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NO CEO's active

RETURN FROM A "BIG COMPANY" TO INNOVATIVE "SMALL COMPANIES" WITH
RESPONSIBILITIES ALIGNED WITH AUTHORITIES & REWARDS

HUMAN RESOURCES *Development*

China Unicom adheres to its people-oriented principle and continuously upholds mechanism innovation to pursue the harmonious development between the Company and its employees. In 2017, underpinned by its Focus Strategy and taking mixed-ownership reform as an opportunity, China Unicom's human resources practice proactively adapted to Internet-oriented transformation and pushed forward the development of market-oriented human resources system and mechanism, promoted to achieve better "salary up and down", "staff in and out", and "post up and down", with the aim to provide support and assurance for the stable development of corporate reform.

Focusing on labour efficiency enhancement to conduct in-depth reform. In 2017, China Unicom's employee productivity was RMB924,000 per staff, up by 5.8% year-on-year. Pulling back outsourcing business for internal staff handling enabled the Company to save outsourcing costs of RMB280

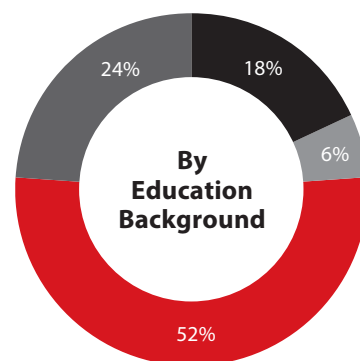
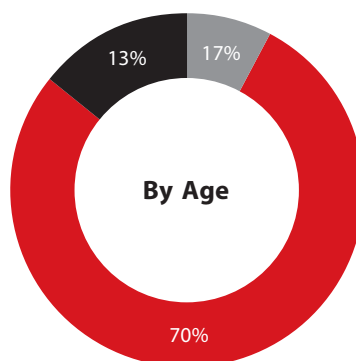
million. As a result, the overall human resources cost efficiency was further improved. The Company's staff mix was further optimised as the ratio of bachelor degree (or above) holders reached 58.3% and the proportion of dispatched worker maintained below 10%.

Optimising compensation system to spur vitality. The Company further refined its dynamic allocation principles on employee compensation by focusing on efficiency enhancement and its related effectiveness. The Company focused on segmentation management and mechanism rationalisation to establish a differentiated incentive and control scheme compatible with the management model aligning authority and responsibility. The Company further established its comprehensive incentive system with share-based compensation which drives collective sharing of upside and downside and improves staff's sense of achievement.

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Enhancing staff selection and building competent teams. Taking the pilot mixed-ownership reform as an opportunity, the Company strived to build a professional high-caliber cadre team, continued to improve cadre management system, promoted market-oriented and contract-based management, strictly complied with the staff selection and appointment standards and procedures, and strengthened leadership team quality in all levels. The Company enhanced its talent structure build-up and had selected 195 expert talents, 1,492 backbone talents, 2,758 young and competitive talents, with a total of 4,445 talents from over 10 professions including IT, network optimisation and proprietary research and development, etc. The Company established Internet-oriented talent community to enhance talent value contributions and deployment efficiency. The Company held various training sessions during the year, including 11 leadership training courses, 176 specialised skills training courses, as well as 58 high-end technical training courses, to enhance staff professional skills and corporate strategy execution.

Analysis of Staff Composition



- 30 years old or below
- 31-50 years old
- 51 years old or above

- Postgraduate or above
- Bachelor degree (including double degree)
- College
- Secondary school or below

Have a look at our outstanding employee of China Unicom, please visit our website at www.chinaunicom.com.hk/en/about/our_people.php.

For further details of Human Resources Development, please refer to the relevant sections of our detailed Corporate Social Responsibility Report 2017 to be published in June 2018. Please visit our website at www.chinaunicom.com.hk.