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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this Circular or as to the action to be taken, you should consult a licensed securities dealer or other registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or otherwise transferred** all your shares in China Unicom (Hong Kong) Limited, you should at once hand this Circular to the purchaser or the transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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**CHINA UNICOM (HONG KONG) LIMITED**  
**中國聯合網絡通信(香港)股份有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 762)**

**MAJOR TRANSACTION**  
**APPROVAL TO SIGN COMMERCIAL PRICING AGREEMENT**  
**AND**  
**SERVICE AGREEMENT WITH**  
**CHINA TOWER CORPORATION LIMITED**

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All capitalised terms used in this Circular have the meanings set out in the section headed “Definitions” on pages 1 to 2 of this Circular.

A letter from the Board is set out on pages 3 to 9 of this Circular.

5 January 2023

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## DEFINITIONS

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*In this Circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

“Board”	the board of Directors
“Commercial Pricing Agreement”	the commercial pricing agreement approved by the Company on 13 December 2022 to be signed by CUCL and Tower Company
“Company”	中國聯合網絡通信(香港)股份有限公司 (China Unicom (Hong Kong) Limited), a company incorporated under the laws of Hong Kong with limited liability and whose Shares are listed on the Hong Kong Stock Exchange
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“CUCL”	中國聯合網絡通信有限公司 (China United Network Communications Corporation Limited), a foreign-invested enterprise established under the laws of the PRC and a wholly-owned subsidiary of the Company
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Latest Practicable Date”	29 December 2022, being the latest date prior to the printing of this Circular for the purpose of ascertaining certain information contained in this Circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time
“percentage ratio”	has the meaning ascribed to it in Chapter 14 of the Listing Rules
“PRC”	the People’s Republic of China

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## DEFINITIONS

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“RMB”	Renminbi, the lawful currency of the PRC
“Service Agreement”	the service agreement approved by the Company on 13 December 2022 to be signed by CUCL and Tower Company
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Shareholders”	the shareholders of the Company
“Shares”	the shares of the Company
“Tower Company”	中國鐵塔股份有限公司 (China Tower Corporation Limited), a limited liability company established under the laws of the PRC, the shares of which are listed on the Hong Kong Stock Exchange
“Tower Lease”	the lease of tower products from the Tower Company under the Commercial Pricing Agreement and the Service Agreement
“Unicom A Share Company”	中國聯合網絡通信股份有限公司 (China United Network Communications Limited), a company incorporated in the PRC with limited liability, whose shares are listed on the Shanghai Stock Exchange, and an immediate controlling shareholder of Unicom BVI. Unicom Group is its immediate controlling shareholder
“Unicom BVI”	China Unicom (BVI) Limited, a company incorporated under the laws of the British Virgin Islands in which Unicom Group holds 17.90% equity interest and Unicom A Share Company holds 82.10% equity interest as at the date of this Circular, and an immediate controlling shareholder of the Company
“Unicom Group”	中國聯合網絡通信集團有限公司 (China United Network Communications Group Company Limited), a state-owned enterprise established under the laws of the PRC and the ultimate parent company of the Company
“%”	per cent.

*This Circular contains translations between Renminbi and Hong Kong dollar amounts at RMB0.8934 = HK\$1, being the exchange rate prevailing on 12 December 2022. The translations should not be taken as a representation that the Renminbi could actually be converted into Hong Kong dollars at that rate or at all.*

*The English language text of this Circular shall prevail over the Chinese language text in the event of any inconsistency.*



**CHINA UNICOM (HONG KONG) LIMITED**  
**中國聯合網絡通信(香港)股份有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 762)**

*Executive Directors:*

Liu Liehong (*Chairman*)  
Chen Zhongyue  
Wang Junzhi  
Li Yuzhuo

*Registered Office:*

75th Floor, The Center  
99 Queen's Road Central  
Hong Kong

*Independent Non-executive Directors:*

Cheung Wing Lam Linus  
Wong Wai Ming  
Chung Shui Ming Timpson  
Law Fan Chiu Fun Fanny

5 January 2023

*To the Shareholders*

Dear Sir/Madam,

**MAJOR TRANSACTION**  
**APPROVAL TO SIGN THE COMMERCIAL PRICING AGREEMENT**  
**AND**  
**THE SERVICE AGREEMENT WITH**  
**CHINA TOWER CORPORATION LIMITED**

**1. INTRODUCTION**

Reference is made to the announcement of the Company dated 13 December 2022 in relation to the approval to sign the Commercial Pricing Agreement and the Service Agreement with China Tower Corporation Limited.

The purpose of this Circular is to provide the Shareholders with information in respect of the Commercial Pricing Agreement and the Service Agreement.

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## LETTER FROM THE BOARD

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### 2. THE COMMERCIAL PRICING AGREEMENT AND THE SERVICE AGREEMENT

Reference is made to the announcements dated 8 July 2016 and 1 February 2018 issued by the Company in connection with the commercial pricing of the lease of telecommunications towers and related assets from the Tower Company through CUCL. The agreements expired on 31 December 2022.

On 13 December 2022, the Board approved CUCL and the Tower Company to sign the Commercial Pricing Agreement and the Service Agreement, and the material terms of the Commercial Pricing Agreement and the Service Agreement have been agreed and finalised, in which CUCL leases assets and receives services provided by the Tower Company, including tower products, indoor distribution system products, transmission products and service products. The term of each of the Commercial Pricing Agreement and the Service Agreement shall be five years, effective from 1 January 2023 to 31 December 2027.

The major terms of the Commercial Pricing Agreement and the Service Agreement are as follows:

**(a) Parties**

1. CUCL, as lessee; and
2. the Tower Company, as lessor.

**(b) Transaction**

The assets leased and services received by CUCL from the Tower Company include (1) tower products, acquired towers products (the tower products acquired by the Tower Company in accordance with the previous transaction agreement) (the “Acquired Towers”) and new towers products (tower products other than the Acquired Towers) (the “New Towers”), (2) indoor distribution system products, such as building-type and tunnel-type indoor distribution systems, (3) transmission products, such as constructs ducts, pole lines, optical fiber, public manholes in front of sites and exits and routes to sites etc., (4) service product, such as power service, gasoline or diesel power generation service and extra battery assurance service.

**(c) Pricing principles**

*1. Pricing basis*

The pricing of assets leased and services provided by the Tower Company is determined after arm’s length negotiations, mainly based on the construction cost of related assets, year of depreciation, site fee, maintenance fee and other expenses, with certain cost margin and co-tenancy discount. The consideration will be financed by the internal resources of the Group.

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## LETTER FROM THE BOARD

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### 2. *Pricing of major products*

#### (1) New Towers

The pricing formula regarding the New Towers provided by the Tower Company to CUCL is as follow:

$$\text{Base price} = (\Sigma (\text{standard construction cost/years of depreciation}) \times (1 + \text{impairment rate}) + \text{maintenance cost}) \times (1 + \text{cost margin})$$

$$\text{Product price} = \text{base price} \times (1 - \text{co-tenancy discount 1}) + (\text{site fee} + \text{electricity installation cost}) \times (1 - \text{co-tenancy discount 2})$$

In order to reflect the difference in the standard construction costs of New Towers in different geographical areas, 31 provinces have been divided into 4 areas, each with a different adjustment rate. The maintenance cost will be determined based on the market bidding price or priced on a lump sum. Impairment rate is fixed at 2% and the cost margin is fixed at 10%. The site fee and electricity installation cost are either priced on a lump sum or on an itemised basis. In order to leverage the co-tenancy synergy, the Tower Company will grant the following co-tenancy discounts:

**Co-tenancy discount 1:** in respect of base price, a 32.4% discount if two companies share the use of the telecommunications towers and a 42.4% discount if three companies share the use of the telecommunications towers. The original owner of acquired resources and the first exclusive user will benefit from an anchor discount policy (i.e. it will be entitled to an additional 5% discount in addition to the existing discount).

**Co-tenancy discount 2:** in respect of site fee and electricity installation cost, a 40% discount if two companies share the use of the telecommunications towers and a 50% discount if three companies share the use of the telecommunications towers. The original owner of acquired resources and the first exclusive user will benefit from an anchor discount policy (i.e. it will be entitled to an additional 5% discount in addition to the existing discount).

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## LETTER FROM THE BOARD

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### (2) Acquired Towers

Base price =  $(\sum (\text{standard construction cost of New Towers/years of depreciation of New Towers}) \times \text{discount ratio} \times (1 + \text{impairment rate}) + \text{maintenance cost}) \times (1 + \text{cost margin})$

Product price =  $\text{base price} \times (1 - \text{co-tenancy discount 1}) + (\text{site fee}) \times (1 - \text{co-tenancy discount 2})$

Discount ratio =  $(\sum \text{Assessed value/year of depreciation of Acquired Towers}) / (\sum (\sum \text{standard construction cost of New Towers by product/year of depreciation of New Towers} \times \text{proportion of Acquired Towers of the same product}) \times \text{Number of Acquired Towers})$

The product catalogue and pricing formula for the Acquired Towers are basically consistent with that of the New Towers except for that no electricity installation cost will be charged for the Acquired Towers. For Acquired Towers, the geographical adjustment coefficient for New Towers and the wind pressure adjustment coefficient do not apply. The discount ratio for each province is determined by the proportion which the adjusted depreciation cost of the Acquired Towers bears to that of the New Towers in that particular province.

The co-tenancy discount and the anchor discount policies for the Acquired Towers are consistent with those for the New Towers. For the original sharing party(parties) which already shared the Acquired Towers with the original property owner before 31 October 2015, the base price is charged at 27.6% and the site fee is charged at 30%. The base price of the original property owner is charged at 67.6% if two companies share the use of the telecommunications towers and charged at 57.6% if three companies share the use of the telecommunications towers, and be charged at 70% of the site fee if two companies share the use of the telecommunications towers and charged at 40% of the site fee if three companies share the use of the telecommunications towers. When a third sharing party is added, the price of the existing sharing party's product remains unchanged, whilst the original property owner's base price is charged at 57.6%, and the site fee is charged at 45%.

### (3) Pricing adjustment mechanism

After taking into account the factors including inflation, the parties shall combine the consumer price index of the previous year determine the corresponding adjustment of the maintenance cost and site fee for the next year. The site fee and product price may be subject to adjustment as negotiated between the parties, if there is the fluctuation in the property market or steel price.

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## LETTER FROM THE BOARD

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**(d) Terms of agreements**

The term of each of the Commercial Pricing Agreement and the Service Agreement signed by CUCL and the Tower Company shall be five years, effective from 1 January 2023 to 31 December 2027.

**(e) Payment term**

Service fees are payable in arrears on a monthly basis, by the 25th day of each month.

**Condition Precedents:**

The approval of the Commercial Pricing Agreement and the Service Agreement is conditional upon the following conditions being satisfied (or, if applicable, waived):

- (i) The Company obtained written shareholder approval from Unicom BVI for the Commercial Pricing Agreement and the Service Agreement; and
- (ii) The lessor, the Tower Company has approved the Commercial Pricing Agreement and the Service Agreement in accordance with its internal organisation documents and related documents, and obtained its shareholders' approvals.

### **3. FINANCIAL EFFECTS OF THE TOWER LEASE**

In accordance with HKFRS 16, the unaudited value of the right-of-use assets to be recognised by the Company in respect of the Tower Lease under the Commercial Pricing Agreement and the Service Agreement amounts to approximately RMB35.5 billion (equivalent to approximately HK\$39.7 billion), which is the present value of total minimum lease payment throughout the lease terms of the Tower Lease under the Commercial Pricing Agreement and the Service Agreement. The annual discount rate applied to compute the present value of total minimum lease payment at the inception of the lease terms of the Tower Lease under the Commercial Pricing Agreement and the Service Agreement is approximately 3.7%. The Group will depreciate the right-of-use assets over the lease terms which will be charged to the consolidated statement of income. The final amount of the right-of-use assets to be recorded by the Group will be subject to audit.

The Group will recognise lease liabilities in the consolidated statement of financial position in the amount of approximately RMB35.5 billion (equivalent to approximately HK\$39.7 billion), which will be reduced after making the lease payments to the lessor.

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## LETTER FROM THE BOARD

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After recognising the right-of-use assets in respect of the Tower Lease under the Commercial Pricing Agreement and the Service Agreement, total assets in the consolidated statement of financial position of the Group will increase by approximately RMB35.5 billion (equivalent to approximately HK\$39.7 billion), and recognise the respective lease liabilities amounting to approximately RMB35.5 billion (equivalent approximately HK\$39.7 billion). The total equity in the consolidated statement of financial position of the Group will not be changed. The interest expense related to the lease liabilities will be recognised according to the annual discount rate of approximately 3.7%. After the commencement date of the lease, lease liabilities will be increased by the interest rate and reduced by the lease payments.

The relevant tower products will continue to be used to support the Group's telecommunication services and generate telecommunication service income.

#### **4. REASONS FOR AND BENEFITS OF THE TRANSACTION CONTEMPLATED UNDER THE COMMERCIAL PRICING AGREEMENT AND THE SERVICE AGREEMENT**

The Company is of the view that entering into the Commercial Pricing Agreement and the Service Agreement with the Tower Company will enable the Company to promote a quick, precise and effective 5G/4G network roll-out, while at the same time reduce capital expenditure and operating expenses. By co-using the telecommunications tower assets, the Company expects it will benefit from the advantages arising from the effective operation and sharing of resources in the long term, helping the Company build new digital information infrastructure capabilities and technological competitive advantages and further solidify the digital foundation for the Company's high-quality development.

The Directors are of the view that the terms of the Commercial Pricing Agreement and the Service Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

#### **5. LISTING RULES IMPLICATIONS**

In accordance with HKFRS 16 Leases, as a lessee, the Company will recognise the value of the right-of-use assets on its consolidated statement of financial position in connection with the Tower Lease under the Commercial Pricing Agreement and the Service Agreement. Accordingly, the Tower Lease will be deemed as an acquisition of right-of-use assets by the Company under the Listing Rules.

As one or more applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Tower Lease under the Commercial Pricing Agreement and the Service Agreement is more than 25% but less than 100%, the Tower Lease under the Commercial Pricing Agreement and the Service Agreement constitutes a major transaction for the Company and is subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Under Rule 14.44 of the Listing Rules, shareholders' approval for the Tower Lease under the Commercial Pricing Agreement and the Service Agreement may be obtained by way of written shareholders' approval in lieu of holding a general meeting if (i) no shareholder is required to abstain from voting if the company were to convene a general meeting for the approval of the transactions; and (ii) written shareholders' approval has been obtained from a shareholder or a closely allied group of shareholders who together hold more than 50% of the voting rights at that general meeting to approve the transaction.

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## LETTER FROM THE BOARD

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To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Commercial Pricing Agreement and the Service Agreement. On 29 December 2022, the Company obtained written approval from Unicom BVI, which holds 16,376,043,282 shares, representing approximately 53.52% of the issued share capital of the Company as at the date of this Circular, for the approval of the Commercial Pricing Agreement and the Service Agreement in accordance with Rule 14.44 of the Listing Rules. Upon such written shareholders' approval obtained, the Commercial Pricing Agreement and the Service Agreement were taken to have been duly approved in lieu of holding a general meeting of the Company.

### 6. INFORMATION ABOUT THE PARTIES

The Company was incorporated in Hong Kong on 8 February 2000.

The lessee, CUCL is a limited liability company established on 21 April 2000 under the laws of the PRC and is a wholly-owned subsidiary of the Company. Through CUCL and its other subsidiaries, the Company provides a full range of high-quality information and telecommunications services in the PRC.

The lessor, the Tower Company, is a limited liability company established on 15 July 2014 under the laws of the PRC. On 8 August 2018, Tower Company completed the global offering of its H shares on the Main Board of the Hong Kong Stock Exchange. As at the date of this Circular, CUCL holds 20.65% equity interest, China Mobile Communication Company Limited (a subsidiary of China Mobile Limited) holds 27.93% equity interest, China Telecom Corporation Limited holds 20.50% equity interest and China Reform Holdings Corporation Ltd. holds 4.41% equity interest in the Tower Company. The Tower Company is principally engaged in constructing and operating telecommunications towers, provision of telecommunications tower site space; provision of maintenance services and power services; provision of indoor distributed antenna systems, other trans-sector site application and information services and energy business.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries and save for those disclosed above, the Tower Company and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

### 7. RECOMMENDATIONS

The Directors are of the view that the terms of the Commercial Pricing Agreement and the Service Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and therefore would recommend the Shareholders to vote in favour of the resolution to approve the Commercial Pricing Agreement and the Service Agreement if a general meeting of the Company was held to consider such resolution.

Your attention is drawn to the appendices of this Circular.

Yours faithfully,  
By Order of the Board  
**China Unicom (Hong Kong) Limited**  
**Liu Liehong**  
*Chairman*

## 1. RESPONSIBILITY STATEMENT

This Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company.

The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Circular misleading.

## 2. DISCLOSURE OF INTERESTS

As at Latest Practicable Date, the following Directors and chief executive of the Company had, or were deemed to have, interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under such provisions of the SFO), or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the “Model Code for Securities Transactions by Directors of Listed Issuers” contained in the Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange:

### Interests in Shares

Name of Director	Capacity	Ordinary Shares held	% of Issued Shares
Chung Shui Ming Timpson	Beneficial owner (Personal)	6,000	0.00%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under such provisions of the SFO), or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the “Model Code for Securities Transactions by Directors of Listed Issuers” contained in the Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange.

As at the Latest Practicable Date, none of the Directors has or has had direct or indirect interest in any assets acquired or disposed of by or leased to or proposed to be acquired or disposed of by or leased to any member of the Group since the date to which the latest published audited annual financial statements of the Group were made up.

Save for the service agreements between the Company and the executive directors, there is no contract or arrangement subsisting as at the Latest Practicable Date in which any of the Directors is materially interested and which is significant in relation to the business of the Group.

Unicom Group and Unicom A Share Company are engaged in telecommunications business and other related businesses in China that are similar to and/or compete with those of the Company. Executive directors of the Company also hold executive positions with Unicom Group and Unicom A Share Company.

Saved as disclosed above, as at the Latest Practicable Date, none of the Directors or their close associates had an interest in any business which competes or is likely to compete, either directly or indirectly, with the Group's business.

### 3. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) have, or were deemed or taken to have interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

#### Long Positions in the Shares and Underlying Shares of the Company

Name of Shareholders	Ordinary Shares held		% of Issued Shares
	Directly	Indirectly	
Unicom Group <sup>1, 2</sup>	–	24,683,896,309	80.67%
Unicom A Share Company <sup>1</sup>	–	16,376,043,282	53.52%
Unicom BVI <sup>1</sup>	16,376,043,282	–	53.52%
China Unicom Group Corporation (BVI) Limited <sup>2, 3</sup>	8,082,130,236	225,722,791	27.15%

*Notes:*

1. Unicom Group and Unicom A Share Company directly or indirectly control one-third or more of the voting rights in the shareholders' meetings of Unicom BVI, and in accordance with the SFO, the interests of Unicom BVI are deemed to be, and have therefore been included in, the respective interests of Unicom Group and Unicom A Share Company.
2. China Unicom Group Corporation (BVI) Limited is a wholly-owned subsidiary of Unicom Group. In accordance with the SFO, the interests of China Unicom Group Corporation (BVI) Limited are deemed to be, and have therefore been included in, the interests of Unicom Group.
3. China Unicom Group Corporation (BVI) Limited holds 8,082,130,236 shares (representing 26.41% of the total issued shares) of the Company directly. In addition, China Unicom Group Corporation (BVI) Limited is also interested in 225,722,791 shares (representing 0.74% of the total issued shares) of the Company under the SFO, in which China Unicom Group Corporation (BVI) Limited had a pre-emptive right.

Save as disclosed herein, there is no person known to the Directors or chief executive of the Company who, as at the Latest Practicable Date, had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 under Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

As at the Latest Practicable Date, none of the Directors nor any of the employees of companies which had interests or short positions in the shares and underlying shares of the Company that would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 under Part XV of the SFO.

#### **4. DIRECTORS SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had, or is proposed to have, a service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without compensation (other than statutory compensation)).

#### **5. FINANCIAL INFORMATION OF THE GROUP**

Financial information of the Group for each of the three financial years ended 31 December 2019, 2020 and 2021 are disclosed in the following documents which have been published on the websites of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.chinaunicom.com.hk>):

- Annual report of the Company for the year ended 31 December 2019 (pages 93 to 197)  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0415/2020041500613.pdf>
- Annual report of the Company for the year ended 31 December 2020 (pages 93 to 185)  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0408/2021040800904.pdf>
- Annual report of the Company for the year ended 31 December 2021 (pages 97 to 199)  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0413/2022041300333.pdf>

#### **6. FINANCIAL AND TRADING PROSPECTS**

Under the guidance of the “1 + 9 + 3” strategic planning system, the Group actively integrated into the development of the digital economy and achieved remarkable results in expanding into new racetracks. It achieved steady growth in revenue and profit while making steady progress in the five main businesses. Network quality was improved substantially, customer service continued to be enhanced, and management efficiency was further boosted, laying a solid foundation for the Group’s robust growth for the full year.

In the first three quarters of 2022, the Group’s operating revenue amounted to RMB263,978 million, up by 8.0% year-on-year. Service revenue amounted to RMB239,654 million, up by 7.8% year-on-year. The profit attributable to the equity shareholders of the Company amounted to RMB15,667 million, up by 21.2% year-on-year. The absolute amounts of both operating revenue and profit attributable to equity shareholders of the Company reached record highs for the same period since the Company’s listing. The Group’s revenue structure continued to be optimised with Industry Internet revenue reaching RMB53,150 million, up significantly by 29.9% year-on-year and accounting for 22.2% of service revenue.

The Group fully implemented its new strategy and adhered to the two-wheel drive of market and innovation. It focused on the five main responsibilities and main businesses of “Big Connectivity, Big Computing, Big Data, Big Application and Big Security”, steering at full strength on the main channel of digital economy.

In “Big Connectivity”, seizing the “dual-gigabit” strategic opportunities of 5G and broadband, the Group made every effort to promote the construction of high-quality 5G network and gigabit fibre broadband network, and continuously promoted the new leap from “basic connectivity” to “Internet of Everything”. The Group deepened the new model of “platform + cloud-network + X” for sub-markets, accelerated the upgrade of key platforms and products such as digital village and integrated video. Insisting on a 5G-driven approach, it continued to deepen and optimise business integration, market consolidation and smart capability upgrade, so as to continuously enhance the efficiency and effectiveness of operational service system, achieve scale and value enhancement and unveil a new paradigm of high-quality development. In “Big Computing”, the Group optimised the “5 + 4 + 31 + X” resource deployment, focused on the key areas such as Beijing-Tianjin-Hebei, Yangtze River Delta, Greater Bay Area, Sichuan-Chongqing, Shandong-Henan-Shaanxi, and improved the quality and utilisation of computing power services. It continued to enrich cloud product categories and served the construction of a number of digital government affairs clouds and the digital transformation of central state-owned enterprises. In “Big Data”, the Group leveraged its advantages in data governance and data security to develop a product portfolio focusing on key areas such as digital government and digital finance. In “Big Application”, for personal and household market, the Group continuously created new supply of smart digital life and smart home applications, strengthened the customer experience of products which had millions of users such as video ringtones, Unicom Assistant and Unicom Drive and launched new 5G New Calling product series, making initial progress in the scale and value enhancement of innovative applications. For government and enterprise market, the Group continued to strengthen its six core capabilities in “cloud computing, Big Data, IoT, AI, blockchain and security” and enrich self-developed product categories, further building up its customised digital service capabilities to create value for customers. It fully combined the systematic professional capabilities of 17 professional subsidiaries and 19 industry Internet companies with the national four-tier operational system comprising the headquarters, provinces, cities, counties and villages to create an advantage of integrated capabilities. In “Big Security”, the Group cooperated with leading enterprises in the fields of basic software and hardware, generic security, 5G security, IoT security, industrial Internet security, etc. to drive collective R&D and system integration in the value chain, fully meeting the security needs of digital government, digital economy and digital society.

China Unicom will 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 Group’s core strategic capabilities, so as to create greater value for shareholders, customers and the society.

**7. INDEBTEDNESS STATEMENT**

As at 31 October 2022, being the latest practicable date for the purpose of this statement of indebtedness, the Group had outstanding indebtedness as follows:

- (i) Bank loans amounted to RMB2.438 billion, among which RMB43 million were guaranteed by third parties;
- (ii) Short-term commercial papers issued by the Group amounted to RMB5.008 billion, unsecured;
- (iii) Promissory note issued by the Group amounted to RMB1.034 billion, unsecured;
- (iv) Lease liabilities amounted to RMB18.30 billion, unsecured;
- (v) Amounts due to related parties of RMB746 million, unsecured.

Save as disclosed above and apart from intra-group liabilities and normal trade payables, as at 31 October 2022, the Group did not have any outstanding debt securities issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, hire purchase commitments, mortgages, charges, contingent liabilities or guarantees.

**8. NO MATERIAL ADVERSE CHANGES**

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2021, being the date to which the latest published audited accounts of the Group were made up.

**9. WORKING CAPITAL**

The Directors are of the opinion that, in the absence of unforeseeable circumstances, after taking into account the Group's business prospects, internal resources, available credit facilities and in connection with the Tower Lease under the Commercial Pricing Agreement and the Service Agreement, the Group has sufficient working capital for its present requirements for at least the next 12 months from the date of this Circular.

**10. LITIGATION**

As at the Latest Practicable Date, neither the Company nor any member of the Group was engaged in any litigation of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Company or any member of the Group.

**11. GENERAL**

- (a) The company secretary of the Company is Ms. Chan Ngar Wai (a member of the Hong Kong Institute of Certified Public Accountants, an associate of The Chartered Governance Institute and an associate of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries)).
- (b) The registered office and head office of the Company is 75th Floor, The Center, 99 Queen's Road Central, Hong Kong.
- (c) Hong Kong Registrars Limited, the share registrar of the Company, is at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

**12. DOCUMENTS ON DISPLAY**

Copies of the following documents will be published and displayed on the websites of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.chinaunicom.com.hk>) for a period of 14 days from the date of this Circular (both days inclusive):

- (a) the Commercial Pricing Agreement; and
- (b) the Service Agreement.