

Progress of China Unicom's Technological Innovation in Digital Economy

(Hong Kong, 11 November 2022) - Facing the new blue ocean of the digital economy, China Unicom continued to strengthen its deployment in technological innovation. In the first three quarters of 2022, the Company's Industry Internet revenue reached RMB 53.15 billion, up significantly by 29.9% year-on-year, becoming the "No. 1 engine" of the Company's growth. On 9 November, China Unicom won the "2022 World Internet Leading Technological Achievements" award at the 2022 World Internet Conference at Wuzhen.

The publication of "World Internet Leading Technological Achievements" was an important event held during the World Internet Conference. This award was another accolade received by China Unicom, in addition to the international awards Enterprise 5G Leadership Award (the 19th 5G World Summit) and the Leading Connected Smart Home Operator" (2022 Broadband World Forum) won recently. It was a demonstration of China Unicom's continuous efforts and achievements in independent innovation in the digital economy, and also fully represented the high recognition of the Company's technological innovation capability in the digital economy by the industry.

China Unicom accelerates its transformation into a technological innovation company that advances in the digital economy at full strength. It takes advantage of the "combination" of Big Connectivity, Big Computing, Big Data, Big Application and Big Security, and leverages its unique advantage of "One China Unicom with integrated capabilities and operating services" to provide tools and methodologies for the digital transformation and upgrade of various industries, striving to become a key force in the promotion of the healthy and sustainable development of the digital economy.

Firstly, the Company strongly propelled the development of digital economy. In the first three quarters, the Company saw a significant shift from old to new growth drivers. The Industry Internet business thrived and accounted for 22.2% of service revenue, up 3.8 percentage points year-on-year. The Company's new value in the new era accelerated to emerge. Focusing on the key areas, the Company improved the quality and utilisation of computing power services. It continued to enrich cloud product categories and Unicom Cloud's growth accelerated with revenue reaching RMB 26.87 billion, up by 142% year-on-year. IDC revenue reached RMB 18.61 billion, up by 12.9% year-on-year. The Company leveraged its advantages in data governance and data security to develop a product portfolio focused on key areas such as digital government and digital finance. Big Data revenue reached RMB 2.77 billion, up by 56.3% year-on-year. 5G applications accelerated the transition from "show flats" to "commodity flats", with the number of customers served by virtual 5G private networks reaching 2,785. It successfully built

benchmark projects in areas such as 5G + textile manufacturing, 5G + Internet of Vehicles, 5G + smart medical care, and further built up digital customised service capabilities to create value for customers.

Secondly, the Company built a solid foundation for the prosperous digital economy. Facing the window of the State’s “Eastern Data and Western Computing” project and “dual gigabit” network construction, the Company focused on the construction of “four quality networks” and adhered to a “precise and active” investment strategy by “appropriately bringing forward investment and aligning construction with network use”, striving to enhance its core competitiveness, sustainable development capability and value creation capability. In terms of 5G/4G quality network construction, overall coverage was in line with the industry, with leading positions in some regions and significant improvement in rural coverage. In terms of gigabit broadband quality network construction, the network deployment progress was in line with the industry, and the scale of broadband access in the southern China increased significantly, which strongly promoted the rapid growth of broadband subscribers and revenue. In terms of the construction of quality networks for government and enterprise customers, the coverage and connectivity capabilities were continuously improved, and the Company continued to build a differentiated network advantage for government and enterprise customers. In terms of computing power quality network construction, the Company continued to improve the “5 + 4 + 31 + X” computing power deployment, and aimed to build an integrated computing power network ecosystem with advanced architecture, security and reliability and excellent services. The average latency of its domestic network continued to lead the industry for 79 consecutive months.

Thirdly, the Company built a model for digital transformation. The Company took the lead in promoting its own digital transformation. It was the first in the industry to realise 100% centralised operation of business support system, smart customer service and Big Data. It has developed “five middle platforms” for public customers, government and enterprise customers, data, network and management. China Unicom APP had more than 120 million monthly active users, and was the first to offer “rapid service with one screen” with most services being able to be “signed up with once click” online. In June this year, the Company announced the upgraded “China Unicom Digital Transformation Action Plan 2.0”, and continued to endeavour in five aspects: building the “Unicom Intelligence Brain”, strengthening frontline scenario innovation, deepening data and process governance, promoting the implementation of major achievements and promoting balanced development of all provinces. The Company actively assisted in the digital transformation of thousands of industries, exported its own digital capabilities and empowered transformation and upgrade in various areas, providing innovative energy for the digital economy.

Fourthly, the Company safeguarded security for the digital economy. The Company fully leveraged its integral role as the modern value chain chief, and led the development of an innovation consortium that deeply integrated the innovation chain and value chain. The Company continuously built a comprehensive network security protection system. It accomplished critical communications support for the Beijing Winter Olympics with “zero error, zero fault, zero complaint”. It took the lead in establishing a group-level Big Data anti-fraud system, and thoroughly cracked down on telecommunication network frauds. The number of fraudulent calls, harassment calls, and spam SMSs all declined significantly year-on-year, which effectively safeguarded the security of people’s property.

Currently, digital technology and digital economy are booming, and are becoming the strategic direction for operators’ upgraded development racetracks. In the future, China Unicom will resolutely strengthen the responsibility of building Cyber Superpower and Digital China, continue to fully implement new development philosophies, contribute to the establishment of a new development landscape, and promote high-quality development. Focusing on the construction of “Cyber Superpower, Digital China, and Smart Society”, China Unicom will comprehensively promote the implementation of the “1 + 9 + 3” strategic planning system, strengthen supply, stabilise growth, promote reform, facilitate development, prevent risks and ensure security, firmly bolstering the Company’s core strategic capabilities, so as to create greater value for shareholders, customers and the society, and contribute China Unicom's strength to the new journey of comprehensively promoting the great revitalisation of the Chinese nation with Chinese modernisation.

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