

MESSAGE FROM CHAIRMAN

2016 is the first year of the “13th Five-Year Plan”. It is also the first year for China Unicom to comprehensively implement the Focus Strategy and innovative and cooperative development. China Unicom carefully followed five development concepts of “innovation, coordination, greenness, openness and sharing” and strives to push forward the supply-side structural reform such as “creating a 4G+ quality network, popularising all network access terminals, and innovating the Internet consumption service experience”. During the course of a new round of information supply and demand rebalancing process, China Unicom helped transform and upgrade the information consumption of billions of customers and made positive contribution in transforming the nation into a network superpower and in developing informatisation for the domestic economy and society.

Adhering to the initial aspiration and forging ahead. Being a member of the United Nations Global Compact and a state-owned enterprise under the central government, China Unicom strictly complies with the 10 principles of the Global Compact, conscientiously understands and assumes its important responsibilities, insists on incorporating social responsibilities into corporate governance, integrating social responsibilities into company strategy and implementing social responsibilities in production and operation. We carefully implement national strategic measures such as network superpower, broadband China and “Internet+” action plan, insist on “all for customers, all for front-line and all for market”, continuously improve the abilities of enterprise value creation and service support, and help achieve a harmonious development of the economy, society and environment via new information consumption services.

Improving quality based on craftsmanship. In 2016, we kept improving our network construction, and deployed 4G network upgrades in 341 cities and also achieved all fibre networks in 139 cities to enable our customers to enjoy quality network experience with “faster speed, more extensive coverage and better experience”. We intensively carried out specialised actions for the prevention of and fighting against communication information fraud, adopted multiple technical and management measures to prevent and deal with junk SMS, nuisance calls and fraudulent information, and strengthened the management of wholesale phone numbers to effectively protect the security of the information and property of our customers. By continuously enhancing our service experience, we achieved a continuous improvement of customer satisfaction and strived to offer more pleasant user experience, more relieved consumption and more dedicated services. We focused on improving our global service capability and securing a leading position in terms of the total bandwidth of the international marine and land cables in Asia Pacific. In 2016, we strengthened our interconnection with countries along the “Belt and Road Initiative”, developed new relationship with 22 operator clients and achieved full coverage of operator services in ten ASEAN countries. We have practically fulfilled the underlying mission delegated under the “Belt and Road Initiative” of China.

Insisting on transformation and upgrade driven by innovation. We strived to seek breakthrough in stretching the boundaries of the new Internet economy, seized new opportunities for integrated innovation brought by “Internet+”, provided a basket of information-based application services in fields of Internet of Things, cloud computing and big data, etc. We also focused on eight key industries such as education, transportation and logistics, and formed our own product system to create more possibilities for living smart life. We wholeheartedly and prudently promoted the reform and innovation of our mechanisms and systems, and conscientiously followed the requirements in preparation for the state-owned enterprise reform. We improved operating efficiency and activated corporate vibrancy by motivating junior staff, streamlining administration and delegating power and building a strategic talent pool. In addition, we took the lead to become the pioneer of reform by further deepening the reform through a number of measures, including setting up a market-oriented mechanism for the innovative service field and carrying out board of directors pilot programmes among subsidiaries. We actively explored opportunities in promoting mass

entrepreneurship and innovation. We rolled out the “WO Maker” programme and created an “incubation base with innovative supply, innovative gene and innovative talents”. The incubation base gathered together talents from China Unicom and incubated 35 projects in total, creating a favorable atmosphere for internal innovation and intrapreneurship within the enterprise.

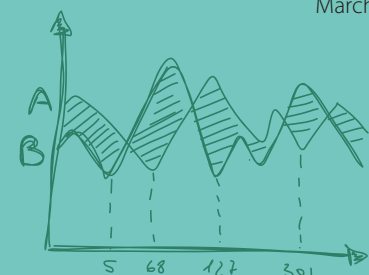
Cooperative development for mutual sharing and success. We closely cooperated with partners from the value chain to create an industry landscape of “innovation, vibrancy, joint efforts and mutual success”. We carried out an intensive cooperation with China Telecom under the theme of “co-building and co-sharing of resources, enhancing customer service quality”. Through such cooperation, we took concrete actions to push forward structural supply-side reform of the network in order to provide high-quality and highly efficient information communication service to the general consumers and enterprise customers. We commenced comprehensive cooperation with Internet companies such as DiDi, Baidu, Alibaba and Tencent, etc. in the fields of mobile Internet, artificial intelligence, big data and basic telecommunication services to let the community share the new variety of Internet development. China Unicom shares its growth with its employees by comprehensively implementing employee promotion and incentive systems. It perfected its dual-channel mechanism in relation to the promotion of talents, encouraged employees to provide suggestions for company development, helped employees enhance their own values and shared the achievements with the employees resulting from corporate development. China Unicom co-exists harmoniously with the environment. We facilitated the phase-out of old equipment and the recycling of materials, reduced network energy consumption, carried out green operation and promoted green concepts. We proactively provided assistance in developing the western part of China, participated in the universal service pilot programme and commenced targeted poverty alleviation initiatives, strengthened the network coverage and construction of service channels in remote areas with an aim to narrowing the digital divide among different regions and effectively generating more benefits to the general public.

In 2017, China Unicom will continue to make progress and accomplish our missions. We will firmly implement the Focus Strategy, uphold scale and profitable development as the principle and accelerate the pace of reform and innovation. We will also fully strengthen our development capability, cooperate with relevant parties to jointly create a new industry landscape in an open and practical manner and providing assistance in transforming China into a network superpower and constructing an information society in order to start a new chapter for achieving a healthy development and also to jointly create a new environment for smart living.

China Unicom (Hong Kong) Limited



Chairman
March 2017



ABOUT US

China Unicom (Hong Kong) Limited (“China Unicom”) is a Hong Kong-listed red-chip company of China United Network Communications Group Company Limited (“Unicom Group”). The substantial shareholders of China Unicom are China Unicom Group Corporation (BVI) Limited (“Unicom Group BVI”) and China Unicom (BVI) Limited (“Unicom BVI”), which jointly hold in aggregate 74.36% of the total issued shares of China Unicom and the remaining 25.64% shares are held by public shareholders. Unicom Group BVI is a wholly owned subsidiary of Unicom Group. Unicom Group and its subsidiary China United Network Communications Limited jointly hold 100% shares of Unicom BVI.

China Unicom provides a full range of telecommunications services, including mobile broadband (WCDMA, LTE FDD, TD-LTE), fixed-line broadband, GSM, fixed-line local access, ICT, data communications and other related value-added services. As at the end of 2016, China Unicom had 66.65 million fixed-line local access subscribers, 75.24 million fixed-line broadband subscribers and 264 million mobile billing subscribers.

DIRECTORS AND SENIOR MANAGEMENT



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Chairman and
Chief Executive Officer



LU YIMIN

Executive Director and
President



LI FUSHEN

Executive Director and
Chief Financial Officer



CESAREO ALIERTA IZUEL

Non-Executive Director



CHEUNG WING LAM LINUS

Independent
Non-Executive Director



WONG WAI MING

Independent
Non-Executive Director

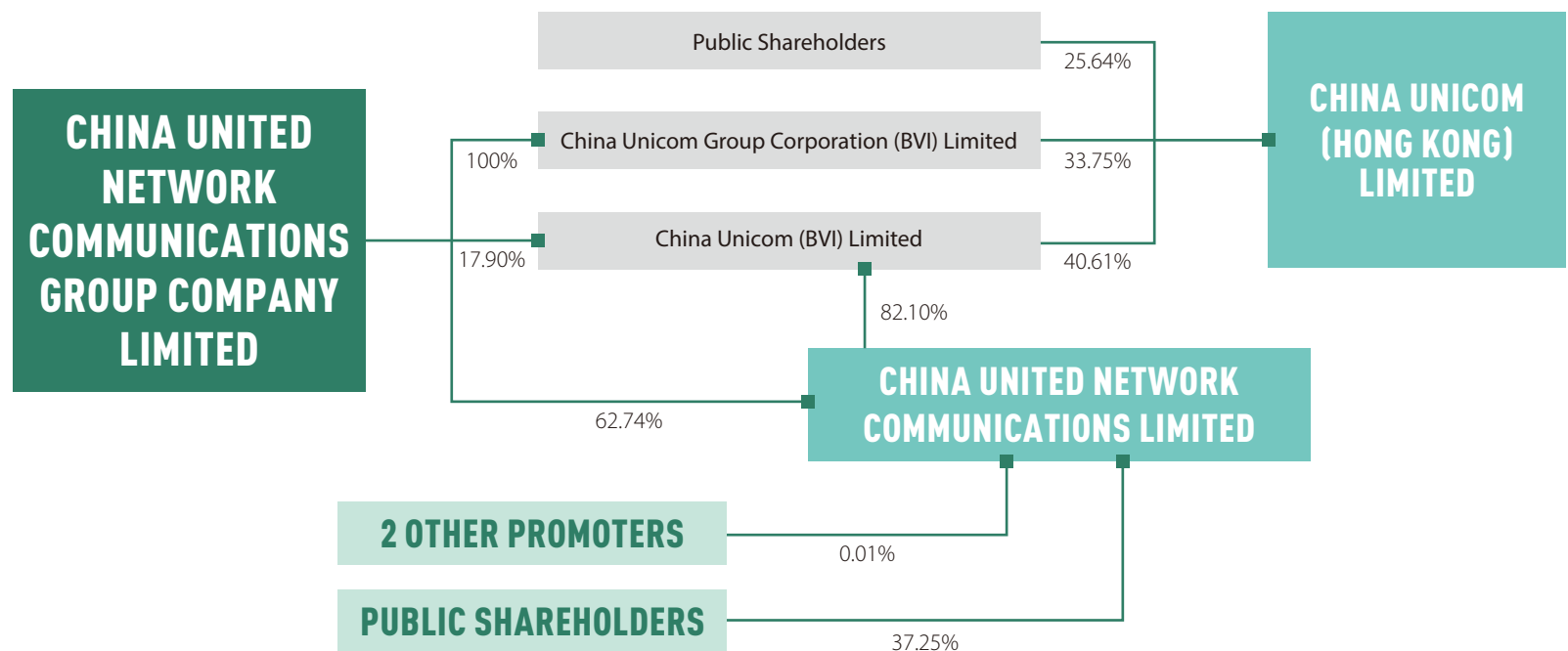
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Non-Executive Director**LAW FAN CHIU FUN FANNY**Independent
Non-Executive Director**JIANG ZHENGXIN**

Senior Vice President

**SHAO GUANGLU**

Senior Vice President

SHAREHOLDING STRUCTURE



(Updated on 31 December 2016)