

# PRESS RELEASES

## China Unicom: Dance with the New Blue Ocean of Digital Economy and Share New Benefits of Digital Development



On 8 July 2022, the three Chinese telecom operators joined hands to organize an investor communication event for listed companies in the telecommunications industry. This is the first time that listed central state-owned enterprises in the same industry have jointly organized an investor communication event. With the theme of “embracing the new blue ocean of the digital economy and discussing the new future of the telecommunications industry”, the event conducted in-depth exchanges with investors on the transformational development and promising prospects of telecom operators in the digital economy era, helping the capital market to deeply understand the new development and new value of the telecommunications industry embracing the digital economy. Mr. Liu Liehong, Chairman of China Unicom, attended the event and delivered a keynote speech titled “Dance with the New Blue Ocean of Digital Economy and Share the New Benefits of Digital Development”. He engaged in in-depth discussion with other guests on the transformation direction and promising prospects of telecom operators in the digital economy era.



**Mr. Liu Liehong said that the digital economy provides the telecommunications industry with a new blue ocean for transformation and upgrade, a new engine for shifting momentum and a new space for value enhancement.** He pointed out that today's telecommunications industry is no longer traditional "pipe operators". Instead, operators have gone digital themselves and become a technology innovation company providing external digital services. Digital businesses, including cloud, big data, IoT, AI, blockchain and security, are becoming the main engine of revenue growth of the three operators. **Like 3D space cannot be measured with rulers and 3D movies have to be watched with 3D glasses, we cannot look at the telecommunications industry with old perspectives, nor can we simply use legacy metrics and models like subscriber growth as in past decades to evaluate the new value of the telecommunications industry. The telecommunications industry is undergoing a total upgrade on the new racetracks of digital economy, and valuation models need to be revamped accordingly.** China Unicom has fully upgraded its new strategy geared towards the digital economy. It is resolutely steering from a traditional operator to a new blue ocean of the digital economy, achieving total transformation and upgrade in growth momentum, path and means. China Unicom has secured two grand medals, a "National Advanced Group in Combating COVID-19" awarded by the Central Committee of the Communist Party of China, the State Council and the Central Military Commission, and an "Award for Outstanding Contribution to Beijing Winter Olympics and Paralympic Games" awarded by the Central Committee of the Communist Party of China and the State Council. The attainment of these two medals is not only attributable to the support of basic connectivity. One is attributable to the smart pandemic prevention with big data and AI. The other is attributable to the fact that China Unicom brought together 10 hardcore technologies in building a Smart Winter Olympics, creating multiple "global firsts" in the Olympic history.

**Mr. Liu Liehong pointed out that the telecommunications industry is moving from road paving to empowerment, becoming a national team, key force and frontline troop in the development of digital economy.** Operators are able to make "three major contributions" to the digital economy: **firstly, to "pave the way" and build a solid foundation for the digital economy and open up the information "artery" of economic and social development.** Under the leadership of the CPC Central Committee and the State Council, through joint efforts and market-oriented resources allocation, the whole industry has built a world-leading premium network that is "accessible, affordable and high-quality".

We leapt from “nothing in 1G, catch-up in 2G, breakthrough in 3G, equal footing in 4G” to “leading in 5G”, all of which have laid a solid foundation for the development of the digital economy. **Secondly, to “promote applications” and empower the digital transformation of thousands of industries.** Telecom operators are good at engaging in “team competition” with enterprises in the value chain to drive industrial digitalization with industrialization of data and are evolving from “pioneers and participants” of digital economy to “leaders and key forces”. For example, in terms of 5G + industrial Internet, the transition from “show flats” to “commodity flats” is increasingly commonplace. China Unicom alone has more than 1700 customers served by 5G industry private network, and has implemented more than 7000 5G applications “commodity flats”. **Thirdly, to “ensure security” and safeguard the frontier and critical areas of network security and data security.** The three operators have unique advantages in data security and network information security, and have long-term and rich practical experience. They are stable “excellent performers” in various major challenges and tests, and will definitely be the most reliable security escort in the development of the digital economy.

**Mr. Liu Liehong believed that the unique capability system of the telecommunications industry can realise the benefits of digital value and multiply the investment value of the industry in the digital economy.** With digital DNA and industrial perspectives, telecom operators have formed unique advantages suited for the development of the digital economy by virtue of integrated cloud-network capabilities, comprehensive channel coverage, trusted data security and good customer relations. **First is an integrated capability system.** For example, China Unicom is committed to building a capability generation model of “one China Unicom with integrated capabilities and operating services”, which can gather the strength of the whole company and provide customers with integrated solutions and operating services. **Second is a team close to the industry.** For example, China Unicom has established 10 major taskforces in 9 industries, 17 professional subsidiaries and 19 industrial Internet companies, which enable vertical penetration and quick market response, as well as horizontal cross-profession collaboration and resource integration, providing fitted customer service. **Third is extensive experience in digital transformation.** Mr. Liu Liehong pointed out that digital transformation is complex system engineering, requiring not only multiple tools but also a variety of skillsets. Telecom operators have learned to solve complex problems in the course of their own digital transformation spanning network, business, operation and management, accumulating rich experience in overcoming difficulties and pain points. They will certainly be able to better leverage their technology, solutions and experience for external empowerment, and help the transformation and upgrade of various sectors of the economy and society.

**Mr. Liu Liehong emphasised that the telecommunications industry is accelerating its transition to highly visible new value in light of the new development of the digital economy blue ocean.** Telecom operators are accelerating their inroads into the digital economy, reshaping and enhancing the value of the telecommunications industry, and also providing new ideas for valuation methods. **The new trend of the telecommunications industry entering the digital economy is one of the biggest value propositions for investment in the telecommunications industry. The telecommunications industry has definite growth potential and investment returns amidst the blue ocean of the digital economy.** It can be said that the telecommunications industry has steady growth with a high margin of security, strong potential for future growth and promising outlook, fitting into both growth and value investment styles. **Therefore, investing in the telecommunications industry is investing in a certain future, certain value and certain return.**

**During the event, Mr. Liu Liehong conducted in-depth communication with institutional investors, media and small and medium investors, and answered questions about operators’ role and positioning, advantages, investor protection, etc. When addressing a question in regard to “industrial Internet”,** he said that in the era of “Internet of Everything”, telecom operators are not only “paving men”, but also “enablers” and “escorts”. It not only provides the “No. 1 connectivity” for the digital economy as well as the toolbox and methodology for industrial transformation and upgrade, but also builds the most reliable defence line of network security for the development of the

digital economy, so that the digital transformation can be carried out “comfortably and practically”. **When addressing a question about “digital economy”**, he pointed out that the telecommunications industry has unique cloud network infrastructure, powerful digital integration platform, and reliable information security service support, all of which are unique DNA, capabilities and characteristics. Operators have unique advantages in operations, capability system and integrated innovation. In the first quarter of 2022, China Unicom’s service revenue increased by nearly 10% year-on-year, of which 80% of incremental revenue was generated from innovative businesses. In the future, the Company will further serve and integrate into the national strategy, better assume corporate responsibilities in the process of embracing the new blue ocean of digital economy, and create greater value for shareholders, customers and the society. **When addressing a question about “investor protection”**, he pointed out that China Unicom always considers the interests of investors, especially the interests of small and medium investors, as a top priority. It concerns itself with investors’ needs, responds to investors’ concerns, safeguards investors’ rights and interests, and continuously enhances the value of the Company and shareholders. Many investors are not only shareholders of China Unicom, but also customers and the “soulmates” of China Unicom. China Unicom will protect investors’ right to know, participate and earn a return, grasp the relationship between short-term, medium-term and long-term development, and reasonably balance long-term corporate development and shareholder return. It will create greater value for shareholders on the basis of accumulating momentum for the long-term steady growth of the Company.

The event adopted state-of-the-art virtual reality technology and was held by way of offline and online interaction. It was broadcasted by video on the Roadshow Centre of the Shanghai Stock Exchange, the official platforms of the three operators and various media platforms. At the same time, all operators launched “Cloud Exhibition Halls” during the event to showcase their operations and latest achievements in transformational development in the form of online three-dimensional exhibition hall.