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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)**

## **Key Financial and Performance Indicators for the First Quarter of 2023**

In the first quarter of 2023, under the strategic guidance of “strengthen and solidify, preserve and innovate, integrate and open”, China Unicom adhered to its responsibilities as “the national team, the key force, and the frontline troop”, and continued to deepen its development of the five main responsibilities and main businesses of “Big Connectivity, Big Computing, Big Data, Big Application and Big Security”. It vigorously promoted the effective implementation of the “1 + 9 + 3” strategic planning system, the Company’s business performance steadily improved and its core functionalities continued to strengthen, laying a solid foundation for the Company’s stable and long-term high-quality development.

The key unaudited financial data in the first quarter of 2023 are as follows:

- Operating revenue amounted to RMB 97,222 million, up by 9.2% year-on-year, which was one of the highest growth rates in the same period in nearly a decade.
- Service revenue amounted to RMB 86,115 million, up by 6.1% year-on-year.
- Industry Internet revenue amounted to RMB 22,389 million, accounting for 26.0% of the service revenue, up by 2.1 percentage points year-on-year.
- EBITDA<sup>1</sup> amounted to RMB 25,730 million, up by 2.8% year-on-year.
- The profit attributable to the equity shareholders of the Company amounted to RMB 5,155 million, up by 11.2% year-on-year. The profit scale reached a new high in the same period since the Company’s listing.

To enable shareholders, investors and the general public to better appraise the operational performance of the Group, the board of directors (the "Board") of China Unicom (Hong Kong) Limited (the "Company", together with its subsidiaries, the "Group") announces certain selected unaudited key financial and performance indicators of the Group for the first quarter of 2023.

**Financial Data (Extracted from financial records prepared in accordance with Hong Kong Financial Reporting Standards)**

Unit: RMB millions

	<b>For the three months ended 31 March</b>	
	<b>2023</b>	<b>2022</b>
Service revenue	86,115	81,197
Sales of telecommunications products	11,107	7,825
<b>Operating revenue</b>	<b>97,222</b>	<b>89,022</b>
Interconnection charges	(2,722)	(2,547)
Depreciation and amortisation	(21,292)	(21,128)
Network, operation and support expenses	(14,651)	(13,295)
Employee benefit expenses	(15,341)	(16,963)
Costs of telecommunications products sold	(10,882)	(7,552)
Selling and marketing expenses	(8,653)	(8,080)
General, administrative and other operating expenses	(19,243)	(15,554)
Finance costs	(515)	(321)
Interest income	462	326
Share of net profit of associates	598	501
Share of net profit of joint ventures	482	413
Other income – net	1,081	927
<b>Profit before income tax</b>	<b>6,546</b>	<b>5,749</b>
Income tax expenses	(1,348)	(1,096)
<b>Profit for the period</b>	<b>5,198</b>	<b>4,653</b>
<b>Profit attributable to:</b>		
Equity shareholders of the Company	5,155	4,634
Non-controlling interests	43	19
	<b>As at</b>	<b>As at</b>
	<b>31 March 2023</b>	<b>31 December 2022</b>
Total assets	650,383	642,663
Total liabilities	301,366	299,127
<b>Total equity</b>	<b>349,017</b>	<b>343,536</b>

In the first quarter of 2023, under the strategic guidance of “strengthen and solidify, preserve and innovate, integrate and open”, China Unicom adhered to its responsibilities as “the national team, the key force, and the frontline troop”, and continued to deepen its development of the five main responsibilities and main businesses of “Big Connectivity, Big Computing, Big Data, Big Application and Big Security”. It vigorously promoted the effective implementation of the “1 + 9 + 3” strategic planning system, the Company’s business performance steadily improved and its core functionalities continued to strengthen, laying a solid foundation for the Company’s stable and long-term high-quality development.

In the first quarter of 2023, the Group’s operating revenue amounted to RMB 97,222 million, up by 9.2% year-on-year, which was one of the highest growth rates in the same period in nearly a decade. Service revenue amounted to RMB 86,115 million, up by 6.1% year-on-year. The revenue structure was continuously optimised, and Industry Internet revenue amounted to RMB 22,389 million, accounting for 26.0% of the service revenue, up by 2.1 percentage points year-on-year. EBITDA<sup>1</sup> amounted to RMB 25,730 million, up by 2.8% year-on-year. The profit attributable to equity shareholders of the Company amounted to RMB 5,155 million, up by 11.2% year-on-year. The profit scale reached a new high in the same period since the Company’s listing.

The Group highly regards the improvement of operating quality. In the first quarter, its operating cash flow reached RMB 16,964 million, up by 21.8% significantly year-on-year. Operating cash flow-to-operating revenue ratio reached 17.4%, up by 1.8 percentage points year-on-year, and the liabilities-to-assets ratio maintained at a reasonable level of 46.3%.

Facing the tremendous opportunities and vast blue ocean of the digital economy, the Group coordinated current and long-term development, firmly promoted innovative transformation, actively built up its core capabilities, made advance deployments in key areas, and effectively balanced quality improvement and efficiency enhancement. The Group made positive achievements in the operation and development of the five main responsibilities and main businesses.

In terms of “Big Connectivity”, the Group seized the development opportunities of “Dual-gigabit” and “IoT connections exceeding human connections”, and insisted on coordinated development of quantity, quality, structure, and efficiency. The Group optimised the product structure of basic businesses. Riding on the development trend of the industry, it accelerated the expansion of new integration to create growth pillars of basic businesses, and comprehensively strengthened subscriber integration and group-based development, leading to the scale and value development of Big Connectivity. The number of “Big Connectivity” subscribers<sup>2</sup> reached 900 million, of which 5G package subscribers reached 224 million, driving the Group’s mobile service revenue to reach RMB 43,823 million, up by 4.4% year-on-year. The mobile subscriber ARPU reached RMB 44.9, up by RMB 0.9 year-on-year. The fixed line broadband access revenue increased by 3.1% year-on-year, reaching RMB 11,856 million. The Group accelerated the promotion of ubiquitous human-machine-thing connectivity, and accelerated the development of Internet of Things (IoT) and industrial Internet. The number of IoT terminal connections reached 416 million.

In terms of “Big Computing”, the Group actively implemented the Eastern Data and Western Computing strategy, and continued to deepen the “5 + 4 + 31 + X” new data centre system. The number

of IDC cabinets reached 372,000. The Company continued to enrich its cloud resource reserve, and optimised the layout of “one resource pool per city”. It fully satisfied the needs of customers for cloudification in all scenarios by supporting the construction of digital governments and smart cities, and actively participating in the digital transformation of central state-owned enterprises. Unicom Cloud maintained good growth and achieved revenue<sup>3</sup> of RMB 12.79 billion, representing an increase of 40% over the same period last year.

In terms of "Big Data", the Group focused on the integration and innovation of Big Data, artificial intelligence and blockchain, and aggregated key capabilities such as data governance, data security and data visualisation services. It improved its product system, and replicated benchmark projects on a large scale in areas such as digital government, digital finance, smart tourism and data security. Big Data achieved revenue of RMB 1,498 million, representing an increase of 54.2% over the same period last year.

In terms of "Big Application", the Group created more and better innovative products, deepened the supply-side structural reform of products for the individual and household markets. The growth of innovative products of its basic businesses was strong, with the number of paying subscribers of the major products of Personal Digital Smart Living and Unicom Smart Home business<sup>4</sup> exceeding 160 million. Focusing on vertical industries, the Group was dedicated to developing professional, specialised, unique and novel capabilities, establishing leading advantages in key industries such as digital government, smart cities, industrial Internet, and medical and health services. It created over 19,000 5G scale application "commodity housing" projects, and provided 5G virtual private network services to 4,562 customers. The Group released the world's first 5G RedCap<sup>5</sup> commercial module, and took the lead in completing the largest RedCap pre-commercial verification in China, helping 5G applications to “travel light”.

In terms of "Big Security", the Group gave full play to the advantages of its basic network resources and four-level operation system, and created a security product and operation service system integrating "cloud, network, data and service". The Group continued to upgrade its competitive products such as Unicom Cloud Shield Anti-DDoS Pioneer<sup>6</sup> and network situational awareness. It launched the security cloud market, focused on optimising the industry's security ecology, and continuously met the diversified and scenario-based security needs of the government and large enterprises.

China Unicom is accelerating its transition from a traditional pipeline operator to a leading digital technology enterprise. In 2023, the Group will continue to firmly implement the strategic deployment of Cyber Superpower, Digital China and Smart Society. It will deeply implement the "1 + 9 + 3" strategic planning system, make new achievements in high-quality development with new morale and initiatives, accelerate the modernisation of China with digital, network-based and intelligent transformation, and create greater value for shareholders, customers and the society.

## **Caution Statement**

The Board wishes to remind shareholders of the Company and investors that the above financial and business data are based on the Group's internal records and management accounts and have not been reviewed or audited by the auditors. The Company's shareholders and investors are cautioned not to unduly rely on such data. In the meantime, the Company's shareholders and investors are advised to exercise caution in dealing in the securities of the Company.

By order of the Board  
**China Unicom (Hong Kong) Limited**  
**Liu Liehong**  
*Chairman and Chief Executive Officer*

Hong Kong, 18 April 2023

Notes:

1. EBITDA represents profit for the period before finance costs, interest income, share of net profit of associates, share of net profit of joint ventures, other income-net, income tax expenses, depreciation and amortisation. As the telecommunications business is a capital-intensive industry, capital expenditure and finance costs may have a significant impact on the net profit of the companies with similar operating results. Therefore, the Company believes that EBITDA may be helpful in analysing the operating results of a telecommunications service operator like the Company. However, it is a non-GAAP financial measure which does not have a standardised meaning and therefore may not be comparable to similar measures presented by other companies.
2. Number of "Big Connectivity" subscribers = number of mobile billing subscribers + number of fixed-line broadband subscribers + number of fixed-line local access subscribers + number of Internet-of-things terminal connections + number of networking leased line subscribers.
3. Unicom Cloud revenue includes revenue of cloud resources, cloud platform, cloud service, cloud integration, cloud interconnection, cloud security, etc. generated from integrated innovative solutions.
4. Personal Digital Smart Living products mainly include Video Ringtone, Unicom Assistant, Unicom Cloud Drive. Unicom Smart Home products mainly include Unicom Networking, Unicom UHD, Unicom Housekeeper, Unicom Smart Fixed-Line.
5. RedCap (Reduced Capability) is a lightweight 5G technology as defined in the 3GPP R17 standard. While supporting 5G native capabilities such as network slicing, uRLLC, it can achieve significant reduction in terminal cost and power consumption, creating new growth space for mid-to-high-speed 5G IoT scenarios.
6. Unicom Cloud Shield Anti-DDoS Pioneer product refers to China Unicom's professional security services for attack monitoring, traffic cleansing and blocking for customers of Internet dedicated lines and IDC, etc.

Certain statements contained in this announcement may be viewed as "forward-looking statements". Such forward-looking statements are subject to known and unknown risks, uncertainties and other factors, which may cause the actual performance, financial condition or results of operations of the Company to be materially different from any future performance, financial condition or results of operations implied by such forward-looking statements. In addition, we do not intend to update these forward-looking statements. Neither the Company nor the directors, employees or agents of the Company assume any liabilities in the event that any of the forward-looking statements does not materialise or turns out to be incorrect.

**As at the date of this announcement, the board of directors of the Company comprises:**

Executive Directors:	Liu Liehong, Chen Zhongyue, Wang Junzhi and Li Yuzhuo
Independent Non-executive Directors:	Cheung Wing Lam Linus, Wong Wai Ming, Chung Shui Ming Timpson and Law Fan Chiu Fun Fanny