

China Unicom Limited (the “Company”) was incorporated in Hong Kong in February 2000. All of the assets and businesses of China United Telecommunications Corporation (“Unicom Group”) in its GSM cellular business in the twelve provinces and directly administered municipalities of Beijing, Shanghai, Tianjin, Guangdong, Jiangsu, Zhejiang, Fujian, Liaoning, Shandong, Anhui, Hebei and Hubei and its nationwide long distance telephony network, data network and Internet together with its equity interests in Guoxin Paging Corporation Limited which owned the radio paging business, were injected into the Company. In June 2000, the Company successfully completed its initial public offering (“IPO”) and raised a total of approximately US\$5.65 billion. It was listed on the New York Stock Exchange, Inc. and The Stock Exchange of Hong Kong Limited on 21 June, 2000 and 22 June, 2000 respectively. It was the largest IPO fund raising ever in Hong Kong and in Asia excluding Japan.

China Unicom Corporation Limited, a wholly-owned subsidiary of the Company, operates the aforesaid GSM cellular businesses in the twelve provinces and directly administered municipalities, nationwide radio paging business, international and domestic long distance telephone business, data communications including Internet and IP telephony business and other related value-added services.

By insisting on a market-oriented and efficiency-focused approach, standardising the planning of its network construction, rationalising the use of its network resources and focusing on the utilisation of social dynamics, the Company continues to maintain a sound and rapid development and provides comprehensive and accessible telecommunications services with unique features to the society. With almost a year’s efforts, the overall strength of the Company has been continuously strengthened.

With respect to cellular communications services, the Company is one of the two largest cellular communications operators in China. As of the end of year 2000, the number of our GSM subscribers has reached 12.772 million. We have launched our international roaming services in 29 countries and regions. We have also executed international roaming agreements with over 80 operators in over 50 countries and regions. In response to the needs of the society, we are also actively developing various new services, such as pre-paid services (“ru yi tong”) and WAP.

With respect to long distance and data services, as of the end of year 2000, the long distance telephone network of the Company covered 226 major cities. We have provided IP telephony services in 231 cities. The broadband data network providing leased lines, Frame Relay (“FR”), Asynchronous Transfer Mode (“ATM”), Virtual Private Network (“VPN”) and Internet services, has been expanded to 220 cities.

With respect to radio paging service, the Company is the largest paging service provider in China and possesses a radio paging network with the largest subscribers base in the world. As of the end of year 2000, the number of our paging subscribers has reached 44.52 million, with a market share of approximately 54.0%.

The Company has completed the construction of the second largest broadband optical fibre transmission network in China, which serves as the common platform supporting the various operating networks of cellular communications, domestic and international long distance, data, Internet and paging services. As of the end of year 2000, the optical fibre transmission network reached 156,000 km with the long distance optical fibre backbone network reaching 56,000 km.

Since its incorporation, the Company is actively promoting its image as an integrated telecommunications services provider. By fully utilising our ability to provide various kinds of telecommunications services, the asymmetrical tariff regulation policy of the government and the advantage of having a nationwide sales and distribution network, we have provided a “one-stop-shop” services which, together with our approach of combining direct and distribution sales, provides differentiated services in accordance with the needs of different groups of customers.

As of the end of year 2000, we have a total of approximately 35,400 employees.

Unicom Group is the substantial shareholder of the Company. As at 31 December, 2000, Unicom Group indirectly held 77.47% of the shares in the Company through its wholly-owned subsidiaries, China Unicom (Hong Kong) Group Limited and China Unicom (BVI) Limited. The remaining 22.53% of the shares were held by public shareholders.