

CORPORATE GOVERNANCE REPORT




中國聯合網絡通信(香港)股份有限公司
China Unicom (Hong Kong) Limited

2022 年度業績發佈會
2022 Annual Results Announcement



The Board believes that a healthy corporate culture is the core of good corporate governance. China Unicom persistently enhances the development of corporate culture, and has established China Unicom system of corporate culture philosophy guided by the new strategy. China Unicom follows the vision of “Strive to build a world-class enterprise with global competitiveness”, fulfills the mission of “National team in the operation and service of digital information infrastructure, Key force in the establishment of Cyber Superpower, Digital China and Smart Society, Frontline troop in the integration and innovation of digital technologies”, and practices the core values of “Customer-oriented, Employee-friendly, Attentive to quality service, Inherently innovative, Proud of endeavours, Adhering to integrity”. It also adheres to the corporate style of “Rigorous, Pragmatic, Skillful, Meticulous, Efficient”. The management philosophy of “Create value for customers, Dually driven by market and innovation, One China Unicom with integrated capabilities and operating services” has been established. The penetration and integration of China Unicom’s corporate culture philosophy into production and operation, integrating the corporate culture into the entire process of production, operation and management, which help enhancing and improving the operational effectiveness and management efficiency while ensuring the ideal corporate culture has been reflected in the company’s strategies, business models and operating practices.



The Board is committed to high standards of corporate governance and recognises that good governance is vital for the long-term success and sustainability of the Company's business. The Board will persistently enhance the corporate governance of the Company by promoting corporate culture philosophy and core values at all levels of the Company. We hope all our executives, management and employees would implement the practice and integrate "integrity and self-discipline, uphold integrity and anti-corruption" into the ideological foundation to serve as the basic code of conduct for practitioners, while complying with laws and regulations, operates in compliance with regulations and be honest and self-disciplined. And adhering to the ethical concept and code of conduct of honesty, trustworthiness and due diligence, and strive to maximize the interests of customers, shareholders, employees and society. The scope of the relevant basic code of conduct covers matters related to legislation, regulation and ethics, including but not limited to principles of honesty and trustworthiness, conflict of interest, handling of stakeholder relations, information disclosure and confidentiality, protection of company assets, reporting and punishment. As a company incorporated in Hong Kong, the Company adopts the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the Securities and Futures Ordinance of Hong Kong and other related laws and regulations as the basic guidelines for the Company's corporate governance. As a company listed in Hong Kong, the current articles of association are in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. These rules serve as guidance for the Company to improve the foundation of its corporate governance, and the Company strives to comply with the relevant requirements of international and local corporate governance best practices. The Company has

regularly published statements relating to its risk management and internal control in accordance with relevant regulatory requirement to confirm its compliance with related risk management and corporate internal control requirements and other regulatory requirements. The Board is responsible for performing overall corporate governance duties. The Company has adopted a Corporate Governance Practice which sets out the key terms of reference of the Board on corporate governance functions, including, amongst others, developing and reviewing the Corporate Governance Policy and corporate governance practices of the Company; reviewing and monitoring the training and continuous professional development of Directors and senior management; reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements; developing, reviewing and monitoring the code of conduct and compliance manual applicable to employees and Directors; and reviewing the Company's compliance with the Corporate Governance Code and the disclosure in "Corporate Governance Report".

In 2022, the Company's continuous efforts in corporate governance gained wide recognition from the capital markets and the Company was accredited with a number of awards. The Company was voted as "Asia's Most Honored Telecom Company" for seven years in a row in "2022 All-Asia Executive Team" ranking organised by the authoritative financial magazine, Institutional Investor. Meanwhile, the Company was also honored with "Asia's Best ESG (Telecoms)" and "Asia's Best IR Team (Telecoms)". The Company was awarded "Asia's Best CSR" by Corporate Governance Asia. The Company was accredited with "Platinum Award — Excellence in Environmental, Social, and Governance" in "The Asset ESG Corporate Awards 2022".

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Part 2 of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") (the "Listing Rules") provides for code provisions (the "Code Provisions") and recommended best practices with respect to (i) corporate purpose, strategy and governance, (ii) board composition and nomination, (iii) directors' responsibilities, delegation and board proceedings, (iv) audit, internal control and risk management, (v) remuneration and (vi) shareholders engagement. Other than the disclosures made in the section headed "Board of Directors" below, the Company confirms that for the year ended 31 December 2022, it complied with all the Code Provisions.

BOARD OF DIRECTORS

To serve the best interests of the Company and its shareholders, the Board is responsible for reviewing and approving major corporate matters, including, amongst others, business strategies and budgets, major investments, capital market operations, as well as mergers and acquisitions. The Board is also responsible for monitoring risk management and internal control, reviewing environmental, social and governance strategies, reviewing and approving the announcements periodically published by the Company regarding its business results and operating activities.

In order to achieve a sustainable and balanced development, the Company views Board diversity as a key element for supporting its strategic goals and maintaining sustainable development. The Board membership maintains wide representation. Members of the Board consist of outstanding individuals from different professions. Currently, the Board comprises eight Directors, including four executive Directors and four independent non-executive Directors. Particulars of the Directors are set out on pages 32 to 43 of this annual report. The Company believes that the Board currently comprises experts from diversified professions such as telecommunications, information industry, technology, banking, finance, investment and management, and is diversified in terms of gender, age, duration of service, educational background, professional experience, etc., which contributes to the enhanced management standard and more regulated operation of corporate governance of the Company, and results in a more comprehensive and balanced Board structure and decision-making process.

The below sets out the analysis of the current composition of the Board:

DESIGNATION

4

Executive Directors

4

Independent Non-Executive Directors

AGE GROUP

3

45-54

1

55-64

4

>65

GENDER

6

male

2

female

DURATION OF SERVICE (YEARS)

4

<5

4

>10

The roles and responsibilities of the Chairman and the Chief Executive Officer of the Company were performed by the same individual for the year ended 31 December 2022. The Company considers that, as all major decisions are made by the Board and relevant Board Committees after discussion, through supervision by the Board and the independent non-executive Directors together with effective internal control mechanism, the Company has achieved a balance of power and authority. In addition, the same individual performing the roles of the Chairman and the Chief Executive Officer can enhance the Company's efficiency in decision-making and execution, effectively capturing business opportunities.

All independent non-executive Directors of the Company possess good knowledge and experience in different areas. The Company has established various channels for independent non-executive Directors to express their views in an open and honest manner and, if necessary, in a confidential manner. The independent non-executive Directors have been making positive contributions to the development of the Company's strategies and policies through independent, constructive and informed advice. Apart from the regular Board meeting, the Chairman meets annually with independent non-executive Directors, without the presence of other Directors, which further promotes the exchange of diversified views and opinions. Non-executive Directors have maintained close contact with the management and actively express constructive opinions on matters relating to corporate governance, operation management, risk prevention and the capital market at board meetings. These views and opinions facilitate the Board in making their decisions in the shareholders' best interests. All independent non-executive Directors, except for their equity interests and remuneration disclosed in this annual report, do not have any business with or financial interests in the Company, its holding company or subsidiaries, and have confirmed their

independence to the Company upon appointment and annually. Such mechanisms enable independent views and inputs are available to the Board in an effective way, and the Board will review the implementation and effectiveness of such mechanisms on an annual basis. The functions of non-executive Directors include, amongst other things, attending board meetings, exercising independent judgements at meetings, playing a leading role in resolving any potential conflicts of interest, serving on committees by invitation and carefully examining whether the performance of the Company has reached the planned corporate targets and objectives, and monitoring and reporting on matters relating to the performance of the Company. With respect to the nomination and appointment of new directors and senior management members and the succession planning for Directors, the Nomination Committee would, after considering the Company's need for new directors and/or senior management members, identify a wide range of candidates from within the Company and the human resources market and make recommendations to the Board. The Nomination Committee will consider candidates on merit against objective criteria and with due regard to the benefits of diversity on the Board, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and duration of service. After having obtained the consent from candidates in relation to the relevant nomination and based on the Company's actual needs, the Board would convene a meeting, attendees of which include non-executive Directors, to consider the qualifications of the candidates. The Directors of the Company (including non-executive Directors) are not appointed for a specific term. However, pursuant to the Company's articles of association, one-third of the directors shall retire from office by rotation and shall be eligible for re-election at each annual general meeting.

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Every newly appointed Director is provided with a comprehensive, formal and tailored induction on appointment, including but not limited to the “Guidelines on Directors’ Duties” published by the Hong Kong Companies Registry and the “Guidelines for Directors” published by the Hong Kong Institute of Directors. Directors have fiduciary responsibilities to the Company. They must not exercise their powers for improper purposes. They must not use the Company’s opportunities to serve their own interests. Their personal interests are not allowed to conflict with the Company’s interests, and they must not abuse the Company’s assets. The Director would subsequently receive all briefing and professional development necessary to ensure that he/she has proper understanding of the Company’s operations and businesses, full understanding of his/her responsibilities under the statutes, the common law, the Listing Rules, applicable legal and regulatory requirements, and the Company’s business and corporate governance policies. Furthermore, formal letters of appointment setting out the key terms and conditions of the Directors’ appointment will be duly prepared.

Directors’ training is an ongoing process. The Company regularly invites various professionals to provide trainings on the latest changes and development of the legal and regulatory requirements as well as the market and/or industrial environment to Directors. In 2022, the Directors as at 31 December 2022 have participated in various training and continuous professional development activities and the summary of which is as follows:

Types of training

Executive Director

Liu Liehong (<i>Chairman</i>)	A, B
Chen Zhongyue	A, B
Wang Junzhi	A, B
Li Yuzhuo	A, B

Independent Non-Executive Director

Cheung Wing Lam Linus	A, B
Wong Wai Ming	A, B
Chung Shui Ming Timpson	A, B
Law Fan Chiu Fun Fanny	A, B

A: attending relevant seminars and/or conferences and/or forums; delivering speeches at relevant seminars and/or conferences and/or forums

B: reading or writing relevant newspapers, journals and articles relating to general economy, general business, telecommunications, corporate governance, business ethics or directors’ duties

The Company has determined remuneration policy. The proposed remuneration package of Directors of the Company will be determined by the Remuneration Committee, subject to approval by the Board and in compliance with applicable laws, regulations and policies, and taking into account the responsibilities of such person in the Company, his experience and performance as well as the prevailing market conditions. The remuneration package for executive Directors includes salary and performance-linked annual bonuses. The remuneration of executive Directors is determined by reference to their respective duties and responsibilities in the Company, their respective experience, prevailing market conditions and applicable regulatory requirements while the award of the performance-linked annual bonuses is tied to the attainment of key performance indicators or targets set by the Company. The remuneration of non-executive Directors is determined by reference to prevailing market conditions and their respective responsibilities and workload from serving as non-executive Directors and members of the board committees of the Company. The Company also adopted share option scheme for the purpose of providing long term incentives to eligible participants, including Directors (details of such share option scheme are set out in the paragraph headed "Share Option Scheme of the Company" on pages 72 to 73 of this annual report). The remuneration for each Director and the remuneration of senior management by band are disclosed on pages 147 to 149 of this annual report. In addition to the remuneration, the Company has arranged appropriate insurance coverage in respect of legal action against the Directors.

The Board has provided clear guidelines for delegation of powers and responsibilities to management. However, certain important matters must be decided only by the Board, including, but not limited to, long-term objectives and strategies, annual budget, initial announcements on quarterly,

interim and final results, dividends, major investments, equity-related capital market operations, mergers and acquisitions, major connected transactions and annual internal control evaluation. The arrangements on delegation of powers and responsibilities to management are reviewed by the Board periodically to ensure that they remain appropriate to the needs of the Company.

The Board convenes meetings regularly and all Directors have adequate opportunity to be present at the meetings and to include matters for discussion in the meeting agenda. Notices of regular board meetings are delivered to the Directors at least 14 days in advance of the meetings. The Company delivers, on a best endeavor basis, all documents for regular board meetings to the Directors for review at least one week prior to the meetings (and ensures that all documents are delivered to the Directors no less than three days prior to the regular meetings as required by the Code Provisions).

The Company Secretary, being an employee of the Company, has day-to-day knowledge of the Company's affairs and reports to the Chairman of the Board. The Company Secretary keeps close contact with all Directors and ensures that the operation of the Board and all board committees is in compliance with the procedures as set forth in the Company's articles of association and the charters of the board committees. Additionally, the Company Secretary is responsible for compiling and regularly submitting draft minutes of board meetings and committee meetings to the Directors and committee members for their review and comments, and final versions of minutes for their records, within a reasonable time after the relevant meetings. Each Director may obtain advice from and the services of the Company Secretary to ensure that board procedures, and all applicable rules and regulations, are followed. Physical board meetings will be held for the selection, appointment or

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dismissal of the Company Secretary. To ensure the possession of up-to-date knowledge and market information to perform her duties, the Company Secretary attended over 15 hours of professional training in 2022.

The Directors may, upon request, obtain independent professional advice at the expense of the Company. In addition, if any substantial shareholder of the Company or any Directors has significant conflicts of interest in a matter to be resolved, the Board will convene a board meeting in respect of such matter and those Directors who have conflicts of interest must abstain from voting and will not be counted in the quorum of the meeting.

All Directors are required to devote sufficient time and attention to the affairs of the Company. A culture of openness and debate are promoted in the Board and the Directors are encouraged to express their views and concerns. The Company provides monthly operating update to the Directors, so as to ensure the Directors are familiar with the Company's latest operations. In addition, through regular board meetings and reports from management, the Directors are able to clearly understand the operations, business

strategy and latest development of the Company and the industry. Besides formal board meetings, the Chairman also meets annually with independent non-executive Directors, without the presence of other Directors, which further promotes the exchange of diversified views and opinions. In order to ensure that all Directors have appropriate knowledge of the matters discussed at the meetings, adequate, accurate, clear, complete and reliable information regarding those matters is provided in advance and in a timely manner, and all Directors have the right to inspect documents and information in relation to matters to be decided by the Board. The Directors have frequently visited various branches in Mainland China to gain better understanding of the Company's daily operations. In addition, the Company has arranged relevant trainings for the Directors (which include training sessions conducted by professional advisers, such as lawyers and accountants, from time to time) in order to broaden their knowledge in the relevant areas and to improve their understanding of the Company's business, legal and regulatory requirements and the latest operational technologies. The Board also conducts annual evaluation of its performance. Such efforts have improved the corporate governance of the Company.

In 2022, the Board held five board meetings and passed two written resolutions for, amongst other things, discussion and approval of important matters such as the 2021 annual results, the 2022 annual budget, the 2022 interim results, the first and the first three quarters results for 2022, sustainability report, reports on risk management and internal control, approval to sign commercial pricing agreement and service agreement with China Tower Corporation Limited, renewal of continuing connected transactions, the appointment of executive Directors, the appointment of Company Secretary and the amendment of the audit committee charter.

Set forth below is an overview of the attendance during the year of 2022 by the Board members at various meetings:

	Meetings Attended/Held During Each Director's Tenure				
	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	Shareholders Meeting
Executive Directors					
Liu Liehong (<i>Chairman</i>)	4/5	N/A	N/A	0/1	1/1
Chen Zhongyue	5/5	N/A	N/A	N/A	0/1
Wang Junzhi	5/5	N/A	N/A	N/A	1/1
Li Yuzhuo ¹	5/5	N/A	N/A	N/A	0/1
Mai Yanzhou ²	2/2	N/A	N/A	N/A	1/1
Independent Non-Executive Directors					
Cheung Wing Lam Linus	5/5	4/4	1/1	N/A	1/1
Wong Wai Ming	5/5	4/4	1/1	N/A	1/1
Chung Shui Ming Timpson	4/5	3/4	1/1	1/1	1/1
Law Fan Chiu Fun Fanny	4/5	3/4	N/A	1/1	1/1

Note 1: On 28 February 2022, Ms. Li Yuzhuo was appointed as executive Director of the Company.

Note 2: On 28 February 2022, Mr. Mai Yanzhou was appointed as executive Director of the Company. On 30 May 2022, Mr. Mai Yanzhou has resigned as executive Director of the Company.

Note 3: Certain Directors (including non-executive Director) did not attend the shareholders meeting and meetings of the Board and Committees due to other business commitments or being overseas.

In 2022, the Board performed their fiduciary duties and devoted sufficient time and attention to the affairs of the Company. The Board works effectively and performs its responsibilities efficiently with all key and appropriate issues being discussed and approved in a timely manner.

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The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” as set out in Appendix 10 to the Listing Rules (the “Model Code”) to govern securities transactions by directors. Further to the specific enquiries made by the Company to the Directors, all Directors have confirmed their compliance with the Model Code for the year ended 31 December 2022.

The Directors acknowledge their responsibilities for preparing the financial statements for the year ended 31 December 2022, which give a true and fair view of the financial position of the Company as at the statement of financial position date and financial performance and cash flows of the Company for the year ended the statement of financial position date, are properly prepared on the going concern basis in accordance with relevant statutory requirements and applicable financial reporting standards. A statement of the independent auditors about their reporting responsibilities related to the financial statements is set out in the independent auditor’s report on pages 92 to 96 of this annual report.

COMMITTEES UNDER THE BOARD

The Company has established three committees of the Board under the Board, the Audit Committee, the Remuneration Committee and the Nomination Committee. Each committee has a written charter, which is available on the websites of the Company and The Stock Exchange of Hong Kong Limited. From time to time as required by the Listing Rules, the Board also establishes independent board committee for the purpose of advising and providing voting recommendations to independent shareholders on connected transactions and transactions subject to independent shareholders’ approval entered into by the Company and/or its subsidiaries. The committees are provided with sufficient resources, including, amongst others, obtaining independent professional advice at the expense of

the Company, to perform their duties. The committees report their decisions or recommendations to the Board after meetings.

Audit Committee Composition

Currently the Audit Committee comprised Mr. Wong Wai Ming, Mr. Cheung Wing Lam Linus, Mr. Chung Shui Ming Timpson and Mrs. Law Fan Chiu Fun Fanny, all being independent non-executive Directors of the Company. The Chairman of the Audit Committee is Mr. Wong Wai Ming. All members of the Audit Committee have satisfied the “independence” requirements in relation to an Audit Committee member under applicable laws, regulations and rules. The Chairman of the Audit Committee is an accountant with expertise and experience in accounting and financial management. Another member of the Audit Committee is also an accountant with extensive accounting professional experience.

Major Responsibilities

The primary responsibilities of the Audit Committee include: as the key representative body, overseeing the Company’s relationship with the independent auditor, considering and approving the appointment, resignation and removal of the independent auditor; pre-approval of services and fees to be provided by the independent auditor based on the established pre-approval framework; supervising the independent auditor and determining the potential impact of non-audit services on such auditor’s independence; reviewing quarterly and interim financial information as well as annual financial statements; coordinating and discussing with the independent auditor with respect to any issues identified and recommendations made during the audits; reviewing correspondences from the independent auditor to the management and responses of the management; discussing the risk management and internal control system with the management as well as reviewing the reports on

the risk management and internal control procedures of the Company. The Audit Committee set up a whistle-blowing system to receive and handle cases of complaints regarding the Company's financial reporting, internal control or other matters. The whistle-blowers can use, in confidence and anonymity, to raise concerns about possible improprieties in any matter related to the Company through whistle-blowing channels. Any complaints on the aforementioned subject matters can be submitted by post (No. 21 Financial Street, Xicheng District, Beijing, 100033, China) or by phone (86-(010) 88091674). The Audit Committee is responsible to and regularly reports its work to the Board.

Work Completed in 2022

The Audit Committee meets the Board and management as well as independent auditor at least four times each year, and assists the Board in its review of the financial statements to ensure effective risk management and internal control as well as efficient audit. Besides, the Audit Committee meets the independent auditor at least two times each year, without the presence of other Directors and management.

The Audit Committee held four meetings in 2022 for, amongst other things, discussion and approval of the 2021 annual results, the 2022 interim results, and the first and the first three quarters results for 2022. In addition, the Audit Committee approved in the meetings the sustainability report, the report of the work of sustainability, the report on risk management, the report on internal audit and internal control, the report on continuing connected transaction, the amendment of audit committee charter, the appointment, the audit fees and the audit plans of the independent auditor as well as the non-audit services provided by the independent auditor in 2022.

The Audit Committee has performed its duties effectively, and enabled the Board to better monitor the financial condition of the Company, supervise the risk management and internal control (included but not limited to operational, financial, compliance, environmental, social and governance) of the Company, ensure the integrity and reliability of the financial statements of the Company, prevent significant errors in the financial statements and ensure the Company's compliance with the relevant requirements of the Listing Rules with respect to audit committee.

Remuneration Committee Composition

Currently the Remuneration Committee comprised Mr. Cheung Wing Lam Linus, Mr. Wong Wai Ming and Mr. Chung Shui Ming Timpson, all being independent non-executive Directors of the Company. The Chairman of the Remuneration Committee is Mr. Cheung Wing Lam Linus.

Major Responsibilities

The primary responsibilities of the Remuneration Committee include: making recommendations to the Board on the policies and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; reviewing and approving the management's remuneration proposals with reference to the corporate goals and objectives set by the Board; making recommendations to the Board on the remuneration packages of individual executive Directors and senior management (including benefits in kind, pension right and compensation payments, including any compensation payable for loss or termination of their office or appointment); making recommendations to the Board on the remuneration of non-executive Directors; consulting the Chairman about the remuneration proposals for other executive Directors;

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considering salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group; considering any concrete plan proposed by the management of the Company for the grant of share which has not been granted, and any plan to amend any existing share scheme of the Company; reviewing and approving compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms; reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms; and ensuring that no Director or any of his/her associates is involved in deciding his/her own remuneration.

Work Completed in 2022

The Remuneration Committee meets at least once a year. The Remuneration Committee held one meeting in 2022 for, amongst other things, discussion and approval of proposal for appraisal and remuneration of senior management.

The Remuneration Committee has performed its duties effectively on reviewing and approving the proposal of appraisal of senior management, as well as making recommendations to the Board with regards to the remuneration packages for senior management.

Nomination Committee Composition

Currently the Nomination Committee comprised Mr. Chung Shui Ming Timpson, Mr. Liu Liehong and Mrs. Law Fan Chiu Fun Fanny. Except for Mr. Liu Liehong, who is the Chairman and CEO of the Company, Mr. Chung Shui Ming Timpson and Mrs. Law Fan Chiu Fun Fanny are independent non-executive Directors of the Company. The Chairman of the Nomination Committee is Mr. Chung Shui Ming Timpson.

Major Responsibilities

The primary responsibilities of the Nomination Committee include: reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the corporate strategy of the Company; identifying individuals suitably qualified to become Board members and making recommendations to the Board; formulating, reviewing and implementing the board diversity policy; assessing the independence of independent non-executive Directors; making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors; providing advice to the Board on candidates of the senior management nominated by the CEO and on changes to the senior management of the Company.

Work Completed in 2022

The Nomination Committee meets at least once a year. The Nomination Committee held one meeting and passed one written resolutions in 2022 for, amongst other things, reviewing the structure, size and composition of the Board, reviewing the board diversity policy and its implementation, assessment of the independence of independent non-executive Directors, making recommendations to the Board on the proposed re-election of Directors and the appointment of executive Directors.

The Company has determined nomination policy. With respect to the nomination and appointment of new directors and senior management members and the succession planning for directors, the Nomination Committee would, after considering the Company's need for new directors and/or senior management members, identify a wide range of candidates from within the Company and the human resources market

and make recommendations to the Board. The Nomination Committee will consider candidates on merit against objective criteria and with due regard to the benefits of diversity on the Board, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and duration of service. After having obtained the consent from candidates in relation to the relevant nomination and based on the Company's actual needs, the Board would convene a meeting, attendees of which include non-executive Directors, to consider the qualifications of the candidates. Pursuant to the Company's articles of association, one-third of the Directors shall retire from office by rotation and be eligible for re-election at each annual general meeting.

The Company has also determined a policy concerning diversity of board members. The Company recognises and embraces the benefits of having a diverse Board, and notes increasing diversity at Board level as an essential element in maintaining a competitive advantage. All Board appointments are made on merit on a selective basis, in the context of the skills and experience the Board as a whole requires to be effective. In reviewing Board composition, the Nomination

Committee will consider their professional knowledge, skills, experience and the balance of diversity of perspectives which are appropriate to the Company's business model and specific needs. In identifying suitable candidates for appointment to the Board, the Nomination Committee will give due regard to the benefits of diversity on the Board and base on a range of diversity perspectives including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and duration of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Board and the Nomination Committee review the board diversity policy as well as its implementation and effectiveness every year to ensure that the board diversity policy continues to serve its purpose. Currently the Board comprises eight members, amongst which two members, accounting for 25% of the whole Board, are female directors. The Board considers that gender diversity is achieved in respect of the Board, and targets to maintain at least the current level of female representation. In addition, the gender proportion (Male/Female) of all employees of the Company is 1.63:1. The female representation in senior management has continuously increased, from 11.9% in 2019 to 12.8% in 2022. The Company targets to maintain at least the current level of female representation in the workforce (including senior management). The Company has formulated the "Human Resources Risk Prevention and Control Manual", adopted strict inspection and control procedures in recruitment and promotion and strictly prohibited any discrimination against employees in terms of age and gender. The Company also ensures that the recruitment and selection practices at all levels are appropriately structured so that a diverse range of candidates are considered. The Company cares about female employees. It protected the rights and interests of female employees and provided targeted and considerate services to them, to retain the female talents.



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In addition, pursuant to the Company's articles of association, shareholder may propose other person for election as a director at general meeting. The proposal will be considered and approved in the general meeting. With regard to the procedure for shareholder to propose a person for election as a director, please visit the Company's website at https://www.chinaunicom.com.hk/en/esg/cg_report.php.

INDEPENDENT AUDITOR

Deloitte Touche Tohmatsu is the independent auditor of the Company. Apart from audit services, it also provides other assurance and non-audit services. The audit committees supervised the independent auditor and determined the potential impact of non-audit services on such auditor's independence, and pre-approved the services and fees to be provided by the independent auditor based on the established pre-approval framework. The remuneration paid/payable to the independent auditor for provision of services in 2022 is as follows:

Items	Note	2022 (in RMB thousands)
Audit and other assurance services	(i)	47,775
Non-audit services	(ii)	3,611

Notes:

- (i) Audit and other assurance services in 2022 mainly included the provision of audit service for the Company's consolidated financial statements, and statutory audit services for the financial statements of its subsidiaries, as well as the provision of other assurance services.
- (ii) Non-audit services included other services that can be reasonably provided by the independent auditor. In 2022, the provisions of non-audit services mainly included tax compliance services and other advisory services.

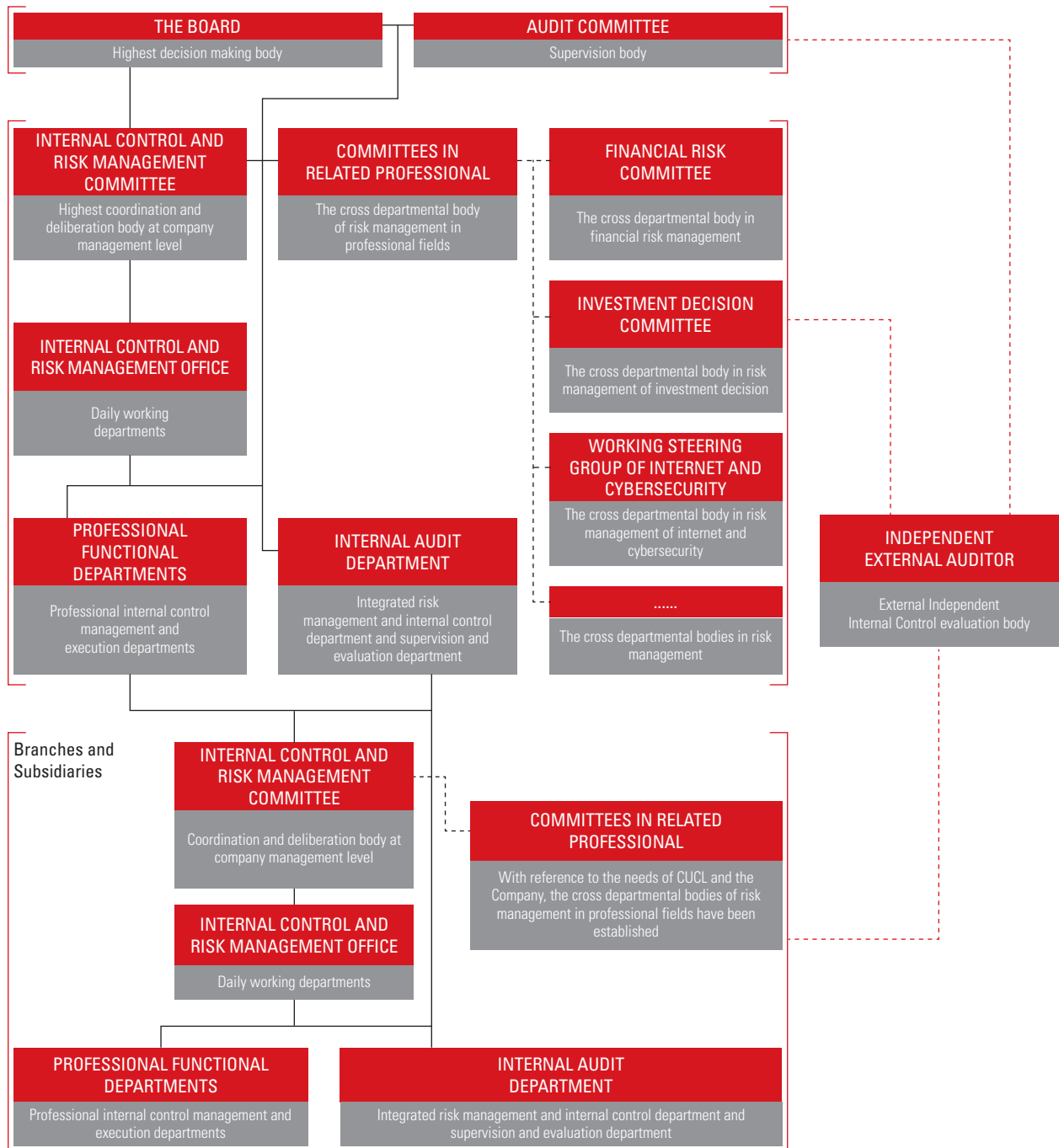
RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems (included but not limited to operational, financial, compliance, environmental, social and governance), promotes the sustainable and healthy development of the Company, and enhances the Company's operation management level and risk prevention ability. The Board should oversee management in the design, implementation and monitoring of the risk management and internal control systems, and management should provide a confirmation to the Board on the effectiveness of these systems. The Board acknowledges that it is its responsibility for the risk management and internal control systems and reviewing their effectiveness.

Risk management and internal control systems have been designed to monitor and facilitate the accomplishment of the Company's business objectives, safeguard the Company's assets against loss and misappropriation, ensure maintenance of proper accounting records for the provision of reliable financial information, ensure the Company's compliance with applicable laws, rules and regulations. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Organisation systems

The Company set up a group-wide risk management and internal control systems consisting of the Board, the Internal Control and Risk Management Committee, the Integrated Management Department and each relevant professional functional departments.



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The Company has an internal audit department with 640 staff members, with officers stationed at various provincial branches. The internal audit department reports directly to the Audit Committee at least twice annually and is independent of the Company's daily operation and accounting functions. The internal audit department responsible for overall risk evaluation, special risk evaluation and internal control self-testing etc. It has also formulated targeted risk prevention and control measures, conducted risk follow-up inspections and has enhanced the risk awareness of the employees, all of which have played an active role in the Company's effective support and safeguard of its operation management and business development. Furthermore, with an emphasis on the effectiveness of internal control with respect to the efficiency of operations, accuracy of financial information, and compliance with rules and regulations, the internal audit department conducts, amongst others, internal control assessment and internal audit on economic accountability. In addition, the internal audit department also contributes to strengthening the operation and management, improving internal control systems, mitigating operational risks and increasing the economic efficiency of the Company.

Using the risk evaluation as fundamental with the adoption of Internal Control Integrated Framework issued by the Committee of Sponsoring Organisations of the Treadway Commission (the "COSO"), the Company established and improved internal control systems based on the following five fundamental components:

1. Control Environment: Establishes the control environment which fulfill COSO requirements to provide the appropriate operating environment for the effective implementation of internal control
2. Risk Evaluation: Establishes the Policy on Risk Evaluation Management and evaluation mechanism, evaluates the risks to the achievement of its objectives across the Company and identifies to the new risk due to the changes
3. Control Activities: Deploys appropriate policies and control procedures over the Company's business activities, identifies key control procedures and policies of significant control activities through evaluation
4. Information and Communication: Identifies relevant information and communication methods, establishes information and communication mechanisms to aggregate and delivers relevant information
5. Monitoring Activities: Establishes the internal control monitoring mechanism, implements the monitoring procedures and adopted the before, during and extensive monitoring principles, and carries on the proper monitoring to the internal control



Risk evaluation and management

The Company has established and gradually improved its comprehensive closed-loop risk management system for the purpose of “integrating management of day-to-day general risks and spontaneous critical risks”, achieved the closed-loop management by risk evaluation, early warning and follow-up inspections to ensure the effectiveness of operation management. The Company evaluated the adequacy and appropriateness on risk and control measures according to the new business model, management requirement, change of system, adjustment of duties and findings from internal and external inspections.

2022 Risk evaluation result

The followings were the major significant risks which the Company encountered and its countermeasures in 2022:

Cybersecurity risk

With the rapid development of digital economy and communication technology, Internet has entered thousands of households and integrated into thousands of industries which has a profound effect on the aspects of economy, society and living. The Company places great importance in cybersecurity. In strict accordance with the requirements of national laws and regulations, the Company has unswervingly practiced the overall national security concept, continued to build a strong network, and established a joint prevention and control technology system for cybersecurity, so as to strengthen active security protection and ensure the safe operation of communication networks.

Customer information protection risk

China has successively launched the Data Security Law and the Personal Information Protection Law, indicating the extensive attention of the country and the society on the security of customer information held by telecom operators. The Company attaches great importance to the protection of customer information. In strict accordance with the requirements of national laws and regulations, the Company has continuously improved the data security and personal information protection system, ensured the safe and stable operation of the system, strengthened the protection of customer information, so as to prevent and crack down on telecom and network fraud crimes. The Company is committed to protecting the legitimate rights and property safety of the people, and has built a line of defense to protect customer information security.

Business transformation and development risk

With the increasing new demand for digital, network-based and intelligent development and upgrading of the telecommunications industry, the research and development (R&D) of innovative products will become a long-term challenge for sustainable development. The Company attaches great importance to the R&D of innovative products and the reserve of innovative talents, continues to strengthen innovation-driven development, recruits more scientific and technological innovation personnel and R&D personnel, demonstrating its great efforts to build the core competitiveness and sustainable development capabilities for future business.

CORPORATE GOVERNANCE REPORT

The scope of the 2022 overall risk evaluation covered the whole Group, which included headquarter, 31 provincial companies and its cities-level branch offices and subsidiaries. Through both the quantitative and qualitative analysis, the Company fully considered the changes in operating environment, business and policies, identified the potential risk to the Company's operation, and planned for the risk according to the quantitative result. After reporting to each professional departments and the management, the significant risks and the risk level of the year were finally determined. The annual risk management instructions from the management were implemented according to the Policy on Risk Management and the Company's risk management requirement. This included the formulation of relevant risk management strategies, solution and corresponding departments carried out interim follow-up inspection works. The negative impacts arising from the risks and risk events were controlled as planned and were within an acceptable range. There were no significant control failings or weaknesses that have been identified during the year.

Monitoring and Optimisation

To ensure the effectiveness of risk management and internal control designs, the Company carried out risk evaluation timely and compared the risk points, formulated or enhanced corresponding internal control measures according to the change in business and management. At the same time, the internal control manual will be updated timely through the assessment and review on applications on internal control workflow modification submitted by professional departments, risk evaluation reports and exceptional issues from internal control assessment etc., so as to provide the effective support for the development of the sustainable

growth of the Company. Internal Control and Risk Management Office conducted inspections on effectiveness on risk management and internal control implementation in regular or irregular time interval, improved and enhanced risk management and internal control designs continuously. Our Internal Audit Department has continued to organise our branches and subsidiaries to conduct annual internal control self-assessment based on the actual conditions of each unit and improve the quality of such self-assessment tasks, so as to gradually develop a quantitative internal assessment regime governed by uniform standards. Through the effective rectification of issues identified during the audit, assessment of the internal control system and its implementation, improvements made to the system and process optimisation, a long-term mechanism for closed-loop management in internal control has been put in place. According to the internal control self-assessment reports from the branches and subsidiaries, self-assessment reports from each professional department, current year exceptional issues in internal control discovered during internal audit and the Company annual risk management report, the Group's Internal Control and Risk Management Office at its headquarter formed the Company's internal control self-assessment report, which acted as supporting document for the management to issue a statement of the effectiveness of internal control. Based on different disclosure requirements on Company's internal control assessment report from different listing regulatory body, the Company prepared internal control assessment report respectively.

As a telecommunications operator, the Company is subject to the regulations, e.g., relevant provisions in the Cybersecurity Law of the People's Republic of China, Data Security Law of the People's Republic of China and Personal Information Protection Law of the People's Republic of China, designed to protect critical information infrastructure. Personal privacy, information security, and data protection are increasingly significant issues in China and other jurisdictions in which the Company operate. For example, Cybersecurity Law of the People's Republic of China which sets forth the general framework regulating network products, equipment and services, as well as the operation and maintenance of information networks, the protection of personal data, and the supervision and administration of cybersecurity in China. Identification Methods for Illegal Collection and Use of Personal Information by Apps published in 2019, stipulating standards for determining illegal acts of collecting and using personal information through mobile applications. Information Security Technology — Personal Information Security Specification published in 2020 replaced the old version published in 2017. The Cyber Security Review Measures published in 2020 require that the procurement of network products and services that affect or may affect national security should be subject to a network security review. The Data Security Law of the People's Republic of China and Personal Information Protection Law of the People's Republic of China published in 2021 further regulate data and personal information processing activities, and protect the legitimate rights and interests of individuals and organisations from being infringed. The Company also devotes significant resources to network security, data security and other security measures to protect its systems and data and in response to the evolving cybersecurity laws and regulations. The Company also employs risk management and internal control systems. including, among other things, (i) continuously strengthening data security capabilities, such as

improving data encryption, protection of critical information infrastructure and security of supply chain of the information technology products and services; (ii) establishing data protection compliance policies and guidelines, including training on crisis management and compliance of cybersecurity laws and regulations; (iii) self-examining potential risks and weakness of data system and updating private policy; (iv) enhancing the real-time monitoring and alarm reporting system and implementing an emergency action plan to allow the Company to act responsively and minimise losses in the event of an emergency; and (v) continuously improving compliance efforts through enhanced sharing of relevant knowledge internally and externally. The Company is required to perform a security assessment when transferring personal information and important data overseas if such personal information and important data are collected and generated from the operation in China.

Annual review

The Board oversees the Company's risk management and internal control systems on an ongoing basis and the Board conducted an annual review of the risk management and internal control systems of the Company and its subsidiaries for the financial year ended 31 December 2022, which covered all material controls including financial, operational and compliance controls. After receiving the reports from the Internal Audit Department, as well as the confirmation from the management to the Board on the effectiveness of these systems, the Board is of the view that the Company's risk management and internal control systems is effective and adequate. The review also ensure the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit, financial reporting function, as well as those relating to the Company's ESG performance and reporting.

CORPORATE GOVERNANCE REPORT



Information Disclosure Controls and Procedural Standards

In order to further enhance the Company's system of information disclosure, and to ensure the truthfulness, accuracy, completeness and timeliness of its public disclosures (including inside information), the Company has adopted and implemented the Information Disclosure Control Policy. In an effort to standardise the principles for information disclosures, the Company established the Information Disclosure Review Committee under the management and formulated the procedures in connection with the compilation and reporting of the Company's financial and operational statistics and other information, as well as the procedures in connection with the preparation and review of the periodic reports. Moreover, the Company established detailed implementation rules with respect to the contents and requirements of financial data verification, in particular, the upward undertakings by the individual responsible officers at the major departments.

Policy and Work of Anti-corruption

China Unicom always adheres to integrity management and compliance while further implementing the three-year action plan for state-

owned enterprise reform. China Unicom adopts systematic thinking and strives to synergistically integrate the three-year action plan for state-owned enterprise reform and the innovation and reform tasks determined by "1+9+3" strategic plan, aiming to promote high-quality corporate development. In 2022, China Unicom carried forward the spirit of integrity and honesty, unswervingly pushes forward the anti-corruption campaign.

China Unicom continuously improves the anti-corruption system. In 2022, the Company further improved the system and revised the relevant system and measures based on the actual situation. Focusing on strengthening top-level supervision, practising integrity construction and strengthening external risk control, the Company formulated a number of policies and measures, such as the "Work Measures of China Unicom to Strengthen the Supervision of "Top Leaders" and Leading Team", the "Work Plan for China Unicom to Strengthen the Construction of Integrity Culture", the "Interim Provisions of China Unicom on Discipline Inspection and Supervision Suggestions" and the "Notice on the Correct Application of China Unicom's Measures for the Administration of Blacklist of Suppliers (Revised)".

China Unicom continuously enriches anti-corruption measures in many ways, including promoting risk classification, organising 48 secondary units to systematically identify integrity risk points, thoroughly investigating the causes from all aspects, and formulating targeted prevention and control and rectification measures. The completion rate of major investigation and rectification measures for integrity risk prevention and control reached 99.18%. The Company deepened anti-corruption education, and carried out 5 large-scale anti-corruption warning education programs throughout the system, covering more than 1,256,000 person-time. The Company innovated anti-corruption tools and improved supervision efficiency through informatisation.

In 2022, China Unicom's corporate integrity ecosystem continued to improve. The number of complaints and visits across the system decreased by 22.6% year-on-year in 2022, following year-on-year decreases for four consecutive years from 2018 to 2021. The strategic results of anti-corruption efforts continued to consolidate and expand, and the anti-corruption work has achieved remarkable results.

POLICY ON PAYMENT OF DIVIDEND

The objective of the dividend policy is to achieve a long-term, sustainable and steadily increasing dividend, with a view to maximising the shareholders' value. The declaration and payment of future dividends will depend upon, among other things, financial condition, business prospects, future earnings, cash flow, liquidity level and cost of capital. The Company believes such policy will provide the shareholders with a stable return in the long term along with the growth of the Company. Pursuant to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the Company's articles of association, the Company may only pay dividends out of profits available for distribution.

Taking into consideration the Company's good business development, the Board recommended the payment of a final dividend of RMB0.109 per share for the year ended 31 December 2022, together with an interim dividend of RMB0.165 per share already distributed during the year, total dividend for 2022 amounted to RMB0.274 per share. Going forward, the Company will continue to strive for enhancing its profitability and shareholders' returns.



CORPORATE GOVERNANCE REPORT

CORPORATE TRANSPARENCY AND INVESTOR RELATIONS

In addition to publishing annual reports and interim reports, the Company discloses major unaudited financial information (including revenue, operating expenses, EBITDA, net profit) and other key performance indicators on a quarterly basis and announces key operational statistics on a monthly basis in order to enhance the Company's transparency and improve investors' understanding of the business operations of the Company.

Upon the announcement of interim and annual results or major transactions, the Company will generally hold analyst briefings, press conferences, and global conference with investors. During such conferences, the management of the Company would interact directly with analysts, fund managers, investors and journalists to provide them with relevant information and data of the Company. The Company's management would accurately and thoroughly respond to questions raised by

analysts, fund managers, investors and journalists. Archived webcast of the investor presentation is also available on the Company's website to ensure wide dissemination of information and data.

The Company's investor relations department is responsible for providing information and services requested by investors, maintaining timely communications with investors and fund managers, including responding to investors' inquiries and meeting with company-visit investors, as well as gathering market information and passing views from shareholders to the Directors and management to ensure such views are properly communicated. The Company also arranges from time to time road shows and actively attends investor conferences arranged by investment banks, through which the Company's management meets and communicates with investors to provide them with opportunities to understand more accurately the Company's latest development and performance in various aspects, including business operations and management.



In 2022, the Company participated in the following investor conferences:

Date	Conferences
January 2022	UBS Greater China Conference 2022
January 2022	ICBCI Strategic Conference 2022
March 2022	25th Credit Suisse Asian Investment Conference
March 2022	ICA 2nd Annual Future of Asia Conference
May 2022	HSBC 9th Annual China Conference
June 2022	Nomura Investment Forum Asia 2022
July 2022	China Telecom Industry Investor Briefing
July 2022	ICA 3rd Annual Asia Pacific Opportunities Summit
September 2022	3rd Annual Jefferies Asia Forum
September 2022	29th Annual CITIC CLSA Flagship Investors' Forum
October–November 2022	13th Credit Suisse China Investment Conference
November 2022	Citi China Investor Conference 2022
November 2022	Daiwa Investment Conference Hong Kong 2022

In addition, through announcements, press releases and the Company website (www.chinaunicom.com.hk), the Company disseminates the latest information regarding any significant business development in a timely and accurate manner. In the perspective of investor relations, the Company's website not only serves as an important channel for the Company to disseminate press releases and corporate information to investors and the capital market, but also plays a significant role in the Company's valuation and our compliance with regulatory requirements for information disclosure. In 2022, the Company updated the content of its website on an ongoing basis to further enhance the functions of website and level of transparency in information disclosure, striving for achieving international best practices. Our website was honored with the Gold Award by an international institution, "iNova Awards", this year.

Furthermore, the Company has determined a Shareholders' Communication Policy which has been uploaded on the Company's website, so as to ensure that the shareholders of the Company are provided with readily, equal and timely access to balanced and understandable information about the Company, to enable shareholders to exercise their rights in an informed manner, and to enhance the shareholders' and the investment community's communication with the Company. The Company maintains an ongoing dialogue with shareholders while gathering market information and passing views from shareholders to the Directors and management, through the different channels as set out in the Shareholders' Communication Policy, including but not limited to corporate communications, company's website, general meetings and investor conferences. The Board reviewed the Company's shareholders and investor engagement and communication activities conducted during the year and was satisfied with the implementation and effectiveness of the Shareholders' Communication Policy.

The Company's effort in investor relations is well recognised by the capital market, and accredited with a number of awards. The Company was voted as "Asia's Best IR Team (Telecoms)" in "2022 All-Asia Executive Team" ranking organised by Institutional Investor.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS

Annual General Meeting

The Board endeavors to maintain an on-going dialogue with shareholders, and in particular, to communicate with shareholders through annual general meetings. Notices of annual general meeting are sent to shareholders at least 21 days before the meeting. The Directors and representatives of the Board committees usually attend the meetings and treasure the opportunities to communicate with shareholders at such meetings. The independent auditor also attends the annual general meeting for the reporting to shareholders every year. At general meetings, the chairman of the meeting proposes individual resolutions in respect of each substantially separate matter. All matters at the Company's general meetings are resolved by poll and the relevant procedures are explained at the meeting. The Company also appoints external scrutineers to ensure that all votes are counted and recorded appropriately, and publishes the poll results in a timely manner.



The last annual general meeting of the Company was held on 12 May 2022, at which the following resolutions were passed and percentage of votes cast in favor of the resolutions are set out as follows:

- to receive and consider the financial statements and the Reports of the Directors and of the Independent Auditor for the year ended 31 December 2021 (over 99%)
- to declare a final dividend for the year ended 31 December 2021 (over 99%)
- to re-elect Mr. Liu Liehong, Mr. Wang Junzhi, Mr. Mai Yanzhou, Ms. Li Yuzhuo, Mr. Cheung Wing Lam Linus and Mrs. Law Fan Chiu Fun Fanny as Directors, and to authorise the Board to fix remuneration of the Directors (over 99%)
- to re-appoint auditor and authorise the Board to fix their remuneration for the year ending 31 December 2022 (over 99%)
- to grant a general mandate for share buy-back (over 99%)
- to grant a general mandate to issue new shares (over 96%)
- to extend the general mandate to issue new shares (over 96%)

The next annual general meeting will be held on 18 May 2023. Please refer to the circular, which sets out the details, that has been sent together with this Annual Report.

Putting Forward Resolutions at Annual General Meetings

Pursuant to Section 615 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the following persons may put forward a resolution at the next annual general meeting of the Company: (a) any number of shareholders, together holding not less than 2.5% of the total voting rights of all shareholders which have, as at the date of the requisition, a right to vote at the next annual general meeting, or (b) not less than 50 shareholders who have a right to vote on the resolution at the annual general meeting to which the requests relate.

The resolution must be one which may be properly moved and is intended to be moved at the next annual general meeting. The requisition must be signed by the requisitionists and deposited at the registered office of the Company at least six weeks or if later, the time at which notice is given of the annual general meeting before the annual general meeting, the Company has a duty to give notice of such proposed resolution to all shareholders who are entitled to receive notice of the next annual general meeting.

In addition, requisitionists may require the Company to circulate to shareholders entitled to receive notice of the annual general meeting a statement of not more than 1,000 words with respect to the resolution to be proposed. However, the Company is not required to circulate any statement if the court is satisfied that this right is being abused to secure needless publicity for defamatory matters. In such event, the requisitionists may be ordered to pay for the Company's expenses for application to the court.

If the requisition signed by the requisitionists does not require the Company to give shareholders notice of a resolution, such requisition may be deposited at the registered office of the Company not less than one week before the next annual general meeting.

Convening Extraordinary General Meetings

Pursuant to Section 566 of the Companies Ordinance, shareholder(s) holding not less than 5% of the total voting rights of all shareholders having a right to vote at general meetings of the Company as at the date of deposit of the requisition, may request the Directors of the Company to convene an extraordinary general meeting. The requisition must state the objects of the meeting and must be signed by the requisitionists and deposited at the registered office of the Company.

If the Directors do not, within 21 days from the date of deposit of the requisition, proceed duly to convene a meeting to be held not more than 28 days after the notice of the meeting, shareholder(s) requisitioning the meeting, or any of them representing more than half of their total voting rights, may themselves convene a meeting to be held within three months of such date.

Meetings convened by the requisitionists must be convened in the same manner, as nearly as possible, as meetings to be convened by Directors of the Company. Any reasonable expenses incurred by the requisitionists will be reimbursed by the Company due to the failure of the Directors duly to convene a meeting.

CORPORATE GOVERNANCE REPORT

Putting Forward Resolutions at Extraordinary General Meetings

Shareholders may not put forward resolutions to be considered at any general meetings other than annual general meetings. However, shareholders may request an extraordinary general meeting to consider any such resolution as described in “Convening Extraordinary General Meetings” above.

Any queries relating to shareholders’ rights on putting forward resolutions at general meetings and convening extraordinary general meetings should be directed to the Company Secretary of the Company. Requisitions should be deposited at the Company’s registered office and marked for the attention of the Company Secretary.

CONTINUOUS EVOLUTION OF CORPORATE GOVERNANCE

The Company continuously analyses the corporate governance development of international advanced enterprises and the investors’ desires, review and enhance corporate governance procedures and practices from time to time so as to meet our shareholders’ expectations, commits to high standards of corporate governance and recognises that good governance is vital for the long-term success and sustainability of the Company’s business.



2022 NET PROFIT*
RMB 16.7 bil
+16.5% yoy

*Net profit represented profit attributable to equity shareholders of the Company

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ENQUIRY ON THE COMPANY

Shareholders may raise any enquiry on the Company at any time through the following channels:

China Unicom (Hong Kong) Limited

Address: 75th Floor, The Center, 99 Queen's Road Central, Hong Kong

Tel : (852) 2126 2018
Fax : (852) 2126 2016
Website : www.chinaunicom.com.hk
Email : ir@chinaunicom.com.hk

These contact details are also available in the "Contact Us" section on the Company's website (www.chinaunicom.com.hk) designated to enable shareholders to send enquiries to the Company on a timely and effective manner.



<https://www.chinaunicom.com.hk>

DIRECTORS AND SENIOR MANAGEMENT



LIU LIEHONG
Chairman and
Chief Executive Officer

Aged 54, a postgraduate with a doctorate degree in Management, was appointed in September 2021 as Chairman and Chief Executive Officer of the Company. Mr. Liu served as Head of the Electronics Second Research Institute under the Ministry of Information Industry, Deputy General Manager of China Electronics Technology Group Corporation, President of China Electronics and Information Industry Development Research Institute and President of CCID Information Industry Group Corporation, Director and General Manager of China Electronics Corporation, Director and General Manager of China Electronics Technology Group Corporation, Vice Minister of the Office of the Central Cyberspace Affairs Commission, Vice Minister of the Cyberspace Administration of China, Vice Minister of the Ministry of Industry and Information Technology, and a Member of the 12th National Committee of the Chinese People's Political Consultative Conference. Mr. Liu is currently an Alternate Member of 20th Central Committee, the Chairman of China United Network Communications Group Company Limited ("Unicom Group"), China United Network Communications Limited ("A Share Company") and China United Network Communications Corporation Limited ("CUCL"). Mr. Liu has extensive experience in management and information industry.



CHEN ZHONGYUE
Executive Director and
President

Aged 51, a university graduate with a master's degree in Economics, was appointed in February 2021 as an Executive Director and President of the Company. Mr. Chen served as Deputy General Manager of China Telecom Zhejiang branch, Managing Director of the Public Customers Department of China Telecom, General Manager of China Telecom Shanxi branch, Vice President of China Telecommunications Corporation, Executive Director and Executive Vice President of China Telecom Corporation Limited. Mr. Chen also serves as a Director and General Manager of Unicom Group, a Director and President of A Share Company as well as a Director and President of CUCL. Mr. Chen has extensive experience in management and the telecommunications industry.

DIRECTORS AND SENIOR MANAGEMENT



WANG JUNZHI
Executive Director

Aged 58, a postgraduate with a master's degree in Engineering, was appointed in December 2021 as an Executive Director of the Company. Mr. Wang served as Deputy Director General and Director General of the Department of Labor Protection of All-China Federation of Trade Unions ("ACFTU"), Chairman of the National Committee of the Trade Union of the Energy and Chemistry Sector of China, Director General of the Department of Labor and Economic Work of ACFTU, Secretary of the Secretariat of ACFTU, a member of the 15th and 16th Executive Committee of ACFTU as well as a member of the 16th Presidium of ACFTU. Mr. Wang is currently a Director of Unicom Group, a Director of A Share Company as well as a Director of CUCL. Mr. Wang has extensive experience in management.



LIANG BAOJUN
Senior Vice President

Aged 53, a university graduate with a master's degree in Engineering, was appointed in February 2018 as a Senior Vice President of the Company. Mr. Liang served as Deputy General Manager of Beijing Branch of China Telecom Corporation Limited, as well as General Manager of Henan Branch of China Telecommunications Corporation, General Manager of Corporate Informatisation Department, General Manager of Government and Enterprise Customers Department of China Telecommunications Corporation. Mr. Liang also serves as Vice General Manager of Unicom Group, Senior Vice President of A Share Company, Director and Senior Vice President of CUCL, as well as Director of certain member of the Group. Mr. Liang has extensive experience in management and telecommunications industry.

DIRECTORS AND SENIOR MANAGEMENT



HE BIAO
Senior Vice President

Aged 51, a university graduate with a doctorate degree of Business Administration, was appointed in June 2020 as a Senior Vice President of the Company. Mr. He served as Deputy General Manager and General Manager of Guangdong Branch of China Unicom as well as Chairman of China Unicom (Guangdong) Industrial Internet Co., Ltd.. Mr. He also serves as a Vice General Manager of Unicom Group, a Senior Vice President of A Share Company, a Director and Senior Vice President of CUCL, as well as Director of certain member of the Group. Mr. He has extensive experience in management and telecommunications industry.



TANG YONGBO
Senior Vice President

Aged 49, a postgraduate with a master's degree in Business Administration, was appointed in December 2021 as a Senior Vice President of the Company. Mr. Tang served as Deputy General Manager and General Manager of Hunan Branch of China Unicom, General Manager of Marketing Department of Unicom Group. He was a Deputy to the 13th National People's Congress. Mr. Tang is currently Vice General Manager of Unicom Group, Senior Vice President and General Counsel of A Share Company, Director, Senior Vice President and General Counsel of CUCL, as well as Director of certain member of the Group. Mr. Tang has extensive experience in management and the telecommunications industry.

DIRECTORS AND SENIOR MANAGEMENT



LI YUZHUO
Executive Director and
Chief Financial Officer

Aged 50, a postgraduate with a master's degree in Business Administration, was appointed in February 2022 as an Executive Director and Chief Financial Officer of the Company. Ms. Li served as Director of the Finance Department of China ENFI Engineering Corporation Limited, Vice President of China ENFI Engineering Corporation, Head of the Capital Department and Secretary of the Board of Directors of China Metallurgical Group Corporation (Metallurgical Corporation of China Limited), and Head of the Capital Operation Department of China Minmetals Corporation. Ms. Li is currently Chief Accountant of Unicom Group, the Chief Financial Officer, Board Secretary, etc. of A Share Company, the Director and the Chief Financial Officer of CUCL, as well as Director of certain member of the Group. Ms. Li has extensive experience in financial investment and capital operation.



CAO XINGXIN
Senior Vice President

Aged 56, a postgraduate with a master's degree in Literature, was appointed in March 2023 as a Senior Vice President of the Company. Mr. Cao served as Deputy Director General of the Bureau of Officials of the CPC Central Committee and State Organs of the Organization Department of the CPC Central Committee (COD), Bureau-level official and Deputy Director of the Office of Civil Servants Administration of COD, Deputy Director General and Bureau-level official at level 1 of the (Third) Bureau of Civil Servants of COD, Deputy Head (Bureau Chief level) of the National Institute for Party Leadership of COD. Mr. Cao is currently Vice General Manager of Unicom Group, Senior Vice President of A Share Company as well as Director and Senior Vice President of CUCL. Mr. Cao has extensive experience in management.

DIRECTORS AND SENIOR MANAGEMENT



CHEUNG WING LAM LINUS
Independent Non-Executive Director

Aged 74, was appointed in May 2004 as an Independent Non-Executive Director of the Company. Mr. Cheung is an Independent Non-Executive Director of HKR International Limited (listed on the Hong Kong Stock Exchange). Mr. Cheung was a member of the University of Hong Kong Council, Chairman of the University of Hong Kong School of Professional and Continuing Education, Chairman of Asia Television Limited, Deputy Chairman of PCCW Limited, Independent Non-Executive Directors of Taikang Life Insurance Company Limited and Sotheby's, as well as President of the Chartered Institute of Marketing (Hong Kong Region). Prior to the merger of Pacific Century Cyberworks Limited and Hong Kong Telecom Limited, Mr. Cheung was the Chief Executive of Hong Kong Telecom Limited and an Executive Director of Cable & Wireless plc in the United Kingdom. Mr. Cheung worked at Cathay Pacific Airways for 23 years, leaving as Deputy Managing Director. He was appointed an Official Justice of the Peace in 1990 and a Non-official Justice of the Peace in 1992. Mr. Cheung received a bachelor's degree in social sciences and a diploma in management studies from the University of Hong Kong. He is also an Honorary Fellow of the University of Hong Kong and of The Chartered Institute of Marketing in the United Kingdom.



WONG WAI MING

Independent Non-Executive Director

Aged 65, was appointed in January 2006 as an Independent Non-Executive Director of the Company. Mr. Wong is Executive Vice President and Chief Financial Officer of Lenovo Group Limited (listed on the Hong Kong Stock Exchange). Mr. Wong was previously an investment banker with over 15 years of experience in investment banking business in Greater China and was a member of the Listing Committee of The Stock Exchange of Hong Kong Limited. Mr. Wong is a chartered accountant and holds a bachelor's degree (with Honors) in management science from the Victoria University of Manchester in the United Kingdom.

DIRECTORS AND SENIOR MANAGEMENT



CHUNG SHUI MING TIMPSON
Independent Non-Executive Director

Aged 71, was appointed in October 2008 as an Independent Non-Executive Director of the Company. Mr. Chung is the Pro-Chancellor of the City University of Hong Kong. Besides, Mr. Chung is an Independent Non-Executive Director of The Miramar Hotel and Investment Company, Limited, China Overseas Grand Oceans Group Limited, China Everbright Limited, China Railway Group Limited, Orient Overseas (International) Limited and Postal Savings Bank of China Co., Limited (all listed on the Hong Kong Stock Exchange). From October 2004 to October 2008, Mr. Chung served as an Independent Non-Executive Director of China Netcom Group Corporation (Hong Kong) Limited. Formerly, he was the Chairman of China Business of Jardine Fleming Holdings Limited and the Deputy Chief Executive Officer of BOC International Limited. He was also the Director-General of Democratic Alliance for the Betterment and Progress of Hong Kong, the Chairman of the Advisory Committee on Arts Development, the Chairman of the Council of the City University of Hong Kong, the Chairman of the Hong Kong Housing Society, a member of the Executive Council of the Hong Kong Special Administrative Region, the Vice Chairman of the Land Fund Advisory Committee of Hong Kong Special Administrative Region Government, a member of the Managing Board of the Kowloon-Canton Railway Corporation, a member of the Hong Kong Housing Authority, a member of the Disaster Relief Fund Advisory Committee, a member of the National Committee of the 10th to 13th Chinese People's Political Consultative Conference, an Independent Non-Executive Director of Henderson Land Development Company Limited, Nine Dragons Paper (Holdings) Limited, China Construction Bank Corporation, Jinmao Hotel and Jinmao (China) Hotel Investments and Management Limited and Glorious Sun Enterprises Limited, an Independent Director of China Everbright Bank Company Limited and China State Construction Eng. Corp. Ltd. and an Outside Director of China Mobile Communications Corporation and China COSCO Shipping Corporation Limited. Mr. Chung holds a bachelor of science degree from the University of Hong Kong and a master's degree in business administration from the Chinese University of Hong Kong. Mr. Chung also received an honorary doctoral degree in Social Science from the City University of Hong Kong in 2010. Mr. Chung is a fellow member of the Hong Kong Institute of Certified Public Accountants.



LAW FAN CHIU FUN FANNY

Independent Non-Executive Director

Aged 70, was appointed in November 2012 as an Independent Non-Executive Director of the Company. Mrs. Law is currently a Director of the Fan Family Trust Fund and the Honorary Principal of Ningbo Huizhen Academy. Besides, Mrs. Law is an Independent Non-Executive Director of CLP Holdings Limited, Nameson Holdings Limited, Minmetals Land Limited, China Taiping Insurance Holdings Company Limited and New World Development Company Limited (all listed on the Hong Kong Stock Exchange). Mrs. Law served as a Member of the Executive Council of the Government of the Hong Kong Special Administrative Region ("HKSAR"), a Deputy of HKSAR to the National People's Congress of the People's Republic of China, Chairman of the Board of Directors of Hong Kong Science and Technology Parks Corporation, an Independent Non-Executive Director of DTXS Silk Road Investment Holdings Company Limited and an External Director of China Resources (Holdings) Co., Limited. Prior to her retirement from the civil service in 2007, Mrs. Law was the Commissioner of the Hong Kong Independent Commission Against Corruption. During her 30 years as an Administrative Officer, Mrs. Law has worked in many fields, including medical and health, economic services, housing, land and planning, home affairs, social welfare, civil service, transport and education. Mrs. Law graduated from the University of Hong Kong with an Honours degree in Science, and in 2009 was named an outstanding alumnus of the Science Faculty of the University of Hong Kong. She received a Master degree in Public Administration from Harvard University and was named a Littauer Fellow of Harvard University. She also holds a Master degree in Education from the Chinese University of Hong Kong and is a Fellow of The Hong Kong Institute of Directors.

REPORT OF THE DIRECTORS

The board of directors (the “Board”) of China Unicom (Hong Kong) Limited (the “Company”) is pleased to present its report together with the audited financial statements of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of Company’s subsidiaries are the provision of comprehensive telecommunications services.

RESULTS AND APPROPRIATION

The results of the Group for the year ended 31 December 2022 are set out on pages 97 to 98 of this annual report.

Taking into consideration the Company’s good business development, the Board has resolved to recommend at the forthcoming shareholders’ general meeting that the payment of a final dividend of RMB0.109 per ordinary share (“2022 Final Dividend”) for the year ended 31 December 2022, totaling approximately RMB3,335 million. Together with the 2022 interim dividend payment of RMB0.165 per share during 2022, the total dividend payment for 2022 amounted to RMB0.274 per share, totaling approximately RMB8,384 million (2021: RMB6,609 million). Going forward, the Company will continue to strive for enhancing its profitability and shareholders’ returns. If approved by shareholders

at the forthcoming annual general meeting, the 2022 Final Dividend is expected to be paid in Hong Kong dollars on or about 15 June 2023 to those members registered in the Company’s register of members as at 25 May 2023 (the “Final Dividend Record Date”).

FINANCIAL INFORMATION

Please refer to the Financial Summary on pages 206 to 207 for the summary of the operating results, assets and liabilities of the Group for the five years ended 31 December 2022.

Please refer to the financial statements on pages 97 to 205 for the operating results of the Group for the year ended 31 December 2022 and the respective financial positions of the Group and the Company as at that date.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2022 is set out in the sections headed “Chairman’s Statement” on pages 8 to 17, “Business Overview” on pages 18 to 23, “Financial Overview” on pages 24 to 29, “Financial Statements” on pages 97 to 205, “Human Resources Development” on pages 90 to 91, “Corporate Governance Report” on pages 44 to 69 and “Report of the Directors” on pages 70 to 89 respectively of this annual report. All references herein to other sections or reports in this annual report form part of this Report of the Directors.

LOANS

Please refer to Notes 33, 39 and 45.3 to the consolidated financial statements for details of the borrowings of the Group.

PROMISSORY NOTES

Please refer to Note 34 to the consolidated financial statements for details of the promissory notes of the Group.

CORPORATE BONDS

Please refer to Note 35 to the consolidated financial statements for details of the corporate bonds of the Group.

COMMERCIAL PAPERS

Please refer to Note 40 to the consolidated financial statements for details of the commercial papers of the Group.

CAPITALISED INTEREST

Please refer to Note 15 to the consolidated financial statements for details of the interest capitalised by the Group for the year.

EQUITY-LINKED AGREEMENTS

Other than the share option scheme as disclosed in this Report of the Directors, as at 31 December 2022, no equity-linked agreements were entered into by the Group during the year or subsisted.

PROPERTY, PLANT AND EQUIPMENT

Please refer to Note 15 to the consolidated financial statements for movements in the property, plant and equipment of the Group for the year.

CHARGE ON ASSETS

As at 31 December 2022, no property, plant and equipment was pledged to banks as loan security (31 December 2021: Nil).

SHARE CAPITAL

Please refer to Note 30 to the consolidated financial statements for details of the share capital.

RESERVES

Please refer to page 102 and page 182 of this annual report for the movements in the reserves of the Group and the Company during the year ended 31 December 2022 respectively. As at 31 December 2022, the distributable reserve of the Company amounted to approximately RMB6,474 million (2021: approximately RMB5,368 million).

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Please refer to Notes 18, 19 and 20 to the consolidated financial statements for details of the Company's subsidiaries, the Group's associates and joint ventures.

CHANGES IN SHAREHOLDERS' EQUITY

Please refer to page 102 of this annual report for the Consolidated Statement of Changes in Equity and page 182 for the Statement of Changes in Equity.

EMPLOYEE BENEFIT EXPENSES

Please refer to Note 8 to the consolidated financial statements for details of the employee benefit expenses provided to employees of the Group.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights in the articles of association of the Company requiring the Company to offer new shares to the existing shareholders in proportion to their shareholdings.

REPORT OF THE DIRECTORS

MAJOR CUSTOMERS AND SUPPLIERS

The Group's sales to its five largest customers for the year ended 31 December 2022 did not exceed 30% of the Group's total turnover for the year.

The Group's purchases from its largest supplier for the year ended 31 December 2022 represented approximately 17% of the Group's total purchases for the year. The total purchases attributable to the five largest suppliers of the Group for the year ended 31 December 2022 accounted for approximately 42% of the total purchases of the Group for the year.

None of the Directors nor their respective close associates (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")) nor any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had any interests in the five largest suppliers of the Group for the year ended 31 December 2022.

SHARE OPTION SCHEME OF THE COMPANY

Pursuant to a resolution passed at the annual general meeting held on 16 April 2014, the Company adopted a new share option scheme (the "2014 Share Option Scheme"). The purpose of the 2014 Share Option Scheme was to recognise the contribution that certain individuals have made to the Company, to attract and retain the best available personnel and to promote the success of the Company. The 2014 Share Option Scheme is valid and effective for a period of 10 years commencing on 22 April 2014 and will expire on 22 April 2024. Following the expiry of the 2014 Share Option Scheme, no further share option can be granted under the 2014 Share Option Scheme, but the provisions of the 2014 Share Option Scheme will remain in full force and effect to the extent necessary to give effect to the exercise of any share options granted prior thereto

or otherwise as may be required in accordance with the provisions of the 2014 Share Option Scheme. Under the 2014 Share Option Scheme:

- (1) share options may be granted to employees including all Directors;
- (2) any grant of share options to a Connected Person (as defined in the Listing Rules) of the Company must be approved by the independent non-executive Directors of the Company (excluding any independent non-executive Director of the Company in the case such Director is a grantee of the options) and all grants to connected persons shall be subject to compliance with the requirements of the Listing Rules, including where necessary the prior approval of the shareholders;
- (3) the maximum aggregate number of shares in respect of which share options may be granted (the "Scheme Mandate Limit") shall be calculated in accordance with the following formula:

$$N = A - B - C$$

where:

"N" is the maximum aggregate number of shares in respect of which share options may be granted pursuant to the 2014 Share Option Scheme;

"A" is the maximum aggregate number of shares in respect of which shares options may be granted pursuant to the 2014 Share Option Scheme and any other share option schemes of the Company, being 10% of the aggregate of the number of shares in issue as at the date of adoption of the 2014 Share Option Scheme;

“B” is the maximum aggregate number of shares underlying the share options already granted pursuant to the 2014 Share Option Scheme; and

“C” is the maximum aggregate number of shares underlying the options already granted pursuant to any other share option schemes of the Company.

Shares in respect of share options which have lapsed in accordance with the terms of the 2014 Share Option Scheme and any other share option schemes of the Company will not be counted for the purpose of determining the maximum aggregate number of shares in respect of which options may be granted pursuant to the 2014 Share Option Scheme;

- (4) the option period commences on any day after the date on which such share option is offered, but may not exceed 10 years from the offer date;
- (5) the subscription price shall not be less than the higher of:
 - (a) the closing price of the shares on the Hong Kong Stock Exchange on the offer date in respect of the share options; and
 - (b) the average closing price of the shares on the Hong Kong Stock Exchange for the five trading days immediately preceding the offer date;

(6) the total number of shares in the Company issued and to be issued upon exercise of the share options granted to a participant of the 2014 Share Option Scheme (including both exercised and outstanding share options) in any 12-month period must not exceed 1% of the issued share capital of the Company; and

(7) an offer shall be deemed to have been accepted by the eligible participant and to have taken effect when the duplicate notice of grant comprising acceptance of the offer duly signed by the grantee together with a remittance in favour of the Company of HKD1.00 by way of consideration for the grant thereof is received by the Company within the time period specified in the offer.

No share options had been granted since adoption of the 2014 Share Option Scheme. As at 1 January 2022 and 31 December 2022, 1,777,437,107 options were available for grant under the Scheme Mandate Limit.

As at 31 December 2022, 1,777,437,107 shares were available for issue under the 2014 Share Option Scheme, representing approximately 5.81% of issued share capital of the Company as at the date of this annual report.

DIRECTORS', CHIEF EXECUTIVES' AND EMPLOYEES' INTERESTS UNDER THE SHARE OPTION SCHEME OF THE COMPANY

For the year ended 31 December 2022 and as at 31 December 2022, none of the Directors of the Company or chief executives or employees of the Company had any interests under any share option scheme of the Company.

REPORT OF THE DIRECTORS

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2022, the interests and short positions of Directors and chief executives of the Company in any shares, underlying shares and debentures of the Company or any of its associated corporations (as defined in Part XV of the Hong Kong Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules"), were as follows:

Long Positions in the Shares and Underlying Shares of the Company

Name of Director	Capacity	Ordinary Shares Held	Percentage of Issued Shares
Chung Shui Ming Timpson	Beneficial owner (Personal)	6,000	0.00%

Save as disclosed in the foregoing, as at 31 December 2022, none of the Directors or chief executives of the Company had any interests or short positions in any shares, underlying shares, or debentures of the Company or any of its associated corporations (as defined in Part XV of the SFO) as recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Furthermore, save as disclosed in the foregoing, during the year ended 31 December 2022, none of the Directors or chief executives (including their spouses and children under the age of 18) of the Company had any interests in or was granted any right to subscribe in any shares, underlying shares, or debentures of the Company or any of its associated corporations, or had exercised any such rights.

MATERIAL INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2022, the following persons (other than disclosed under the section headed “Directors’ and Chief Executives’ Interests and Short Positions in Shares, Underlying Shares and Debentures”) had the following interests and short positions in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of Part XV of the SFO:

Long Positions in the Shares and Underlying Shares of the Company

Name of Shareholders	Ordinary Shares Held		Percentage of Issued Shares
	Directly	Indirectly	
(i) China United Network Communications Group Company Limited (“Unicom Group”) ^{1,2}	—	24,683,896,309	80.67%
(ii) China United Network Communications Limited (“A Share Company”) ¹	—	16,376,043,282	53.52%
(iii) China Unicom (BVI) Limited (“Unicom BVI”) ¹	16,376,043,282	—	53.52%
(iv) China Unicom Group Corporation (BVI) Limited (“Unicom Group BVI”) ^{2,3}	8,082,130,236	225,722,791	27.15%

Notes:

- (1) Unicom Group and A Share Company directly or indirectly control one-third or more of the voting rights in the shareholders’ meetings of Unicom BVI, and in accordance with the SFO, the interests of Unicom BVI are deemed to be, and have therefore been included in, the respective interests of Unicom Group and A Share Company.
- (2) Unicom Group BVI is a wholly-owned subsidiary of Unicom Group. In accordance with the SFO, the interests of Unicom Group BVI are deemed to be, and have therefore been included in, the interests of Unicom Group.
- (3) Unicom Group BVI holds 8,082,130,236 shares (representing 26.41% of the total issued shares) of the Company directly. In addition, Unicom Group BVI is also interested in 225,722,791 shares (representing 0.74% of the total issued shares) of the Company under the SFO, in which Unicom Group BVI had a pre-emptive right.

Apart from the foregoing, as at 31 December 2022, no person had any interest or short position in the shares or underlying shares in the Company as recorded in the register required to be kept under Section 336 of the SFO.

Please also refer to Note 30 to the consolidated financial statements for details of the share capital of the Company.

REPORT OF THE DIRECTORS

REPURCHASE, SALE OR REDEMPTION OF LISTED SHARES OF THE COMPANY

For the year ended 31 December 2022, neither the Company nor any of its subsidiaries had repurchased, sold or redeemed any of the Company's listed shares.

COMPOSITION OF THE BOARD

The following is the list of Directors during the year and up to date of this report.

Executive Directors:

Liu Liehong (*Chairman and Chief Executive Officer*)

Chen Zhongyue

Wang Junzhi

Li Yuzhuo (appointed on 28 February 2022)

Mai Yanzhou (appointed on 28 February 2022 and resigned on 30 May 2022)

Independent Non-Executive Directors:

Cheung Wing Lam Linus

Wong Wai Ming

Chung Shui Ming Timpson

Law Fan Chiu Fun Fanny

Pursuant to the articles of association, Mr. Chen Zhongyue, Mr. Wong Wai Ming and Mr. Chung Shui Ming Timpson will retire at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election.

Please refer to Note 8 to the consolidated financial statements for details of the emoluments of the Directors.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of its independent non-executive Directors the annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers that all independent non-executive Directors are currently independent.

DIRECTORS' INTEREST IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Save for the service agreements between the Company and the executive Directors subsisted during 2022 or as at 31 December 2022, the Directors or his/her connected entity(ies) did not have any material interest, whether directly or indirectly, in any significant transaction, arrangement or contract entered into by the Company.

None of the Directors for re-election at the forthcoming annual general meeting has an unexpired service agreement which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTEREST IN COMPETING BUSINESSES

Unicom Group and A Share Company are engaged in telecommunications business and other related businesses in China that are similar to and/or compete with those of the Company. Executive directors of the Company also hold executive positions with Unicom Group and A Share Company. Please refer to the section headed "Directors and Senior Management" on pages 32 to 43 of this annual report for further details.

Mr. Mai Yanzhou (resigned from his position as an executive Director of the Company with effect from 30 May 2022) served as a non-executive director and the deputy chairman of the board of directors of PCCW Limited. Mr. Mai Yanzhou also served as a non-executive director of HKT Limited and HKT Management Limited (the trustee-manager of the HKT Trust).

Each of PCCW Limited, HKT Limited and HKT Management Limited is engaged in the telecommunications business and other related businesses that may compete with those of the Company.

Apart from the above, there are no competing interests of directors which are disclosable under Rule 8.10(2)(b) of the Listing Rules at any time during the year of 2022 up to and including the date of this annual report.

DIRECTORS OF SUBSIDIARIES

The names of all directors who have served on the boards of the subsidiaries of the Company during the year ended 31 December 2022 and up to the date of this report of directors are available on the Company's website (<http://www.chinaunicom.com.hk>).

PERMITTED INDEMNITY

Pursuant to the Company's articles of association, subject to the applicable laws and regulations, every Director shall be indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities which he/she may sustain or incur in the execution of his/her office or otherwise in relation thereto. The Company has taken out insurance against the liability and costs associated with defending any proceedings which may be brought against directors of the Group.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2022, the Group had approximately 243,586 employees, 723 employees and 349 employees in Mainland China, Hong Kong and other countries, respectively. Furthermore, the Group had approximately 10,345 temporary staff in Mainland China. For the year ended 31 December 2022, employee benefit expenses were approximately RMB60.73 billion (for the year ended 31 December 2021: RMB58.94 billion), of which the salary of the contract employees was approximately RMB40.85 billion (for the year ended 31 December 2021: RMB39.75 billion). The Group endeavors to maintain its employees' remuneration in line with the market trend and to remain competitive. Employees' remuneration is determined in accordance with the Group's remuneration and bonus policies based on their performance. The Group also provides comprehensive benefit packages and career development opportunities for its employees, including retirement benefits, housing benefits and internal and external training programmes, which are tailored in accordance with individual needs.

The Company has adopted share option schemes, under which the Company may grant share options to eligible employees for subscribing for the Company's shares.

CONTINUING CONNECTED TRANSACTIONS

On 21 October 2019, CUCL, a wholly-owned subsidiary of the Company, and Unicom Group entered into a comprehensive services agreement (the "2020-2022 Comprehensive Services Agreement") to renew certain continuing

REPORT OF THE DIRECTORS

connected transactions including (i) telecommunications resources leasing; (ii) property leasing; (iii) value-added telecommunications services; (iv) materials procurement services; (v) engineering design and construction services; (vi) ancillary telecommunications services; (vii) comprehensive support services; (viii) shared services; and (ix) financial services, including deposit services, lending and other credit services, and other financial services. Pursuant to the 2020–2022 Comprehensive Services Agreement, CUCL and Unicom Group shall provide certain services and facilities to each other and the receiving party shall pay the corresponding service fees in a timely manner. The 2020–2022 Comprehensive Services Agreement is valid for a term of three years starting from 1 January 2020 and expiring on 31 December 2022.

Unicom Group is the ultimate controlling shareholder of the Company and is therefore a connected person of the Company under the Listing Rules. Details of the continuing connected transactions under the 2020–2022 Comprehensive Services Agreement are as follows:

(1) Telecommunications Resources Leasing
Unicom Group agrees to lease to CUCL:

- (a) certain international telecommunications resources (including international telecommunications channel gateways, international telecommunications service gateways, international submarine cable capacity, international land cables and international satellite facilities); and

- (b) certain other telecommunications facilities required by CUCL for its operations.

The rental charges for the leasing of international telecommunications resources and other telecommunications facilities are based on the annual depreciation charges of such resources and telecommunications facilities provided that such charges would not be higher than market rates. CUCL shall be responsible for the on-going maintenance of such international telecommunications resources. CUCL and Unicom Group shall determine and agree which party is to provide maintenance service to the telecommunications facilities referred to in (b). Unless otherwise agreed by CUCL and Unicom Group, such maintenance service charges would be borne by CUCL. If Unicom Group is responsible for maintaining any telecommunications facilities referred to in (b), CUCL shall pay to Unicom Group the relevant maintenance service charges which shall be determined with reference to market rate, or where there is no market rate, shall be agreed between the parties and determined on a cost-plus basis. When determining the pricing standard or reasonable profit margin, to the extent practicable, management of the Company shall take into account the rates of at least two similar and

comparable transactions entered with or carried out by Independent Third Parties or relevant industry profit margins in the corresponding period of reference. CUCL and Unicom Group agree to settle the net rental charges and service charges due to Unicom Group on a quarterly basis.

For the year ended 31 December 2022, the total charges paid by CUCL to Unicom Group amounted to approximately RMB234 million.

(2) Property Leasing

CUCL and Unicom Group agree to lease to each other properties and ancillary facilities owned by CUCL or Unicom Group (including their respective branch companies and subsidiaries).

The rental charges for the leasing of each other properties and ancillary facilities are based on market rates. Where there is no market rate or it is not possible to determine the market rate, the rate shall be negotiated and agreed between the two parties. Market rates refer to the rates at which the same or similar type of products or services are provided by Independent Third Parties in the ordinary course of business and under normal commercial terms. Negotiated rates refer to the rates based on the reasonable costs plus the amount of the relevant taxes and reasonable profit margin. When determining the pricing standard or reasonable profit margin, to the extent

practicable, management of the Company shall take into account the rates of at least two similar and comparable transactions entered with or carried out by Independent Third Parties in the corresponding period of reference. The rental charges are payable quarterly in arrears.

For the year ended 31 December 2022, the rental charges paid by CUCL to Unicom Group amounted to approximately RMB1,056 million, and the rental charges paid by Unicom Group to CUCL was negligible.

(3) Value-added Telecommunications Services

Unicom Group (or its subsidiaries) agrees to provide the customers of CUCL with various types of value-added telecommunications services.

CUCL shall settle the revenue generated from the value-added telecommunications services with the branches of Unicom Group (or its subsidiaries) on the condition that such settlement will be based on the average revenue for independent value-added telecommunications content providers who provide value-added telecommunications content to CUCL in the same region. The amount shall be settled on a monthly basis.

For the year ended 31 December 2022, the total amount allocated to Unicom Group in relation to value-added telecommunications services amounted to approximately RMB130 million.

REPORT OF THE DIRECTORS

(4) Materials Procurement Services

Unicom Group agrees to provide comprehensive procurement services for imported and domestic telecommunications materials and other domestic non-telecommunications materials to CUCL. Unicom Group also agrees to provide services on management of tenders, verification of technical specifications, installation, consulting and agency services. In addition, Unicom Group will sell cable, modem and other materials operated by itself to CUCL and will also provide storage and logistics services in relation to the above materials procurement.

Charges for the provision of materials procurement services are calculated at the rate of:

- (a) up to 3% of the contract value of those procurement contracts in the case of domestic materials procurement; and
- (b) up to 1% of the contract value of those procurement contracts in the case of imported materials procurement.

The charges for the provision of materials operated by Unicom Group, and the pricing and/or charging standard of various materials procurement services, and storage and logistics services commission relevant to the direct material procurement are based on the market rates. Where there is no market rate or it is not possible to determine the market rate, the rate will be negotiated and agreed between the two parties. Market rates refer to the rates at which the same or similar type of assets or services is provided by Independent Third

Parties in the ordinary course of business and under normal commercial terms. Negotiated rates refer to the rates based on the reasonable costs incurred in providing the services plus the amount of the relevant taxes and reasonable profit margin. When determining the pricing standard or reasonable profit margin, to the extent practicable, management of the Company shall take into account the rates of at least two similar and comparable transactions entered into with Independent Third Parties in the corresponding period or the relevant industry profit margin for reference. The service charges due to Unicom Group will be settled on a monthly basis.

For the year ended 31 December 2022, the total charges paid by CUCL to Unicom Group amounted to approximately RMB137 million.

(5) Engineering Design and Construction Services

Unicom Group agrees to provide engineering design, construction and supervision services and IT services to CUCL. Engineering design services include planning and design, engineering inspection, telecommunications electronic engineering, telecommunications equipment engineering and corporate telecommunications engineering. Construction services include services relating to telecommunications equipment, telecommunications routing, power supplies, telecommunications conduit, and technical support systems. IT services include services relating to office automation, software testing, network upgrading, research and development of new business, and development of support systems.

The charges for the provision of engineering design and construction services are based on market rates. Market rates refer to the rates at which the same or similar type of products or services are provided by Independent Third Parties in the ordinary course of business and under normal commercial terms. When determining the pricing standard, to the extent practicable, management of the Company shall take into account the rates of at least two similar and comparable transactions entered with or carried out by Independent Third Parties in the corresponding period of reference. In the event the recipient will determine the specific provider of engineering design and construction services through tender, the provider will be no less qualified and equipped than the Independent Third Parties, and will participate in the tender procedure in a similar manner as the Independent Third Parties. Under such circumstances, the pricing will be determined by the final rate according to the tender procedure.

The service charges will be settled between CUCL and Unicom Group as and when the relevant services are provided.

For the year ended 31 December 2022, the total charges paid by CUCL to Unicom Group amounted to approximately RMB2,434 million.

- (6) **Ancillary Telecommunications Services**
Unicom Group agrees to provide to CUCL ancillary telecommunications services, including certain telecommunications pre-sale, on-sale and after-sale services such as assembling and repairing of certain client telecommunications equipment, sales agency services, printing and invoice delivery services, maintenance of telephone booths, customers' acquisitions and servicing and other customers' services.

The charges payable for the provision of ancillary telecommunications services are determined by the market rates between the two parties. Where there is no market rate or it is not possible to determine the market rates, the rate will be negotiated and agreed between the two parties. Market rates refer to the rates at which the same or similar type of assets or services are provided by Independent Third Parties under normal commercial terms. Negotiated rates refer to the rates based on the reasonable costs plus the amount of the relevant taxes and reasonable profit margin. When determining the pricing standard or reasonable profit margin, to the extent practicable, management of the Company shall take into account the rates of at least two similar and comparable transactions entered into with Independent Third Parties in the corresponding period or the relevant industry profit margin for reference. The service charges will be settled between CUCL and Unicom Group as and when the relevant services are provided.

For the year ended 31 December 2022, the total services charges paid by CUCL to Unicom Group amounted to approximately RMB3,026 million.

REPORT OF THE DIRECTORS

(7) Comprehensive Support Services

Unicom Group and CUCL agree to provide comprehensive support services to each other, including dining services, facilities leasing services (excluding those facilities which are provided under the Telecommunications Resources Leasing above), vehicle services, health and medical services, labour services, security services, hotel and conference services, gardening services, decoration and renovation services, sales services, construction agency, equipment maintenance services, market development, technical support services, research and development services, sanitary services, parking services, staff trainings, storage services, advertising services, marketing, property management services, information and communications technology services (including construction and installation services, system integration services, software development, product sales and agent services, operation and maintenance services, and consultation services).

The service charges are determined by the market rates between the two parties. Where there is no market rate or it is not possible to determine the market rate, the rate will be negotiated and agreed between the two parties. Market rates refer to the rates at which the same or similar type of assets or services are provided by Independent Third Parties under normal commercial terms. Negotiated rates refer to the rates based on the reasonable costs plus the amount of the relevant taxes and reasonable profit margin. When determining the pricing standard or reasonable profit margin, to the extent practicable, management of the Company shall take into account the rates of at least

two similar and comparable transactions entered into with Independent Third Parties in the corresponding period or the relevant industry profit margin for reference. The service charges will be settled between CUCL and Unicom Group as and when the relevant services are provided.

For the year ended 31 December 2022, the total services charges paid by CUCL to Unicom Group amounted to approximately RMB1,638 million, and the total services charges paid by Unicom Group to CUCL amounted to approximately RMB121 million.

(8) Shared Services

Unicom Group and CUCL agree to provide shared services to each other, including, but not limited to, the following: (a) CUCL will provide headquarter human resources services to Unicom Group; (b) Unicom Group and CUCL will provide business support centre services to each other; (c) CUCL will provide hosting services related to the services referred to in (a) and (b) above to Unicom Group; and (d) Unicom Group will provide premises to CUCL and other shared services requested by its headquarters. In relation to the services referred to in (b) above, CUCL will provide support services, such as billing and settlement services provided by the business support centre and operational statistics reports. Unicom Group will provide support services, including telephone card production, development and related services, maintenance and technical support and management services in relation to the telecommunications card operational system.

Unicom Group and CUCL share the costs related to the shared services proportionately in accordance with their respective total assets value, except that the total assets value of the overseas subsidiaries and the listed company of Unicom Group will be excluded from the total asset value of Unicom Group. The shared costs proportion will be agreed between Unicom Group and CUCL in accordance with the total assets value set out in the financial statements provided to each other, as adjusted in accordance with their respective total assets value on an annual basis.

For the year ended 31 December 2022, the total services charges paid by CUCL to Unicom Group amounted to approximately RMB79 million, and the services charges paid by Unicom Group to CUCL was negligible.

- (9) **Financial Services**
CUCL or its subsidiaries agrees to provide financial services to Unicom Group, including deposit services, lending and other credit services, and other financial services. Other financial services include settlement services, acceptance of bills, entrusted loans, credit verification, financial and financing consultation, consultation, agency business, approved insurance agent services, and other businesses approved by China Banking Regulatory Commission.

The key pricing policies are follows:

- (a) **Deposit Services**
The interest rate for Unicom Group's deposit with CUCL or its subsidiaries will be no more than the maximum interest rate promulgated by the People's Bank of China for the same type of deposit, the interest rate for the same type of deposit offered to other clients and the applicable interest rate offered by the general commercial banks in PRC for the same type of deposit.
- (b) **Lending and other credit services**
The lending interest rate will follow the interest rate standard promulgated by the People's Bank of China, and will be no less than the minimum interest rate offered by CUCL and its subsidiaries to other clients for the same type of loan, and the applicable interest rate offered to Unicom Group by the general commercial banks in PRC for the same type of loan. For the year ended 31 December 2022, the maximum daily lending and other credit services balance (including accrued interests) amounted to approximately RMB10,806 million.

REPORT OF THE DIRECTORS

- (c) Other financial services
- The fees to be charged by CUCL or its subsidiaries for the provision of the financial services to Unicom Group will comply with the relevant prescribed rates for such services as determined by the People's Bank of China or the China Banking Regulatory Commission. Where no relevant prescribed rate is applicable, the fee will be determined with reference to market rates of similar financial services charges and agreed between the parties.

The service charges will be settled between CUCL or its subsidiaries and Unicom Group as and when the relevant services are provided.

For the financial year ended 31 December 2022, the above continuing connected transactions have not exceeded their respective caps.

The Company has formulated and strictly implemented various systems including the Administrative Measures of Connected Transactions of China Unicom to ensure that connected transactions are properly entered into in accordance with pricing mechanisms and the terms of the transactions are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The staff from the relevant business departments and the connected persons of the Company will negotiate the pricing terms of the continuing connected transactions. These pricing terms will be determined in accordance with the pricing policy principles set out in the 2020–2022 comprehensive services agreement, which should be fair and reasonable and subject to the review of the finance department.

The legal department is responsible for the review of the agreement for connected transactions. The finance department takes the lead in the daily management and supervision of connected transactions, including liaising with the relevant business departments for account reconciliation with connected parties, monitoring the implementation of connected transactions together with business departments on a routine basis and performing supervisory examination. The finance department regularly reports the status of the implementation of connected transactions to the Audit Committee. The audit department includes review on connected transactions into the scope of annual internal control assessment and reports the results to the management.

Furthermore, the aforesaid continuing connected transactions have been reviewed by independent non-executive directors of the Company. The independent non-executive directors confirmed that the aforesaid continuing connected transactions were entered into (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or better or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from independent third parties; and (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's independent auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions

under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants. The independent auditor has issued an unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group in pages 78 to 84 of this annual report in accordance with paragraph 14A.56 of the Listing Rules. The independent auditors’ letter has confirmed that nothing has come to their attention that cause them to believe that the continuing connected transactions:

- (A) have not been approved by the Board;
- (B) were not, in all material respects, in accordance with the pricing policies of the Group as stated in this annual report;
- (C) were not entered into, in all material respects, in accordance with the relevant agreements governing the continuing connected transactions; and
- (D) have exceeded their respective annual caps for the financial year ended 31 December 2022 set out in the previous announcements of the Company.

A copy of the independent auditor’s letter has been provided by the Company to the Hong Kong Stock Exchange.

The Company confirms that it has complied with the requirements of Chapter 14A of the Listing Rules in relation to all connected transactions and continuing connected transactions to which any Group member was a party during 2022. Please refer to Note 45 to the consolidated financial

statements for a summary of the related party transactions entered into by the members of the Group for the year ended 31 December 2022. Only the connected transactions set out in note 45.1 of the consolidated financial statements constitute continuing connected transactions under Chapter 14A of the Listing Rules, the details of which (except for fully exempt continuing connected transactions) have been disclosed in the paragraph “Continuing Connected Transactions” in the Report of the Directors above. Other related party transactions do not constitute connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules.

On 28 October 2022, CUCL and Unicom Group entered into a 2023–2025 comprehensive services agreement (the “2023–2025 Comprehensive Services Agreement”) and Finance Company and Unicom Group entered into a 2023–2025 financial services agreement (the “2023–2025 Financial Services Agreement”). Pursuant to the 2023–2025 Comprehensive Services Agreement, CUCL and Unicom Group agreed to provide services to each other or by one to the other, including (i) use of telecommunications resources; (ii) property leasing; (iii) value-added telecommunications services; (iv) materials procurement services; (v) engineering design and construction and IT services; (vi) ancillary telecommunications services; (vii) comprehensive support services and (viii) shared services. Pursuant to the 2023–2025 Financial Services Agreement, Finance Company agreed to provide financial services to Unicom Group. The above continuing connected transactions will be for a term of three years from 1 January 2023 to 31 December 2025.

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MAJOR TRANSACTION — COMMERCIAL PRICING AGREEMENT AND SERVICE AGREEMENT WITH CHINA TOWER CORPORATION LIMITED

Reference is made to the announcements dated 8 July 2016 and 1 February 2018 issued by the Company in connection with the commercial pricing of the lease of telecommunications towers and related assets from China Tower Corporation Limited (the “Tower Company”) through CUCL. The agreements expired on 31 December 2022. On 13 December 2022, the Board announced that it approved CUCL and the Tower Company to sign a commercial pricing agreement (the “Commercial Pricing Agreement”) and a service agreement (the “Service Agreement”). On 18 January 2023, the Commercial Pricing Agreement and the Service Agreement have been signed, under which CUCL leases assets and receives services provided by the Tower Company, including tower products, indoor distribution system products, transmission products and service products. The term of each of the Commercial Pricing Agreement and the Service Agreement shall be five years, effective from 1 January 2023 to 31 December 2027. Details of the Commercial Pricing Agreement and the Service Agreement are set out in the circular dated 5 January 2023.

The Company is of the view that entering into the Commercial Pricing Agreement and the Service Agreement with the Tower Company will enable the Company to promote a quick, precise and effective 5G/4G network roll-out, while at the same time reduce capital expenditure and operating expenses. By co-using the telecommunications tower assets, the Company expects it will benefit from the advantages arising from the effective operation and sharing of resources in the long term, helping the Company build new digital information infrastructure

capabilities and technological competitive advantages and further solidify the digital foundation for the Company’s high-quality development.

CORPORATE GOVERNANCE REPORT

Report on the Company’s corporate governance is set out in “Corporate Governance Report” on pages 44 to 69.

MATERIAL LEGAL PROCEEDINGS

As a company incorporated in Hong Kong and listed in Hong Kong, the Company adopts the Companies Ordinance of Hong Kong, the Securities and Futures Ordinance of Hong Kong, Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Company’s Articles of Association and other related laws and regulations as the basic guidelines for the Company’s corporate governance.

The principal activities of Company’s subsidiaries are the provision of comprehensive telecommunications services. The Company is required to comply with the Cybersecurity Law of the People’s Republic of China, Telecommunications Regulations of the People’s Republic of China, Administrative Regulations on Telecommunications Companies with Foreign Investments and other related laws and regulations. At the same time, oversea subsidiaries of the Company are also required to comply with the related laws and regulations where their business operations are located.

For the year ended 31 December 2022, the Company had not been involved in any material litigation, arbitration or administrative proceedings. So far as the Company is aware of, no such litigation, arbitration or administrative proceedings were pending or threatened as at 31 December 2022.

PUBLIC FLOAT

Based on publicly available information and so far as Directors are aware, the Company has maintained the specified amount of public float as required by the Hong Kong Stock Exchange during the year ended 31 December 2022 and as at the date of this annual report.

DONATIONS

For the year ended 31 December 2022, the Group made charitable and other donations in an aggregate amount of approximately RMB1.045 million.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining the shareholders' rights to attend and vote at the Annual General Meeting (and any adjournment thereof) on 18 May 2023, and entitlement to the 2022 Final Dividend, the register of members of the Company will be closed for registration of transfer of shares. Details of such closures are set out below:

- | | |
|---|---------------------------------|
| (1) For ascertaining the shareholders' rights to attend and vote at the Annual General Meeting (and any adjournment thereof): | |
| Latest time to lodge transfer documents for registration | 4:30 p.m. of 10 May 2023 |
| Closure of register of members | From 11 May 2023 to 18 May 2023 |
| Record date | 11 May 2023 |
| (2) For ascertaining the shareholders' entitlement to the 2022 Final Dividend: | |
| Latest time to lodge transfer documents for registration | 4:30 p.m. of 24 May 2023 |
| Closure of register of members | 25 May 2023 |
| Final Dividend Record date | 25 May 2023 |

During the above closure periods, no transfer of shares will be registered. To be eligible to attend and vote at the Annual General Meeting, and to qualify for the 2022 Final Dividend, all transfers, accompanied by the relevant certificates, must be lodged with the Company's Share Registrar, Hong Kong Registrars Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, by no later than the aforementioned latest times.

WITHHOLDING AND PAYMENT OF ENTERPRISE INCOME TAX FOR NON-RESIDENT ENTERPRISES IN RESPECT OF 2022 FINAL DIVIDEND

Pursuant to (i) the "Notice Regarding Matters on Determination of Tax Residence Status of Chinese-controlled Offshore Incorporated Enterprises under Rules of Effective Management" (the "Notice") issued by the State Taxation Administration of the People's Republic of China (the "STA"); (ii) the "Enterprise Income Tax Law of the People's Republic of China" (the "Enterprise Income Tax Law") and the "Detailed Rules for the Implementation of the Enterprise Income Tax Law of the People's Republic of China" (the "Implementation Rules"); and (iii) information obtained from the STA, the Company is required to withhold and pay enterprise income tax when it pays the 2022 Final Dividend to its non-resident enterprise shareholders. The enterprise income tax is 10% on the amount of dividend paid to non-resident enterprise shareholders (the "Enterprise Income Tax"), and the withholding and payment obligation lies with the Company.

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As a result of the foregoing, in respect of any shareholders whose names appear on the Company's register of members on the Final Dividend Record Date and who are not individuals (including HKSCC Nominees Limited, other custodians, corporate nominees and trustees such as securities companies and banks, and other entities or organisations), the Company will distribute the 2022 Final Dividend payable to them after deducting the amount of Enterprise Income Tax payable on such dividend. Investors who invest in the shares in the Company listed on the Main Board of The Stock Exchange of Hong Kong Limited through the Shanghai Stock Exchange or Shenzhen Stock Exchange (the Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect investors) are investors who hold shares through HKSCC Nominees Limited, and in accordance with the above requirements, the Company will pay to HKSCC Nominees Limited the amount of the 2022 Final Dividend after deducting the amount of Enterprise Income Tax payable on such dividend.

In respect of any shareholders whose names appear on the Company's register of members on the Final Dividend Record Date and who are individual shareholders, there will be no deduction of Enterprise Income Tax from the dividend that such shareholder is entitled to.

Shareholders who are not individual shareholders listed on the Company's register of members and who (i) are resident enterprises of the People's Republic of China (the "PRC") (as defined in the Enterprise Income Tax Law), or (ii) are enterprises deemed to be resident enterprises of the PRC in accordance with the Notice, and who, in each

case, do not desire to have the Company withhold Enterprise Income Tax from their 2022 Final Dividend, should lodge with the Company's Share Registrar, Hong Kong Registrars Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, at or before 4:30 p.m. of 24 May 2023, and present the documents from such shareholder's governing tax authority within the territory of the PRC confirming that the Company is not required to withhold and pay Enterprise Income Tax in respect of the dividend that such shareholder is entitled to.

If anyone would like to change the identity of the holders in the register of members, please enquire about the relevant procedures with the nominees or trustees. The Company will withhold for payment of the Enterprise Income Tax for its non-resident enterprise shareholders strictly in accordance with the relevant laws and requirements of the relevant government agencies and adhere strictly to the information set out in the Company's register of members on the Final Dividend Record Date. The Company assumes no liability whatsoever in respect of and will not entertain any claims, arising from any delay in, or inaccurate determination of, the status of the shareholders, or any disputes over the mechanism of withholding and payment of Enterprise Income Tax.

MANAGEMENT CONTRACTS

Other than employment contracts, no contract concerning the management and administration of the whole or any substantial part of the Company's business was entered into or existed during 2022.

INDEPENDENT AUDITOR

At the close of the 2021 annual general meeting of the Company held on 13 May 2021, KPMG and KPMG Huazhen LLP retired as independent auditors of the Company upon expiration of their term of office. The Hong Kong financial reporting for the year ended 31 December 2021 and 31 December 2022 have been audited by Deloitte Touche Tohmatsu, which retire and, being eligible, offer itself for re-appointment at the 2023 annual general meeting. A resolution to re-appoint Deloitte Touche Tohmatsu and to authorise the Directors to fix its respective remuneration will be proposed at the 2023 annual general meeting.

By Order of the Board

Liu Liehong

Chairman and Chief Executive Officer

Hong Kong, 8 March 2023