## All Rounded Services

The only Integrated Telecommunications Services Provider in China

Cellular 2 Data and Internet Services China Unicom Limitec Network Infractructure International and Domestic Long Distance Business By insisting on a market-oriented and efficiency-focused approach, the Company Shanghai continues to maintain a sound and rapid development and provides comprehensive and accessible telecommunications services with unique features to the society.

China Unicom Limited

Annual report 2001

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, Tianjing, Guangdong, jiansu, Zhejiang, Fujian, Liaoning, Shandong, Anhui, Hebei and Hubei (the "Service Areas") 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. Its shares 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. On 22 November 2001, the Company's wholly owned subsidiary, China Unicom Corporation Limited had entered into a lease with Unicom Group's wholly owned subsidiary, Unicom New Horizon Mobile Telecommunications Company Limited in respect of leasing capacity of CDMA network in the service areas and the CDMA service had been launched as from 3 January 2002.

China Unicom Corporation Limited, a wholly-owned subsidiary of the Company, operates the aforesaid GSM and CDMA cellular businesses in the services areas 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, standardizing the planning of its network construction, rationalizing the use of its network resources and focusing on the utilization 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 leasing CDMA capacity from Unicom Group, 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. At the end of year 2001, the number of our GSM subscribers has reached 27.033 million. We have executed international roaming agreements with over 147 operators in over 56 countries and regions. In response to the needs of the society, we are also actively developing various new services, such as prepaid services ("ru yi tong") and WAP.

With respect to long distance and data services, as of the end of year 2001, the long distance telephone network of the Company covered 304 major cities. We have provided IP telephony services in 320 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 303 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

2001, the number of our paging subscribers has reached 32.907 million.

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 2001, the optical fibre transmission network reached 333,000km with the long distance optical fibre backbone network reaching 78,000km.

Since its incorporation, the Company is actively promoting its image as an integrated telecommunications services provider. By fully utilizing 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.

Unicom Group is the substantial shareholder of the Company. As at 31 December 2001, Unicom Group indirectly held 77.47% of the shares in the Company through its wholly-owned subsidiary, China Unicom (BVI) Limited. The remaining 22.53% of the shares were held by public shareholders.