

DEVELOP QUALITY PRODUCTS

Optimise product tariffs

In order to implement the national “Broadband China” strategy and the requirements of “Speed Upgrade and Tariff Reduction”, China Unicom continuously optimised product packages, and launched multiple preferential tariff policies to achieve “tariff reduction for the benefit of the people”. Meanwhile, in order to rapidly respond to the needs of customers in different regions, China Unicom earnestly implemented simplification of administration and delegation of power. Clearly pointing out that provincial branches have the main responsibilities for operation, the Group’s head office delegated the power of approving products and marketing activities to provincial branches to fully unleash their operating vibrancy.



Reduce mobile broadband tariff

- Lowered the data tariff exceeding RMB0.27/MB to RMB0.27/MB;
- Offered discounted sales of mainstream 4G packages, benefiting over 40 million users;
- Increased the data allowances of existing 4G packages by adjusting the data allowance of the RMB76 package from 400MB to 800MB and that of the RMB106 package from 800MB to 1GB, benefiting over 20 million users;
- Launched an upgraded version of the “Data Usage at Ease” package, which carried a progressive tariff system – RMB10 for 100MB and up to RMB60 for 1GB;
- Cancel long-distance and roaming charges in Chengdu-Chongqing regions, benefiting over 20 million users.

China Unicom Yunnan Branch further reduced tariffs. The tariff for 10M fixed-line broadband dropped by 18.8% YoY, 20M by 27.3% YoY, 50M by 26.2% YoY and 100M by 21.3% YoY. As for mobile broadband, with the launch of daily card, users could enjoy 500M of data at a price of RMB1. Products such as monthly data packages, daily data packages and holiday data packages were also launched. Long-distance and roaming charges were cancelled in Central Yunnan region. Campaigns were launched to offer monthly rebates of local data up to a total of 2GB.

In 2016, China Unicom Beijing Branch implemented the fifth broadband speed upgrade. Regarding fixed-line broadband, it offered to existing public broadband users who subscribed to unlimited monthly and annual packages of 20Mbps or above a free upgrade to the next speed band. For new users, the latest broadband tariffs were implemented, which resulted in a tariff reduction by 16.9% at the maximum. The fifth broadband speed upgrade benefited nearly 3.92 million broadband users in the city; nearly one million of China Unicom broadband users could enjoy free IPTV.

Lower international roaming charges

Under the current adjustment of international roaming charges, adjustment related to voice call charges involved 130 countries and regions with an average drop of 48% and that related to data charges involved 116 countries and regions with an average drop of 72%. Meanwhile the number of areas covered by the RMB5 data package was expanded from 87 to 112, covering 33 territories and regions along the “Belt and Road Initiative”.

AVERAGE REDUCTION IN INTERNATIONAL ROAMING CALL TARIFF

48%

AVERAGE REDUCTION IN INTERNATIONAL ROAMING DATA TARIFF

72%



China Unicom reached a consensus with Nepal Telecom in respect of reducing international roaming charge and network interconnection. Nepal is one of regions with high mobile roaming costs in the world and has been generating a considerable amount of mobile roaming income from the inbound roaming business for a long time. Through visits and discussion, the two parties signed a new roaming cost settlement agreement to lower voice and data settlement cost by about 60% vs before.

Improve data service

Leveraging its fast and smooth broadband network, China Unicom intensively improved its data operation capability, and laid equal emphasis on both the forward and backward data traffic operation.

Diversify product offerings for forward data traffic operation

- On top of the various existing monthly data packages, made available additional products such as monthly top-up data packages, daily data packages, holiday data packages and half-yearly data packages, and continuously enriched various special offers of dedicated data packages for data-intensive videos, music and games;
- Activated “Data Usage at Ease” feature beyond package data allowance, launched an upgraded version for the “Data Usage at Ease” data package, and implemented progressive “Data Usage at Ease”.

Expand backward data traffic operation business

- Established an integrated data distribution platform under a unified policy, unified access, unified support and decentralised management, and supported the innovation of the business model of data operation; explored an external cooperation mode combining backward data + commission by making use of key projects and the group-based marketing policies of the Company; in 2016, the Company had a total of 57 partners for its backward data operation;
- In respect of dedicated data traffic operation, adopted an integrated product mode with third-party applications and continuously diversified value added services. Ten major products, such as WO+ video, WO+ music and Sina Weibo, were developed under WO+APP.

Enrich video experience

With the fibre upgrade of broadband network, high-speed video service has become an information consumption hotspot. China Unicom has positioned video as a strategic core business among the Group's innovative businesses.

Launch TV video services

China Unicom extensively developed video products leveraging its broadband network, and launched a 4K video-oriented family video application product "WO+ TV", which covered multiple contents such as video, games, music, education, shopping and healthcare, and curated over 100,000 hours of video, over 1,400 games and over 50,000 songs.



In order to promote information consumption driven by video service, China Unicom set up the "4K Ultra High Definition Industrial Alliance", jointly formulated the technical specifications of 4K smart set-top boxes with China Telecom, signed a 4K Joint Innovation Agreement with Huawei, published a white paper on IPTV technology, and actively promoted the healthy development of 4K ultra high definition industry.

Leveraging on its own technical advantages, China Unicom Tianjin Branch has developed a series of brand new services such as time shifting, replay, VOD, OTT HD video on IPTV in addition to offering conventional live broadcasts. Under its cooperation with Tianjin Broadcast & TV Network, China Unicom Tianjin Branch successively launched a range of innovative programmes such as "find me pretty anchors" and "seafood feast". At the same time, it made substantial efforts in developing value added services based on IPTV. The recently developed "WO+ video" can even allow video calls between a cell phone and a TV.

Upgrade Smart WO Family service

The Company extensively developed the Smart WO Family integrated services, with integrated package users of 19.67 million, and bundled cell phones of over 32 million, which effectively promoted a coordinated growth of both the fixed-line and mobile users.

- Adjusted package structure so that the fixed-line and mobile product systems were fully covered by integrated services;
- Enriched the product offerings of Smart WO Family packages, developed WO+ video, WO+ housekeeper and other innovative family Internet products;
- Optimised regulation of Smart WO Family business, reduced the restrictions on sign-ups and package start dates, and shortened the average servicing time from 20 minutes at the beginning of the year to no more than 6 minutes.

Smart WO Family of China Unicom Shandong Branch – WO+ IPTV has 140 live channels and 27 local channels. It offers over 50,000 hours of on-demand programmes such as HD movies and hot TV series (with 2,000 hours of content updated every month); there are also other 4K applications such as daily life information, online education, quality music, game and entertainment. The Smart WO Family package of China Unicom Shandong Branch combines broadband, mobile data, voice calls and SMS services at the option of the customers to enable the sharing of all services by the whole family through multiple terminals. Customers commented that "while the package seems to be rather expensive, it is indeed cheap because I have selected China Unicom's Smart WO Family service". Once a family member pays the bill, the whole family can share the package, enjoy mobile phone service, watch TV and access broadband. Smart WO Family gives them all!

In light of the high demand on mobile video, China Unicom Nanchang Branch made use of products such as the dedicated data packages for Tencent Video and Youku Video to launch a one-month free trial of the "Video Storm" campaign. Users can enjoy a free trial in the first month by subscribing to those data packages. The campaign generated tremendous responses from users after launch. The online reservation page of the WeChat public account received over 50,000 clicks. Within one month after the campaign was launched, 15,000 users subscribed to such packages successfully. The average monthly data usage volume increased from 889MB to 1085MB. The campaign was also well received by the youth.

Expand international video service

China Unicom Global Limited signed the Letter of Intent for Strategic Cooperation of China Unicom International Video Services with senior management representatives of outstanding Chinese-language new media services providers such as ICNTV, Oriental Pearl, Nanguang Media, Mango TV and Wasu Media to jointly build an Internet TV overseas content distribution base and OTT video service global distribution centre so as to explore room for Chinese cultural exchange and cooperation and strengthen the international transmission capacity construction. By contributing their respective strengths and resources, both parties jointly foster, develop and share market results in promotion of global Internet TV market.



China Unicom Global Media Strategic Partners
Signing Ceremony

Transparent product pricing

Simplify package tariffs

- Packages were designed according to the principles of simplifying tariff structure, regulating tariff advertising, improving tariff transparency and protecting user demand to ensure simple structure and easy understanding, forbid obscure tariff structure and conditions of use, and eradicate unreasonable charges;
- Focused on promoting packages with simple and clear tariff structure and unified standard for the convenience of users to understand and select;
- Regulated tariff policies and related advertising, ensured that the tariff packages are easy to understand, open and transparent so that customers can purchase on a knowing basis.

Clearly specify data tariff billing

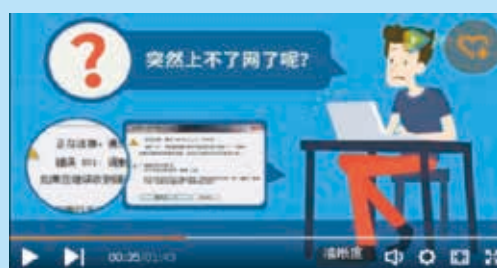
- Strengthened data tariff billing system scrutiny, and improved compliance, standardisation and transparency of data tariff billing;
- Strengthened data tariff billing monitoring, focused on monitoring the rate of timely collection of the payment of half-year data packages, detailed day-to-day changes of data traffic, data price approval time difference fluctuation, high amount phone bills and other key customer concerns, and issued warnings for high data consumption and abnormal SMS;
- Set up a mechanism for handling abnormal data traffic, communicated and analysed abnormal traffic fluctuation in time, and properly handled abnormal international data traffic and capped abnormal traffic.

Strictly control over unclear charges of value added services

- Revised *Value-added Service Management Method*, further clarified the double confirmation requirements for subscription of value-added services, and focused on fighting against the acts of coerced subscription, induced subscription and falsified subscription of value added services and the charging malpractice targeted at end users;
- Strengthened technical protection, and for business subject to multiple complaints, assure double confirmation and clear tariff instructions by adding verification code and other means;
- Tightened punishments on illegal behaviours, and imposed a fine of RMB54 million for irregular value-added subscription behaviour;
- Enhanced the internal accountability of the proprietary services, and circulate notices of criticism for operating units which have imposed charges on a compulsory basis.

Perfect consumer alerts

- Optimised the consumption alert scenarios, and set up a full life cycle alert system;
- Sent data usage alerts by product to enable customers to understand the specific usage of each data product easily;
- Implemented an early warning system for suspension of service under which early warnings in respect of account balance, credit limit and service suspension will be given during the entire process;
- Optimised the system for sending batches of SMS, and improve the rates of successful, timely and accurate delivery of SMS;
- Regulated the announcement of service information, and assure the consistency of service information, both online and offline, such as type of service, term of service, tariff standard and service scope.



In order to help customers more easily understand communication policies and knowledge, and correctly understand communication services and common malpractices, China Unicom Tianjin Branch produced a series of "Let WO show you" videos and uploaded them onto well-known video websites such as Youku, Tencent and iQIYI. Such series of videos presented the relevant communication policies, safety instructions, recommended products, new technologies, convenient services and practical skills by way of Internet transmission means which were easily understood. So far, 45 videos in eight categories have uploaded online, with over 660,500 visitors viewed the pages.