, safe campus, intelligent public transportation and others. China Unicom greatly promoted the informatization construction of the related industries, and was well recognized by the key industry customers.

Mobile Police. Taking the advantage of the 3G network, China Unicom has securely connected various law enforcement terminals, including police terminals, smartphones, laptops and other types of devices with the public security database and realized the real-time transmission of law enforcement data, images, audio, and video. At present, it has been widely used in the daily law enforcement and emergency response tasks of the public security departments at all levels, and has played an important role in the security work for the sixtieth anniversary of the founding of China, the Shanghai World Expo, Guangzhou Asian Games and other major events.

Environmental Monitoring. With the front-end sensors and video monitoring equipment, China Unicom has used the sensor technology, positioning and geographic information systems to establish a comprehensive, all-weather, and three-dimensional environmental monitoring and surveillance system. It has used in pollution control in Inner Mongolia, environmental monitoring in Henan, waste water treatment in Jiangsu, river control in Anhui and other key projects.

Safe Campus. With the video, positioning, and radio frequency identification technology as the core, China Unicom has provided real-time video monitoring, safety report messaging, and student positioning functions, and improved the informatization level of the school security management. It has become a major measure to ensure the public security. At present, these applications have been applied in 27 provinces, municipalities and autonomous regions, involving more than 4,000 schools, with nearly 16,000 key monitoring points, and becoming the effective means to combatting campus crimes and maintaining social stability.



Coal Mine Monitoring. China Unicom has integrated the safe production network monitoring, dynamic monitoring, and emergency command functions for coal mines, and realized the real-time monitoring of the underground gas, carbon monoxide, temperature, water level and other parameters, as well as mining work conditions. At present, this system has been applied in more than 200 coal mines in Fujian and Shanxi.

Intelligent Public Transportation. China Unicom has integrated the vehicle scheduling, real-time video monitoring, and public transportation information release functions, realized dynamic management and scientific scheduling of the public transportation, and promoted the modernization process of urban public transportation. At present, it has been promoted in 174 cities nationwide and equipped on nearly 200 thousand vehicles.



Boosting the Rural Economic and Social Development

Exploring and Promoting the Application of Modern Information Technologies in Agriculture

As one of the most active technological factors, the information and communications technology (ICT) has exerted a profound impact on the



modern agriculture process. On November 20, China Unicom and the Ministry of Agriculture signed a strategic cooperation framework agreement on the joint promotion of the informatization in agricultural and rural areas".

The two sides established a comprehensive and strategic partnership, engaged in in-depth cooperation in agricultural production, operation and management, carried out pilot projects concerning the 3G, the Internet of Things, the cloud computing and other modern information technologies, and jointly upgraded the level of informatization of the agricultural production and operation.

Promoting the Project of "Extending Telephone Coverage to Every Village"

China Unicom, with a high sense of political responsibility and historic mission, adheres to the correctly handling of the relationship between the business efficiency and the social benefits, gives thorough considerations to the implementation of the "extending telephone coverage to every village" project and the network construction in the rural areas. China Unicom raises funds, coordinates resources, and organizes with all efforts to promote the construction of the "extending telephone coverage to every village" project. Over the years, China Unicom has completed a total of 23,393 village coverage tasks, with a total investment of more than 5 billion yuan. In 2010, China Unicom continued to respond to the call of the government, overcame the difficulties of harsh natural environment, inconvenient transportation, power supply difficulties, and complicated construction, and promoted the "extending telephone coverage to every village" project in seven

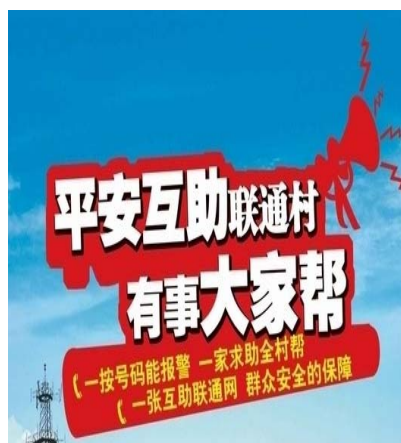
provinces (regions), including Hebei, Inner Mongolia, Shanxi, Heilongjiang, Jilin, Xinjiang and Anhui, which enabled 2495 remote villages to have access to telephone.

Enriching the Application of Informatization in Rural Areas

China Unicom continued to promote the 12316 agricultural technology online service, which has become a “bridge” between farmers and governments, a "wealth line" between farmers and markets, and a "solution line" between farmers and experts. It directly serves nearly 10 million rural users, with long-term registered users reaching 1 million.



China Unicom promoted mutual safety assistance and distance education for the Party members. The mutual safety assistance is a service provided within the villages according to the current condition of the elderly and the children left behind in the rural areas. By pushing one key on the telephone, the users would be able to inform others in time in emergency situations and obtain the necessary help. As of December 2010, the total subscribers for the network of mutual safety assistance have reached 11.62 million.



China Unicom has actively promoted the extension of the modern distance education of the Party members and cadres to the agriculture-related industries, rural enterprises, schools and families, playing an important role in improving the overall quality of the farmers, bridging the "digital divide", narrowing the disparity between the urban and rural areas, and promoting rural economic development.

In Henan, the "new rural cooperative medical care" informatization project has been launched, providing access service with 4M broadband to rural clinics, which are equipped with the functions such as applying for reimbursement of the "new rural cooperative medical care" on rural terminals, remote consultation of the medical experts, distance learning, and drug distribution, enabling the village doctors to provide medical treatment and medical reimbursement service to the villagers through the Internet. By September 30, 2010, 13,000 users have registered to this system. This service has been recognized and supported by the health authorities at all levels, and has been listed as the pilot project for rural medical informatization by the Ministry of Industry and Information Technology.

In Hubei, the "agricultural new space" service has been launched, providing the farmers with various agricultural production technologies, pest control consultation, market analysis and introduction for the prices of agricultural materials and products, agricultural weather conditions, interpretation of policies and regulations, as well as other information services through SMS, voice calls and the Internet. In 2010, 209 information service columns have been set up, serving more than 800 thousand rural users. 308 agricultural technology information stations have been set up, and 220 agricultural experts have been invited.



Creating Sound Consumption Environment

Creating Sound Consumption Environment

China Unicom has carried out the special campaign against pornographic information on mobile phones and the Internet. In line with the principle of rapid implementation and stable progress, China Unicom has established the joint working mechanism between the headquarters and provincial branches and has made material progress. Until now China

Unicom has suspended over 40 thousand unregistered websites and set up the blacklist of illegal websites with over 70 thousand illegal websites under observation. In addition, China Unicom has also implemented the overall 7×24 business dialing test and content monitoring to ensure the daily testing coverage on business and content is above 3%, the monthly coverage is above 100%, and the monthly coverage on key WAP business is above 300%. In the commendation meeting on the campaign against pornographic information on mobile phones and the Internet organized by the Propaganda Department of the CPC Central Committee, China Unicom Beijing Branch was awarded the honorary title of “the Meritorious Group in the Campaign against Pornographic Information on Mobile Phones and the Internet”.

Ensuring Transparent Consumption

China Unicom has set up the tariff design, approval and registration mechanism, improved the pre-assessment and post-assessment system of tariffs, and strengthened national supervision on tariff implementation. China Unicom has streamlined the tariff structure to meet customer requirements: for the 3G business, China Unicom has introduced Plan A, Plan B, Plan C, and Special Contract Plan after the launch of universal price for 3G long-distance, local and roaming mobile businesses. As for 3G wireless data card business, in addition to the monthly package, China Unicom has also provided automatic upgrade of packages to reduce users’

cost. After the use of the Internet service, SMS will be sent to inform users of the consumed data traffic and the traffic left, ensuring transparent consumption.

The Company has optimized the tariff scheme for international roaming and the roaming in Hong Kong, Macao, and Taiwan, and has made the service “available, affordable, and convenient” for consumers: China Unicom has introduced the daily roaming package in Japan, South Korea, Singapore, Thailand, and Taiwan; the automatic upgrading data roaming package in over 30 countries and regions including America and Canada; the one card for two numbers service in Hong Kong, Macao, and Taiwan.

China Unicom provides SMS free of charge to remind users of network access, monthly payment deduction in period billing, deduction of monthly payment, inadequate deposit, charging, rewards, activation of new packages, and additional deduction.

Effective Combat against Spam SMS

In line with the principle of “preventive interception, joint working mechanism and verification afterwards”, China Unicom has made effective management on spam SMS. Having fully utilized the joint mechanism among networks and provinces, China Unicom has improved the response time in spam SMS handling and intercepted spam SMS

through content screening and frequency analysis. In total, China Unicom has processed around 1.2 million inter-network spam SMS and 40 thousand inner-network spam SMS, and received 1500 reports on spam SMS by 12321 with over 99% processing rate.

Ensuring Users' Right to Know and Choose

China Unicom is committed to protecting the legal interests of users, strengthening the management of businesses, network access contracts, and service, clarifying users' right to know and choose on tariff levels and service, and facilitating users' understanding of our businesses and tariffs.

The realization of number portability will not only respect users' right to choose, facilitate market competition, and optimize market structure, but also save the number resource for the country. In order to strengthen the relevant work on number portability, China Unicom has poured huge human, material and financial resources and established a complete mechanism in business processing, coordination, and emergency response. In order to offer best service to our customers, China Unicom is sparing no effort to push forward the pilot projects of number portability in Tianjin and Hainan.

- ✧ Reforming the core network EOs, mobile gateways, and value-added business platforms to ensure the stable running of equipment.

- ✧ Organizing trainings on number portability nationwide, assigning service desk for number portability in certain self-owned business halls to provide convenient service to customers; meanwhile China Unicom has set up the hotline for number portability and



formulated related service standards. Users could call our hotline for business consultation and complaints.

- ✧ Strengthening coordination and emergency measures, organizing the special team on number portability, formulating detailed plans for system maintenance and emergencies, implementing 7*24 hours stand-by system, and fully guaranteeing users' interests.

Providing Satisfactory and Qualified Service for Customers

Upholding the ideal of “focusing on customers and promoting development with service”, China Unicom is constantly improving its service mechanism and capacity and is committed to “meeting social requirements with service”.

Focusing on Customer Awareness and Providing Convenient and Rapid Service for Customers

China Unicom has implemented the “zero tolerance” scheme on counter service to strengthen the basic management of counter service units and improve the service awareness and sense of responsibility of the staff, which have yielded effective results. In addition, China Unicom has increased the number of counter service staff, improved service awareness of business consultation and processing, and reduced queue time through guiding customers to use the self-service system.

China Unicom will further promote the development of e-channels, and provide more convenient and affordable “one-stop” service for customers. The e-channels of

China Unicom could process most of the businesses of traditional business halls, and have basically realized the



“on-line view of promotion activities”, “on-line checking of bills”, “on-line payment of communication fees”, “on-line selection of phone numbers”, “on-line application for packages”, and “on-line application for broadband”; meanwhile China Unicom also provides convenient cross-region and multiple services on e-channels in out-of-service time. In addition, China Unicom has established a professional off-line logistics and distribution system to offer convenient, efficient, and qualified service for customers in the Internet era. By the end of 2010, 570 million

users have used e-channels, an increase of 150% year on year; the transaction volume has reached 12.4 billion, an increase of 21% year on year.

The 10010 hotline provides 7×24 hours checking, consultation,



fault reporting, complaints, business handling, charging, on-line processing of key businesses, and hotline resources-based reservation

service. In 2010, China Unicom has introduced 18618610010, an international roaming hotline providing business consultation, business activation, and fault complaints handling for users overseas free of charge. Meanwhile, China Unicom has enriched the welcome SMS pushed to visitors, and provided the information concerning roaming areas, telephone numbers of local embassies and consulates, dialing methods, tariffs, 3G network selection, and the warning about high cost of roaming data service.

China Unicom is committed to providing convenient service channels for local customers. Altogether China Unicom has set up around 0.5 million business halls and agent offices and has hired direct-sales staff to offer door-to-door service for users with disabilities.

In order to promote obstacle-free information, China Unicom has also provided customized service for the elderly and primary and middle school students.

In Beijing, China Unicom has launched the “information-based medical service project for the senior”, which is designed to use “3G home monitoring” and “PTT” to improve life quality of empty nesters. **In Tangshan of Hebei Province**, China Unicom has launched the care action for empty nesters and introduced the GPS mobile phones capable of communication, global positioning, and push-to-alarm. **In Shandong**, China Unicom has carried out the “green messenger” business to guide primary and middle school students to use cells phones and block harmful websites and information. The business also offers positioning service which could increase the connection among schools, parents, and students to ensure their security and mental health.



Concentrating on Customer Experience and Providing Exclusive 3G Service

Having constantly focused on service innovation, China Unicom

pays growing attention on customer experience and builds segmented exclusive 3G service mode. China Unicom has organized 3G customer contact center with exclusive hotline for 3G users; trained the group of 3G VIP customer managers to provide overall professional one-to-one service; emphasized the interaction with customers and kept contact with customers in the overall process through the 3G customer contact center, 3G VIP customer managers, and 3G customer contact points. The effective and clear collection of information through overall customer contact has made customers' ideas become the foothold and guideline for our product design, marketing, and development, which will enable us to offer more trustworthy, convenient, and professional service for customers.

Carrying out Bonus Points Rewards and Club Activities

China Unicom actively set up plans for bonus points rewards, and has opened on-line bonus malls to provide service for users nationwide. In terms of club activities, a number of branches have introduced 3G mobile phone clubs primarily focusing on activities on music, games, movie fans, and cell phone clubs. China Unicom will promote the communication between users and the Company through our professional platforms, and meet the requirements of 3G users by providing 3G services, mobile phones and software.

China Unicom has also organized the table tennis contest, which is an innovative attempt of customer care and a pioneer club activity in terms of sport nationwide in the telecom industry.



Through this activity, China Unicom has raised people's awareness of sport and health across the country and made customers feel our sincere service.

Commitment to Win-Win Cooperation and Common Development

Sticking to the opening up and win-win principle, China Unicom is strengthening the cooperation with governments, operators, content suppliers, social channels, equipment manufacturers, and terminal suppliers for the sharing of complementary advantages and benefits, and for common development.

Deepening the Strategic Cooperative Relation with Telefonica

Telefonica is a key global strategic partner for China Unicom, and our effective cooperation has gain the close attention and praise from the national leaders from both nations. In 2010, with the continued partnership, both sides have conducted material cooperation in cross-border corporate businesses, wholesales, international network cooperation, and joint purchase. In addition, China Unicom has implemented the joint training for senior executives and the Spanish training to guarantee our communication and cooperation. China Unicom has strengthened our cooperation and communication in the LTE working group, WAC, and ITU, which has significantly raised the strategic position and global influence of both sides.

Promoting the Strategic Cooperation with Culture Enterprises

Thanks to economic and social progress and the rising living and education standard, the demand for cultural products represented by new media, such as mobile reading, digital publication, digital movies, and mobile video is on the rise. In the 3G era, the combination of cultural industry and communication industry is becoming even more obvious. Therefore, in 2010 China Unicom started to establish strategic cooperation with key cultural enterprises with significant social influence, well-known brands and complimentary with the Company in brands, businesses, resources, and channels. The cooperation could not only broaden the content of our value-added service to meet customers' demand for cultural products from new media, but also raise the public image and social influence of China Unicom.

Establishing Comprehensive Business Cooperation with Global Operators

China Unicom is strengthening cooperation with international operators. Currently our direct network businesses covers over 100



operators in more than 60 countries and regions, fixed businesses reaches over 400 operators in more than 240 countries and regions, and

mobile roaming businesses covers 488 operators in 239 countries and

regions. On November 16, 2010, the 2010 International Partner Meeting was convened in Hong Kong, and over 600 representatives from international telecom operators, communication service providers, and telecom organizations participated in this conference. Representatives had broad and deep communications on various topics, including the reform and innovation in the telecom sector, the application and development of 3G, digital society, and further cooperation.

Broadening the Cooperation with Content Providers

Highly valuing the development of content application, China Unicom is strengthening the cooperation with all parties, building the open platform for application development and promotion, and offering preferential policies in business access and revenue settlement. China Unicom will provide better services and benefits for all parties through sound and open cooperation and mode innovations. By the end of December 2010, China Unicom has collaborated with 296 SPs and worked with a number of mobile broadcasters to provide video, culture, and entertainment programs. In order to concentrate resources on supporting the rapid growth of outstanding partners, China Unicom has set up the credit evaluation system to carry out graded and differentiated management.

Strengthening the Strategic Cooperation with Social Channels

China Unicom has initiated the construction of 3G social channels in all fronts. Currently China Unicom has signed strategic cooperation contracts with Suning Appliance, Five Star Appliance, 360buy, and Phone World, rendered strong support to 3G social



channels, including the unified cooperation mode, unified SI standard, unified channel development service fees, and strengthened business training. Such efforts have substantially improved customer service and marketing, and promoted the sound development of the telecom industry chain.

Taking complementary strengths and resource sharing as the core, China Unicom has carried out cooperation in online marketing with Tencent, Alipay, and other platforms. On May 7, China Unicom officially launched the charging service at the wap.10010.com mobile business hall with TenPay and Mobile Alipay. Users of China Unicom could top up their mobile phones, fixed phones, broadband, and PHS with the balance in their TenPay and Mobile Alipay accounts, and they could also pay for other China Unicom's users nationwide. When the account balance is not sufficient, our business halls could transfer from Industrial and

Commercial Bank of China, Construction Bank of China, China Merchants Bank, and China Everbright Bank to complete the payment.

Strengthening the Cooperation with Equipment and Terminal Manufacturers

China Unicom has built up trustworthy and supportive supply chains with equipment manufacturers, set up long-term cooperation, and implemented open tendering to ensure fair and transparent purchasing and allow more suppliers to have the opportunity in the competition. China Unicom will select the suppliers against their operation performance, tax payment, corporate management, production capacity, environment protection, occupational health, and public donation, which will in turn promote the sustainable development of suppliers. China Unicom encourages them to make more contributions to employees, the society, and the nation. Suppliers also expressed the hope that they would continue to cooperate with China Unicom to develop communication networks and enrich people's communication and life.

China Unicom supports the rapid development of terminal industry chain and has introduced over 100 customized 3G terminals covering all price levels and other types of 3G terminals.



- ✧ The formulation of terminal technical specifications will follow international standards to ensure the openness for manufacturers.
- ✧ Encouraging socialized operation. Customized terminals could be sold through self-owned and social channels, which will enjoy unified marketing strategy. Meanwhile China Unicom has set the policy of allowing users to access the network with their own devices.
- ✧ Since smart operating system could deliver better 3G experience and better 3G services to users, low-cost 3G smartphones will be our priority.
- ✧ In order to allow Wo business to be more accessible by users, China Unicom will work with international mainstream suppliers to introduce entry-level products.
- ✧ China Unicom will strive to reduce the price of 3G terminals through large-scale purchase.

Promoting and Serving the Development of Low-Carbon Economy

Upholding the objective of building a “resources-saving and environmentally-friendly enterprise”, China Unicom has implemented the national requirements for environment protection and resources conservation, and has constantly promoted the effective, low-cost and green development. China Unicom will continue to push forward the energy conservation and emission reduction in the overall industry chain and the society by applying advanced information and communication technologies into all social sectors.

Comprehensively Promoting Energy Conservation and Emission Reduction

China Unicom has closely combined energy conservation and emission reduction with sustainable development and cost reduction of the Company. Having strengthened the organization, coordinated the management, and implemented measures at all levels, China Unicom will carry out energy conservation and emission reduction at all branches. In addition, China Unicom will fully tap the potentials of internal energy conservation and emission reduction, promote the application of green

technologies, carry out green marketing, serve social informatization, implement waste recycling, promote energy conservation and emission reduction in the Company, the overall industry chain, and the whole society, and build a sound environment of “information life”.

Building the Management System of Energy Conservation and Emission Reduction and Promoting System Construction

China Unicom has set up the Energy Conservation and Emission Reduction Committee and the Energy Conservation and Emission Reduction Office, developed relevant management approaches and regulations, improved statistical indicators, developed assessment methods, clarified assessment indicators, and applied the energy conservation technical standards of major equipment, air-conditioners, and power supply. China Unicom has set up the initial management system of energy conservation and emission reduction, including the organizational guarantee system, standard system, statistical indicator system, evaluations system, energy-saving technology system, and energy audit system.

Promoting the Application of New and Energy-Saving Technologies

Closely following the development and evolvement of the communication network, China Unicom has strengthened the research on

cloud computing and virtualization, gradually promoted the integration and sharing of information infrastructures, and increased the utilization of equipment. China Unicom has strengthened the application of new technologies, built up integrated and distributed base stations, and adopted BBU collective maintenance. China Unicom used current recourses to construct networks to save investment, share supporting facilities and equipment room and reduce construction and maintenance costs.

China Unicom has established the Special Plan for Energy Conservation and Emission Reduction 2011-2013, which has identified energy saving targets, energy-saving measures and implementation plans. China Unicom will guide our employees to carry out the plan with management and technical approaches.

In project planning, China Unicom required that energy conservation and emission reduction must be included in the project application report and feasibility study report, which is a key part in the project assessment. Otherwise the project application report and feasibility study report will not be approved in principle.

China Unicom strengthened the management of collective purchasing, and included 10 kinds of materials commonly used nationwide into the list of collective purchasing. Having separated the

materials into different categories, China Unicom has completed the collective purchasing with unified standard, approach, and scale. Meanwhile, in the tendering of major network equipment, base station equipment, and power equipment, China Unicom has introduced energy consumption index as a key indicator for the selection. Through the test on energy-saving capacity of all equipment, China Unicom has strictly controlled the use of equipment with high energy consumption and pollution.

In the field of equipment maintenance, China Unicom has tapped the potentials of energy conservation and emission reduction of existing assets. China Unicom has actively promoted the application of energy saving technologies, such as intelligent overload shutdown, portable intelligent DC generators, intelligent heat exchange system, self-regulating air-conditioning system, intelligent fresh air exchange system, integrated equipment of heat exchange and air-conditioner, and heat pipe energy saving system. In 2010, 72 million yuan was saved due to the application of these technologies.

In Xinjiang, China Unicom adopted wind and PV hybrid technology to supply power to base stations. The solar power is the



major supply in the daytime and wind will provide power in rainy days and evenings. Currently 76 base stations with wind and PV hybrid technology have been built up, which are expected to save 1.976 yuan in maintenance each year.

In Hebei, China Unicom has installed new energy-saving air conditioners that use outdoor cold source and reconstructed 24 large core equipment rooms, a project that could save 50% electricity, i.e. 0.67 million kWh each year.



In 2010, China Unicom has equipped new energy-saving software in GSM base stations, which will substantially reduce power consumption and electromagnetic radiation. New antennas installed in indoors wireless distribution system will send more even and stable signals than traditional antennas, which could effectively reduce the electromagnetic radiation

below the antenna.

China Unicom has conducted pilot programs on contract energy management to explore new modes in energy conservation and emission reduction. China Unicom has standardized the operation and procedures of contract energy management, studied the calculation methods of electricity consumption and the sharing of energy-saving benefits, improved monitoring and inspections to lay a solid foundation for the promotion of contract energy management.

Implementing Energy Consumption Management and Energy Saving in Daily Production

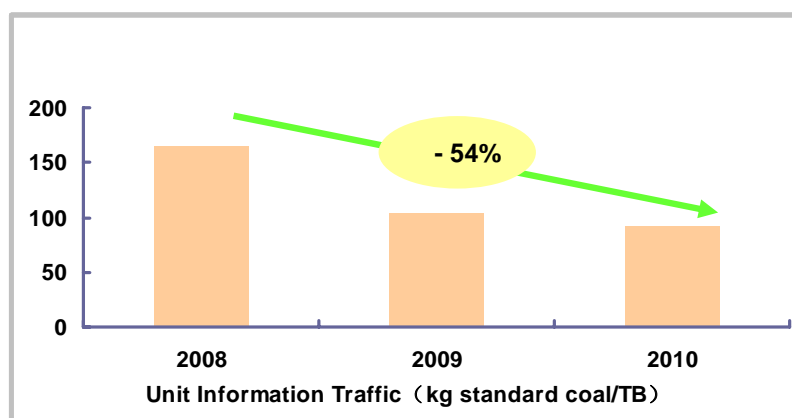
In the daily management, China Unicom strengthened the management of energy conservation and emission reduction, set up energy saving management system, implemented accountability system, improved energy-saving management methods, optimized measurement instruments, and consolidated the foundation of energy-saving management. In line with the temperatures in different seasons, the air-conditioners in access equipment rooms and base stations in certain periods were be shut down to reduce electricity consumption. China Unicom built up intelligent electricity management system based on benchmark stations and implemented benchmarking management to find out power stealing, inaccurate electric meters, inappropriate design of

air-conditioners, and abnormal equipment running; the Company actively carried out technical reform, network streamlining, and system integration; adjusted and optimized network structure and upgraded old equipment with high energy consumption to increase network efficiency and reduce energy consumption. In 2010, around 0.14 billion yuan was saved due to the strengthened management.

Achievements in Energy Conservation and Emission Reduction

In 2010, the overall energy consumption has reached 1.7404 million tons of standard coal, an increase of 33.65% over 1.3022 million tons in 2008; the integrated energy consumption per unit information traffic is

expected to reach 75.58 kg standard coal/TB, a decrease of 54% compared with



164.48 kg standard coal/TB in 2008. Through mobile office, integrated information network, video conference, and other energy-saving businesses, China Unicom has supported enterprises and customers to increase their informatization level, reduce their resource consumption and the resource consumption of the whole society, and promote resource conservation in the society.

Strengthening Infrastructure Sharing

In order to save resources, protect environment, and reduce repetitive telecom construction, China Unicom actively implemented the national policy of telecom infrastructure sharing, and cooperated with other telecom operators to build and share mobile signal towers, transmission lines, and other infrastructures. In 2010, China Unicom built 9,593 signal towers and 8,908 kilometers transmission lines with other operators; shared 6,185 signal towers and 13,481 kilometers transmission lines with other operators; shared 7,230 signal towers and 19,244 kilometers transmission lines

of other operators. Through the joint building and sharing of infrastructures, China Unicom has reduced the



consumption of raw materials, land and other resources, and saved over 20 billion yuan in construction investment, an achievement that has increased both corporate and social benefits.

Actively Taking Part in Social Welfare Undertakings

China Unicom has been actively taking part in social welfare undertakings and has been supporting poor areas and making a donation to education; in the meantime China Unicom has been leading employees to join in volunteer campaigns to further reinforce their sense of social responsibility and drive the construction of a harmonious society.

Caring for Poverty Alleviation and Student Financial Aid

Poverty Alleviation Work to Special Areas

China Unicom's poverty alleviation task is to help Kangbao County and Guyuan County of Zhangjiakou. In 2010, China Unicom respectively allocated 1.1 million yuan to Kangbao and Guyuan for poverty alleviation, which amounted to 2.2 million yuan in total. The poverty alleviation fund was mainly used for such projects as winter greenhouses, practical agricultural technical trainings, construction of local roads, construction of farmland facilities, breeding of milk cows and so forth. Implementation of the poverty alleviation project has played a positive role in boosting the development of local society and economy and improving the production and living conditions of the poor.

In the meantime, China Unicom's branches have made positive

contributions to changing the poor and backward state of local regions by taking part in the program of poverty alleviation.

In Guangdong, China Unicom's fixed support targets for poverty alleviation is Jiaohang village of Waxi town of Zijin county of Heyuan. China Unicom invested over 0.5 million yuan in organizing warmth activities and cultural poverty alleviation initiatives, constructing roads, implementing "drinking water supply to the house" project and developing crop farming and breeding, which has increased farmer's income and helped poverty-stricken families shake off poverty.



In Shanxi, China Unicom's fixed support target for poverty alleviation is Tianzhen county of Datong. China Unicom successively prepared 2.75 million yuan to solve the practical problems of lacking drinking water in Xiping town of Tianzhen county and donated some office supplies and books worth 100,000 yuan. In order to construct the "Modern distance-learning network for rural communist party members and cadres", China Unicom donated 158 computers and activated 158 sites to improve the level of informatization in Tianzhen county.

Donation to China Social Entrepreneur Foundation

(YouChange)

China Social Entrepreneur Foundation is a non-profit charitable organization with independent legal status. It is formally approved by the State Council of the People's Republic of China and officially registered at the Ministry of Civil Affairs. The first of its kind in China, YouChange is an innovative private foundation funded by entrepreneurs from mainland China, Taiwan and Hong Kong. The Foundation takes building a people-centric harmonious society as the goal and operates through providing participatory grants. In Nov 2010, China Unicom donated 750,000 yuan to YouChange for its IDC hosting in China Unicom to facilitate public welfare undertakings via a network platform.

Continuing to Support Tibet with Talents and Funds

China Unicom has supported Geji county of Ali, Tibet with personnel, technology and fund since 2002. Up to now, China Unicom has completed three rounds of support work in Tibet, with total investment amounting to 42.8 million yuan. The investment in Geji county covers a wide range of areas, including education, culture, ecology, infrastructure, city planning, office equipment, environment rebuilding, and construction of pasture region so as to push the development of social undertakings.

Supporting College Students for Social Practices

China Unicom provided opportunities to college students to participate in internship by building a base for college students to take a part-time job while studying at college.

In Hainan, associated with the Hainan Committee of Communist Youth League of China, China Unicom initiated the “realizing dreams through work-study program” and recruited almost a thousand college students. The branch offered unified training and management to the college students and helped them broaden the horizon and improve technical skills. It is a good platform for college students to get exposure to the society, experience and practice in the society.

In Shandong, associated with the Shandong Committee of Communist Youth League of China, China Unicom offered technology, fund and project to support college students to start a business. The initiative covered six universities and colleges including Shandong University and Shandong Normal University in the initial stage. Initial fund for provincial college students to start a business was 35 million yuan. In addition, eight platforms were provided to support them, i.e. fund support, project launch, training for starting a business, information service, internship, tutorship, incubator and community management.



In Gansu, in a big welfare campaign “embracing Longyuan with love and the wonderful “Wo” organized by the Propaganda Department of CPC Gansu Provincial Committee, the Gansu Committee of Communist Youth League of China and Gansu Provincial Education Board, the student volunteers on summer vocation were encouraged to bring “culture, technology and health knowledge to the countryside”. China Unicom donated 10000 “Wo” T-shirts, 26 team flags and 200,000-million-yuan-worth recharge cards to the 10,000 students coming from 26 colleges and universities in Lanzhou.

In Guangdong, China Unicom built a “Wo internship base for college students, which has helped almost 300 graduates. Deputy Minister Zhang Xiaojian of the Ministry of Human Resources and Social Security inspected the base on Sep 9. He personally experienced the integrated “easy job-hunting” service platform and then highly praised the platform for its creation and social effect.



“Childhood on the Snowy Land” - Expo Summer Camp

Shanghai branch has been staying in touch with Diexi Town Primary School since it title sponsored the “Childhood on the Snowy Land” education support campaign in 2009 and planned to give prizes to



teachers and students once a year . Before Jun 1st 2010, leaders of Shanghai branch went to Diexi Town Primary School of Mao county to give prizes to excellent

teachers and students there. In August, China Unicom and Dongfang Daily co-organized “Childhood on the Snowy Land” - Expo Summer Camp program. Students from Diexi middle and primary schools paired with Shanghai volunteer families had studied and lived together and visited Shanghai Expo to experience the two-way interaction. These activities will spread more hopes and harvest more fruits.

Initiating the “caring for bear” campaign

In order to help more caring enterprises and public figures learn about Animals Asia and the project in relation to black bear rescuing, China Unicom worked together with Animals Asia, activated a caring private line 11692099 named “visible love and caring for bear”. All the fees generated by the line would be donated to Animals Asia. By means of the Company’s service platform, customers may call the caring hotline

in the form of video telephone by making use of a 3G mobile phone to see the living conditions of black bears and relevant plans for rescuing black bear made by Animals Asia. It relieved the staff working in the black bear rescuing center of the pressure arising from reception. It is a perfect combination between caring projects and modern communications technologies and a window for external exchanges.

Dissemination of Communications Scientific Knowledge and Culture Diffusion

Dissemination of corporate culture or scientific knowledge is a



supporting point for an enterprise to maintain sustainable development and a starting point to benefit the public and the society. Taking the advantage of its long history, Beijing branch planned a “communications journey” to spread the

long history and culture and improve the quality of the people. Beijing branch was dedicated to social welfare undertakings based on the idea of “invigorating the nation through culture and benefiting the people through dissemination of scientific knowledge”.

The “communications journey” collected all symbolic communications sites at different historical periods and is a visiting route

combining with history, culture, science and education. Until now, 14 visiting sites have been opened: Beijing Communications and Telecommunications Museum, royal telephone exchange in the Forbidden City, royal private telephone line exhibition in the Summer Palace, Xiangshan telephone exchange (former site), Telegraph Building, Shahe satellite communications bureau, Fuwai network management center, Yizhuang international data center, Zaojunmiao integrated communication building, Tucheng broadband experience center, Guiguliangcheng 10010 center, mobile communications bureau at Jingmen building, Beijing mobile communications bureau and central signaling station of international station. The “communications journey” lively presented Beijing branch’s rich communications resources and rarely known communications history to the public. The special Beijing one-day tour and the professional interpretation service team were highly praised by visitors. Up to now, over 50,000 visitors have experienced the special journey. It can be seen that the “communications journey” is a new way to truly understand communications and experience it.

One of the features of the “communications journey” is Beijing Communications and Telecommunications Museum. It was titled “Beijing Science Popularization Base”, “Science Popularization and Education Base of China Institute of Communications” and “Communications Science Popularization and Education Base of Beijing

University of Posts and Telecommunications” respectively in recent two years. The design and implementation of the “communications journey” by Beijing branch has brought communications culture and knowledge to



common people. “Sense of social responsibility”, “responsibility and obligation of building a harmonious society” and “people-oriented spirit” run through the whole “communications journey”, showing our respect to our modern history and culture and our contribution to the development of China’s communications, and in the meantime reflecting our care to the people.

Furthermore, as a partner and supporting enterprise, China Unicom,



in coordination with Telefónica and National Art Museum of China, co-held a “Cubism Era – Exhibition of Telefónica Art Treasures”. The exhibition

collected many classical works of Spanish “cubism” representative artists Juan Gris, Emilio Pettoruti, Jean Metzinger, etc. Success of the exhibition has played a positive role in promoting exquisite art, expanding the

public's appreciation of the beauty, driving social progress and cultural development and boosting communication and exchange between Chinese culture and western culture.

China Unicom Employees Joining in Volunteer Campaigns

China Unicom encouraged its staff to join in volunteer campaigns, enriched campaigns, enabled the campaign in relation to caring for migrant workers' children and supported Expo volunteer campaigns, by which China Unicom's brand image was fully presented. The campaigns were widely recognized and praised by all walks of life.

During Shanghai Expo, 127 Expo volunteers from the Company worked for the Expo and played a significant role in ensuring a safe Expo. "China Unicom Wo team" of China Unicom Shanghai North Branch was titled "Shanghai Expo Excellent Volunteer Service Team" by Shanghai Trade Union.

Beijing branch and the Communist Youth League of China

Beijing Committee and Henan Committee co-organized a volunteer campaign targeted at migrant workers' children on



May 4. In the campaign, tens of migrant workers from Henan talked with their relatives far away in the hometown with the help of



volunteers in 3G China Communist Youth League service station. Wuhan branch's youth volunteers met and communicated with migrant

workers' children and donated books worth 2000 yuan, and in the meantime, they registered migrant workers' children to give one-to-one support, including tutoring service, accompanying service, city experiencing, self-protection instructions and donations.

Prospect for 2011

As a saying goes, “A journey of a thousand miles begins with single step”, China Unicom is going forward along with the Company’s visions. Year 2011 is the starting year for our nation’s “Twelfth Five-Year Plan” and is a crucial year for China Unicom’s development. China Unicom will completely carry out social responsibilities as always, continuously reinforce the capability for sustainable development and promote leap-forward development of the Company as well as harmonious development of the whole society.

Information and communications industry plays an important driving and supporting role either in transforming development mode, adjusting economic structure or in expanding consumption demands and developing emerging sectors. Based on the requirements of “running with new breakthroughs, service entering into a new stage, managing at a new level and team filled with more energy”, China Unicom shall accelerate the scale-based development, change development mode, reform and innovate bravely to completely reinforce the comprehensive strength for sustainable development.

Information and communications industry is penetrating every corner of people’s life and all fields of the economy and society. China Unicom shall adhere to creating a high-quality network and pay equal

attention to scale and quality, development and maintenance, competition and cooperation. China Unicom shall facilitate fast and harmonious development among different services, continuously make service innovations, steadily promote customer perception and work together with more and more application providers, equipment manufacturers, terminal manufacturers and social channels that are full of innovative minds to create a win-win industrial chain. China Unicom shall further expand the market and pioneer a broader space for the information and communications industry to create a better life for people.

As a key supporting power for national innovative strategy, the information and communications industry has been endowed with increasingly significant responsibilities. China Unicom shall further improve the mechanism of social responsibility, invest more in science and technology and enhance the communication and exchange with all social sectors to boost social harmony.

Social Appraises

- ✧ China Unicom Yushu branch of Qinghai was titled “national heroic collective for earthquake fighting and disaster relief” by the Central Committee of CPC, the State Council and the Central Military Commission of the CPC.
- ✧ China Unicom was awarded “‘outstanding contributions’ and ‘excellent organization’ in 2010 employee’s skill competition among central enterprises” by the State-owned Assets Supervision and Administration Commission of the State Council (SASAC).
- ✧ China Unicom’s website ranked the second in the performance assessment among central enterprise’s websites in 2010 issued by SASAC.
- ✧ China Unicom was awarded “2010 excellent design in informatization and modern agriculture expo” by the Ministry of Agriculture.
- ✧ China Unicom was awarded “2010 winner in national emergency knowledge contest for work safety” by the State Administration of Work Safety and All-China Federation of Trade Unions.
- ✧ China Unicom was titled “2010 China excellent service provider for urban informatization” by the Asia & Pacific Internet

Association and China Computer Users Association; “2010 China excellent enterprise for urban informatization” and “3G intelligent bus application - 2010 China product innovation for urban informatization” by China Information Association; “2010 China outstanding contribution to the convergence of informatization and industrialization” and “China’s most responsible enterprise in the information industry” by China Computer Users Association.

✧ General Affairs Department of China Unicom was titled “2010 excellent collective of confidential document exchanging station”; Department of Product Innovation was awarded “meritorious collective” by National Working Team for the “Elimination of Pornography and Illegal Publications”; Labor Union of the Group was awarded “2010 excellent organizer of the national employees fitness month” and “national model family of employees” by All-China Federation of Trade Unions; Department of Network Construction was titled “national worker’s pioneer” by All-China Federation of Trade Unions.

✧ China Unicom Beijing branch was awarded “2010 excellent organizer for national fitness activities” by the General Administration of Sport; “2010 excellent enterprise for national quality management” by Chinese Association For Quality; Liaoning branch was titled “advanced unit of employee’s skill

competition among central enterprises” by SASAC, “winner of national emergency knowledge contest for safe production” by the State Administration of Work Safety and All-China Federation of Trade Unions; Jilin branch was awarded “2010 advanced unit of the national employees fitness month” by All-China Federation of Trade Unions and was titled “Jilin’s advanced collective for flood prevention and fighting and disaster relief” by Jilin provincial government; Heilongjiang branch was awarded “2010 trade self-discipline contributor in China’s Internet industry” by the Internet Society of China; Shanxi branch was titled “advanced unit in terms of work style and industry climate” by Shanxi provincial government; Shanxi and Guangdong branches were respectively titled “2010 advanced unit of national fitness” by the General Administration of Sport; Guangdong branch was awarded “excellent achievement in communications and information application” by China Institute of Communications; Shanghai branch was titled “excellent collective of Shanghai Expo” by CPC Shanghai Municipal Committee and Shanghai municipal government and was awarded “May 1st labor honor” by Shanghai Trade Union; Anhui branch was titled “national model family of employees” by All-China Federation of Trade Unions; Shandong branch was awarded the winner in national “Ankong

Cup” contest held by All-China Federation of Trade Unions; Hunan branch was titled “2010 national harmonious enterprise for labor relationship” by the tripartite labor relationship coordination committee (Ministry of Human Resources and Social Security, All-China Federation of Trade Union and China Entrepreneur Association); Shanxi branch was titled “2010 advanced unit for communications network optimization” by China Communications Standards Association; Hainan branch was titled “national customer satisfied enterprise” by China Association for Quality.

About the Report

The report is compiled in light of China Unicom's reality and with reference to G3 edition regulations constituted by Global Reporting Initiative (GRI) and the supplementary standards of communications industry report as well as "Guidelines to the State-owned Enterprises Directly under the Central Government on Fulfilling Corporate Social Responsibilities" issued by SASAC. In the principle of reality, impersonality and transparency, the report covers some key information in relation to China Unicom's implementation of economic responsibility, environmental responsibility and social responsibility. Time span of the report is from Jan1, 2010 to Dec 31, 2010. All cases and data are from China Unicom.

Thank you for your time. China Unicom looks forward to your feedback so that we can do better.

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S01	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities	●	P14-16
S02	Percentage and total number of business units analyzed for risks related to corruption	●	P14-16
S03	Percentage of employees trained in organization's anti-corruption policies and procedures	●	P14-16
S04	Actions taken in response to incidents of corruption	●	P14-16
S05	Public policy positions and participation in public policy development and lobbying	●	P14-16
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	●	P74
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	●	P5
PR4	Total number of incidents of non-compliance with	○	

No.	Contents	Whether or not it is relevant in the report	Location in the this report
	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	●	P58-62
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	○	
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	●	P76
EN2	Percentage of materials used that are recycled input materials	○	
EN3	Direct energy consumption by primary energy source	○	
EN4	Indirect energy consumption by primary source	○	
EN5	Energy saved due to conservation and efficiency improvements	●	P76-77
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	●	P72-77
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	●	P76
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	○	

No.	Contents	Whether or not it is relevant in the report	Location in the this report
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 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	○	

No.	Contents	Whether or not it is relevant in the report	Location in the this report
	organization's operations, and transporting members of the workforce		
EN30	Total environmental protection expenditures and investments by type	●	P54

Note: "●" indicates that it is relevant or sufficient in this report, "○" indicates that due to statistical and other 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	●	P31-32, P35-41, P51-52
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	●	P50-54,P61
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.	●	P23
IO4	Compliance with ICNIRP (International Commission on Non- Ionising Radiation Protection) standards on exposure to RF emissions from handsets	●	P74
IO5	Compliance with ICNIRP guidelines on exposure to RF emissions from base stations	●	P74
IO6	Policies and practices with respect to Specific Absorption Rate (SAR) of handsets.	○	
IO7	Policies and practices on the siting of masts and transmission sites including stakeholder	●	P31-32, P71-73,P77

No.	Contents	Whether or not it is relevant in the report	Location in the this report
	consultation, site sharing, and initiatives to reduce visual impacts. Describe approach to evaluate consultations and quantify where possible		
IO8	Number and percentage of stand- alone sites, shared sites, and sites on existing structures	●	P77
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.	●	P50-54
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.	●	P45,P58-61
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.	●	P31-33
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	●	P30-31
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.	●	P50-54
PA6	Programmes to provide and maintain telecommunication products and services in emergency situations and for disaster relief.	●	P34-41
PA7	Products and services related to human rights	●	P44-54,P61
PA8	Move forward open discussions and propaganda in electro-magnetic radiation, including in relevant information provided in retails locations	●	P74
PA9	Capital investment in electro-magnetic study,	●	P72-76

No.	Contents	Whether or not it is relevant in the report	Location in the this report
	please describe currently relevant on-going projects in details		
PA10	Maintain transparency in the tariffs aspect	●	P55-56
PA11	Proactively notify customers of features and performance of products, allowing customers to effectively, cheaply and ecologically use such products	●	P44-50, P57-58
Technical Applications			
TA1	Provide examples of the resource efficiency of telecommunication products and services delivered	●	P46-50,
TA2	Provide examples of telecommunication products, services and applications that have the potential to replace physical objects	●	P44-54
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	●	P46-50, P71-76
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	●	P44-47, P51,P76
TA5	Description of practices relating to intellectual property rights and open source technologies	●	P33-34

Note: "●" indicates that it is relevant or sufficient in this report. "○" indicates that due to statistical and other reasons, some data are not able to be provided for the moment.