

China Unicom 2018 Annual Work Conference Highlights

China Unicom 2018 Annual Work Conference was convened in Beijing on 4 January 2018. The key addresses of the conference are to insist on new development philosophies, observe the requirements of high-quality growth, deeply implement the strategy of Focus, Innovation and Cooperation, nurture new strong Internet genes, explore and improve new corporate governance post mixed-ownership reform, fully accelerate new Internet-oriented operation, endeavour to strengthen new innovation and development power, proactively develop a new ecosystem that connects both internally and externally, and strive to start a new era for China Unicom's development.



China Unicom 2018 Annual Work Conference was convened in Beijing



Mr. Chen Zhaoxiong, Deputy Minister of MIIT made a speech

Mr. Chen Zhaoxiong, Deputy Minister of Ministry of Industry and Information Technology (MIIT), attended and spoke at the conference. Mr. Chen Zhaoxiong

comprehensively reviewed the overall development of the information and communications industry and the progress of MIIT's work on information and communications in 2017, and presented the fundamental thinking underlying MIIT's work in 2018. He fully acknowledged the reform and development achievements of China Unicom in 2017: First, made new progress in the implementation of the policies and deployments of the central government. Second, made new achievements in corporate operation and development. Third, achieved new breakthrough in mixed-ownership reform. Fourth, made new improvement in emergency communications support and service quality. Fifth, delivered new outcomes on Party and integrity establishment in the group. Mr. Chen hoped that China Unicom will continue to be guided by the thinking of Mr. Xi Jinping on socialism with Chinese characteristics for a new era in 2018, fully implement the spirits of 19th National Congress of the Party, proactively implement the related strategic deployments of the State, deeply propel the strategy of Focus, Innovation and Cooperation, explore and improve new corporate governance post mixed-ownership reform, fully accelerate new Internet-oriented operation, endeavour to strengthen new innovation and development capabilities, and strive to start a new era for China Unicom's high-quality development. First, speed up the evolutionary upgrade of network infrastructure. Second, deepen the cross-sector integration and application of information and communications technology. Third, enhance the capability to safeguard network and information security. Fourth, improve information and communications service level. Fifth, strengthen state owned enterprise (SOE) Party establishment work in the new era.



Mr. Wang Xiaochu, Chairman of China Unicom addressed the annual work conference

Mr. Wang Xiaochu, Chairman of China Unicom, said that in 2017, China Unicom insisted on the strategy of Focus, Innovation and Cooperation, deeply pushed forward “growth promotion, cost control and mechanism reform”, and went through an extraordinary year which bears critical historic significance. In the past year, the whole company united together and forged ahead to overcome unfavourable conditions, turning around the challenges facing our business development. We made substantial changes which were symbolic, ground-breaking, revolutionary and trend-turning in our history. It was symbolic because China Unicom was the only central SOE to adopt entire group-based mixed-ownership reform, setting a new model and benchmark for SOE reforms in a new era and

exploring a new form of state-owned economy. It was ground-breaking because China Unicom embarked on a new Internet business model, making a significant breakthrough from the traditional development model. It was revolutionary because we genuinely achieved for the first time “posts up & down, staff in & out, salary up & down”. It was trend-turning because we were at the historic inflexion point where the quantity and quality of business development were both evolving while prescribed targets of healthy development were achieved.

Mr. Wang emphasized that 2018 is a new starting point for China Unicom after its mixed-ownership reform. A new starting point has to come with new ambience and new achievement. In the new year, we must endeavour to instil into China Unicom new genes, new governance, new operation, new power and new ecosystem (the “Five New”). We should focus on the following work aspects: First, equip the mindset, guide the practice and drive the work with the new thinking. Second, fully push forward Internet-oriented operation. Based on the actual circumstances of the Company, we shall deeply advance supply-side structural reform, and fully push forward Internet-oriented operation of China Unicom in order to enhance customer perception and efficiency. Through New Retail and Boundless Retail, we shall speed up the Internet-oriented transformation of New Retail and products, letting customers to shop anytime and anywhere as they wish. Through the “Three Transformations”, namely decentralisation, disintermediation, boundary elimination, we shall speed up the Internet-oriented transformation of corporate operation and management. Third, speed up improvement of innovative capability and upgrade of development power. We shall persevere in adopting separate organisational structures, remuneration incentives and personnel selection and appointment practices for innovative businesses and traditional businesses, and ensure coordinated enhancement in innovative capability in consumer Internet, home Internet and industrial Internet. Fourth, deeply push forward mixed-ownership reform. We shall deeply propel system and mechanism reforms such as sub-division and contract-out, human resources, remuneration incentives and performance appraisal, etc. in an integrated manner. With a view to building a new China Unicom ecosystem, we shall forcefully push ahead in-depth synergetic business cooperation with strategic investors and raise our own capabilities by complementing one another. Fifth, continue to strengthen fundamental management, remedy weaknesses and mitigate shortcomings. Based on the guiding principle of the “Three Dedications”, further optimise corporate management, reduce system-based transaction costs, and raise management efficiency, return and vibrancy.



Mr. Lu Yimin, President of China Unicom, presented the work report

In his work report, Mr. Lu Yimin, President of China Unicom, comprehensively concluded the work of China Unicom in different aspects in 2017, and set out the work plan for 2018.

Mr. Lu pointed out that 2017 bears critical significance in China Unicom's history. In the past year, the Company insisted on new development philosophies, deepened supply-side structural reform, and fully pushed forward the Focus Strategy. According to the work requirements of "promote growth, control cost and reform mechanism", we upheld our strategic determination, strengthened our fundamentals, and resolved bottlenecks in a problem-driven manner, taking a solid step in the Company's road of transformation and development. Operating performance showed fundamental improvement. Business model transformation took a solid step forward. The mixed-ownership reform made historic breakthrough. There were new improvement in our ability to provide emergency support and safeguards, as well as significant enhancement in corporate culture establishment.

Mr. Lu emphasized that 2018 will be a critical year for the implementation of China Unicom's Focus Strategy, the deepening of mixed-ownership reform and the advancement of Internet-oriented operation. In the new year, we should ride on the new development trends of the information and communications industry proactively, fully understand our own new circumstances and insist on new development philosophies. According to the requirements of high-quality development, we should deeply implement the strategy of Focus, Innovation and Cooperation, building the "Five New" China Unicom.

Mr. Lu demanded that, in terms of the overall work strategy, we should continuously deepen the strategy of Focus, Innovation and Cooperation, persevere in the implementation of Internet-oriented operation, fully unleash the benefits of the mixed-ownership reform, insist on the development of key corporate capabilities. In terms of operational development, we should focus on the development of the "Four Systems". First, strive to establish a product-oriented operational responsibility system. Second, strive to establish a channel-oriented sales responsibilities system. Third, strive to establish a capability-oriented innovative business system. Fourth, strive to establish a customer-oriented brand and service system. In terms of capability enhancement and related safeguards, we shall

focus on the following work aspects: First, transform investment and network construction model to rapidly respond to market development needs. Second, build an open network service system to enhance network competitiveness, network efficiency and customer perception. Third, strengthen IT capability development to support Internet-oriented operation. Fourth, activate internal vibrancy with reform and innovation, setting a role model for SOE mixed-ownership reform. Fifth, continue to strengthen fundamental management by transforming our financial system, strengthening risk management, promoting the rule of law in corporate governance, ensuring production safety, and earnestly performing social responsibilities. Sixth, continue to deepen the establishment of corporate culture and integrity.

- End -

For media enquiries, please contact:
China Unicom (Hong Kong) Limited
Investor Relations Department
Mr. Ivan Wong / Ms. Joeling Law / Mr. Billy Tang
Tel: (852) 2121 3210 / (852) 2121 3225 / (852) 2121 3275
Email: ivanw@chinaunicom.com.hk / joeling.law@chinaunicom.com.hk /
billy@chinaunicom.com.hk