

China Unicom 2019 Annual Work Conference Highlights

China Unicom 2019 Annual Work Conference was convened in Beijing on 24 December 2018. Mr. Chen Zhaoxiong, Deputy Minister of Ministry of Industry and Information Technology (MIIT), attended and spoke at the conference. Senior officials of MIIT and National Audit Office were present at the conference. During the conference, Mr. Wang Xiaochu, Chairman of China Unicom, conveyed the spirit of the Central Economic Work Conference and delivered a speech. Mr. Li Guohua, President of China Unicom, presented the work report.



Mr. Chen Zhaoxiong, Deputy Minister of MIIT, attended and spoke at the conference

Mr. Chen Zhaoxiong introduced the overall development of the information and communications industry in 2018 and the considerations for the work in 2019. He fully acknowledged China Unicom's work achievements in 2018, and set out the work requirements for China Unicom going forward. He hoped that China Unicom will continue to drive innovation in the new year to strongly support China's development as a cyber superpower, insist on open cooperation to expand new room for high-quality corporate development, and stay people-oriented while practically enhancing services and social livelihood. He also urged China Unicom to insist on secure development by relentlessly strengthening capability on network security assurance. He expected to see China

Unicom's new paradigm of high-quality development, making greater contribution to China's high-quality economic development as well as cyber superpower development.



Mr. Wang Xiaochu, Chairman of China Unicom, conveyed the spirit of the Central Economic Work Conference and delivered a speech

Mr. Wang Xiaochu conveyed the spirit of the Central Economic Work Conference to the attendees of the conference, and spoke about China Unicom's plan to fully implement the spirit of the Central Economic Work Conference. He emphasized that the recently concluded Central Economic Work Conference clearly set out the overall requirements, key targets, policy directions, major missions and critical support for the economic development in 2019. China Unicom has to earnestly learn, accurately understand and grasp the essence, and ensure comprehensive implementation with due regards to the practical reality. We shall precisely grasp the new substance during the window of key strategic opportunities, maintain a critical and bottom line mindset, and firmly take advantage of the window of development opportunities offered by 5G, artificial intelligence, industrial Internet and Internet of Things (IoT). We shall persevere in driving high-quality corporate development, further accelerate Internet-oriented transformation, and push forward the scale development of innovative businesses. We shall promote entrepreneurship and incentivize managerial staff to take ownership and responsibility. We shall stay determined in deepening reform and leverage the window of opportunities to deeply advance the mixed-ownership reform.

Afterwards, Chairman Wang delivered a speech titled "Fully Implement New Development Philosophies, Insist on High-quality Development and Deeply Advance

Establishment of ‘Five New’ China Unicom”. Chairman Wang said that in 2018 China Unicom made outstanding achievements in development and reform, and attained a noticeable improvement in corporate appearance. Over the past year, China Unicom deeply executed the Strategy of Focus, Innovation and Cooperation and comprehensively drove the establishment of “Five New” China Unicom, leading to enhancement in development quality and new attainments in various work.

Having reviewed the work in 2018 and assessed the prevailing circumstances, Chairman Wang said China Unicom shall persevere in advancing with stability in 2019, insist on new development philosophies, observe the requirements of high-quality development, adhere to the central theme of supply-side structural reform, and decisively deepen the implementation of the Strategy of Focus, Innovation and Cooperation. China Unicom’s entities at all levels must leverage five "New" to deepen the establishment of "Five New" China Unicom, and strive to build a new central state-owned enterprise under socialism with Chinese characteristics in the new era. **We shall unleash more institutional benefits with New Governance.** We shall fully release the benefits and functions of the new board of directors resulting from the mixed-ownership reform, and accelerate the exploration of a new governance system for modern state-owned enterprises with Chinese characteristics. We shall leverage ample incentives to drive the vitality of micro-entity for deepening system and mechanism reform as well as tackling sub-divided unit reform. It is aimed for establishing a new paradigm within China Unicom in which “everyone takes ownership and regards China Unicom’s business as his proprietary business” such that work vibrancy and entrepreneurship are both stimulated. **We shall activate greater internal vibrancy with New DNA,** deepen human resources reform, and build a team of managers with loyalty, probity, leadership and high-quality professionalism. We shall deeply implement the strategy of building a company with strong talents, and innovate the mechanism reform on talent development. We shall continue to strengthen corporate culture establishment, and strive for our business management philosophies of “Three All¹” to take root everywhere, so that our corporate culture becomes observable, system-integrated, inherent and practiced. **We shall achieve better efficiency and returns with New Operation,** comprehensively push forward Internet-oriented operation, and commit ourselves to strengthening the “Three Pillars” of business development, marketing & retention, and operation management. In terms of business development, we shall focus on key businesses and key areas. In terms of marketing & retention, we shall deliver differentiated and Internet-oriented development. In terms of operation management, we shall leverage the advantages of our centralised IT systems in full. **We shall tap into the Blue Ocean with New Energy.** Innovative businesses will be aimed for building scale to achieve faster growth. Emphasis should be placed on key businesses such as cloud computing, Big Data and IoT as well as key markets. International business has to become a new growth driver with enhanced capability in global delivery and highly effective business synergies. **We shall put together greater synergetic advantages with New Ecology,** speed up the in-depth cooperation with strategic investors from the mixed-ownership reform, expedite the establishment of new ecologies in the terminal value chain, IoT and industry vertical partners in 5G, etc. Meanwhile, we shall properly handle various development relationship, namely, innovative vs fundamental businesses, segment vs overall development, apparent vs underlying performance, competition vs cooperation, 2C vs 2B, etc.



Mr. Li Guohua, President of China Unicom, presented the work report

Mr. Li Guohua presented the work report. He pointed out that in 2018, every member of China Unicom seriously executed the strategic plan to tackle challenges on three fronts, fortified organisation and leadership, and boosted systematic work delivery with integrity and coordination. While we seriously prevented risks and pollution, we also drove targeted and systematic poverty alleviation. We earnestly executed the essence of the National Network Security and Informatisation Work Conference, and formulated measures in ten mission areas to ensure thorough implementation. We seriously implemented the work requirements of “Speed Upgrade and Tariff Reduction”. While significantly improving network speed, we also completely removed mobile Internet data roaming fee nationwide. Unit tariff of mobile data went down by 57.4% on average versus the end of 2017. Tariffs of home broadband services dropped by 41%. Tariffs of Internet private line services decreased by 10%. International voice and data roaming tariffs decreased by 44% and 75% respectively. We seriously undertook targeted rectification measures in response to the State Council’s special inspection and resolved 81 issues in total, enhancing service for social livelihood. We fully performed our responsibilities as a central state-owned enterprise, successfully safeguarded the communications services at various major events, and is pushing forward the preparation work for the Beijing 2022 Winter Olympics in an orderly manner. We continued to build a “central state-owned enterprise of rule of law”. We effectively drove comprehensive progress in the Company’s business with our operating performance showing remarkable improvement, making an important stride in high-quality development. The Internet-oriented operation transformation delivered

noticeable results with network capability continuing to advance. The mixed-ownership reform made breakthrough and received wide recognition from various parties.

President Li specified in the work report the general requirements for China Unicom's work in 2019 as follows: to earnestly practise the new development philosophies, insist on advancing with stability, deepen the implementation of the Strategy of Focus, Innovation and Cooperation in a determined way, deepen the mixed-ownership reform, fully activate the vitality of micro-entity, unleash more institutional benefits with New Governance, stimulate greater internal vibrancy with New DNA, achieve greater efficiency and returns with New Operations, explore Blue Ocean with New Energy, and put together more synergetic advantages with New Ecology, in order to strive to establish "Five New" China Unicom and start a new paradigm of high-quality development. In connection with the 2019 overall work requirements and operating targets, President Li pointed out that China Unicom should on the one hand ride on trends and proactively adapt itself, and on the other hand maintain its determination to overcome challenges. We shall insist on new development philosophies, always stay people-oriented, implement the high-quality development requirements, and duly do our jobs to develop business. We shall deeply advance the mixed-ownership reform, and better demonstrate the exemplary effect as the pilot program. We shall insist on the construction of premium networks, strengthen the capability to provide network support to the marketing function. We shall be problem-based in improving customer services, and pragmatically enhance customer perception as well as our corporate and brand image. We shall deepen the centralisation and Internet-oriented transformation of IT systems, fully leverage the advantages afforded by the centralised operation of information systems, and strengthen operation management.

Note 1: "Three All" denotes "All for the customers", "All for the frontline" and "All for the market"

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