

To: Business/Finance Editors

## CHINA UNICOM ANNOUNCES 2021 ANNUAL RESULTS

### Highlights:

- **Operating results grew steadily with profitability improving rapidly.** Total revenue amounted to RMB 327.9 billion, representing an increase of 7.9% year-on-year. Service revenue reached RMB 296.2 billion, representing an increase of 7.4% year-on-year. Profit attributable to equity holders of the Company amounted to RMB 14.4 billion, representing a year-on-year increase of 15.0%. Basic earnings per share was RMB0.470, up by 15.0% year-on-year.
- **Basic businesses stabilised and rebounded.** Mobile service revenue reached RMB 164.1 billion, representing an increase of 4.8% year-on-year. The number of mobile billing subscribers recorded a net addition of 11.30 million. Fixed-line broadband access revenue reached RMB 44.8 billion, representing a year-on-year increase of 5.2%. Fixed-line broadband subscribers registered a record-high net addition of 8.95 million for the year.
- **The development of innovation capabilities accelerated.** Revenue of Industry Internet business reached RMB 54.8 billion, representing a year-on-year increase of 28.2%.
- **The Company continued to make progress in digital transformation and achieved new breakthroughs in smart operation.**
- **The Company continued to deeply promote network co-build and co-share and drive synergetic cooperation to create new value.**
- **To steer on the main course of digital economy at full strength with total strategy upgrade.**

Financial Highlights (RMB millions)	2020	2021	Change YoY
<b>Operating Revenue</b>	303,838	<b>327,854</b>	7.9%
Service Revenue <sup>1</sup>	275,814	<b>296,153</b>	7.4%
Of which: Industry Internet Revenue	42,726	<b>54,779</b>	28.2%
<b>EBITDA<sup>2</sup></b>	94,139	<b>96,321</b>	2.3%
<i>EBITDA as % of Service Revenue</i>	<i>34.1%</i>	<i>32.5%</i>	<i>-1.6pp</i>
<b>Net Profit<sup>3</sup></b>	12,493	<b>14,368</b>	15.0%
<b>Basic EPS (RMB)</b>	0.408	<b>0.470</b>	15.0%

<sup>1</sup> Service revenue = operating revenue – sales of telecommunications products.

<sup>2</sup> 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 expense, depreciation and amortisation.

<sup>3</sup> Net profit represented profit attributable to equity shareholders of the Company.

**Hong Kong, 11 March 2022 – China Unicom (Hong Kong) Limited and its subsidiaries (“China Unicom” or “the Company” and “the Group”) (HKEx: 0762) is pleased to announce today its 2021 annual results.**

In 2021, the Company rode on the trend of socio-economic digital transformation. With the upgraded corporate strategy of “Strengthen and Solidify, Preserve and Innovate, Integrate and Open” and its new positioning as “the national team in the operation and service of digital information infrastructure, the key force in the establishment of Cyber Superpower, Digital China and Smart Society, and the frontline troop in the integration and innovation of digital technologies”, the Company focuses on five main responsibilities and main businesses, namely “Big Connectivity, Big Computing, Big Data, Big Application, and Big Security”, steering on the main course of digital economy at full strength.

In 2021, the Company’s operating results grew steadily with profitability improving rapidly. Total revenue amounted to RMB 327.9 billion, representing an increase of 7.9% year-on-year. Service revenue reached RMB 296.2 billion, representing an increase of 7.4% year-on-year. Profit attributable to equity holders of the Company amounted to RMB 14.4 billion, representing a year-on-year increase of 15.0%. EBITDA reached RMB 96.3 billion, representing a year-on-year increase of 2.3%. The Company actively practiced green and low-carbon development and achieved remarkable results in network co-build co-share. In 2021, the capital expenditure was RMB 69.0 billion, reflecting better investment efficiency. Free cash flow<sup>4</sup> continued to be strong during the year, reaching RMB 41.7 billion. The Company further consolidated its financial strength.

The Company attaches great importance to shareholders’ returns. After due consideration of the Company’s sound business development and strong free cash flow, the Board proposed a final dividend for the year of RMB 0.096 per share. Together with the interim dividend of RMB 0.120 per share already distributed, the total dividend for the year amounted to RMB 0.216 per share, representing a year-on-year increase of 31.7%.

Mr. Liu Liehong, Chairman and CEO of China Unicom said, “The Company’s business momentum steadily improved, achieving breakthroughs in economies of scale and steady progress in key businesses. The Company enhanced its innovation capability, stimulated vitality through reform and significantly improved operational efficiency, reaching a new level of high-quality development. Looking ahead, China Unicom will continue to fully implement new development philosophies, contribute to the establishment of a new development landscape and promote high-quality development. With the goal of establishing ‘Cyber Superpower, Digital China, and Smart Society’ and adhering to the Company’s ‘1 + 8 + 2’ strategic planning, the Company will focus on its five main responsibilities and main businesses, stabilise growth, optimise network, deepen reform, enhance capabilities, strengthen

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<sup>4</sup> Free cash flow represents operating cash flow less capital expenditure. 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.

synergy and prevent risks, in order to create greater value for shareholders, customers and society.”

### **Quality-first scale development took mobile business to a new level**

In line with increasingly digital, online and integrated 5G consumption, the Company continued to deepen the 5G-driven growth of mobile business value and scale. It insisted on refined operation, deepened precise customer segmentation and accelerated the 5G upgrade of existing users, especially medium and high-end users. It continuously optimised its distribution channels leading to a more robust new channel system with online and offline integration. China Unicom APP was fully revamped and it pioneered “full-range services with a single click”, with monthly active users exceeding 120 million. A new OMO channel system has been basically established. The Company accelerated the innovation and upgrade of basic business products. It adopted a “platform + network + X” basic innovative product strategy and strengthened cooperation on content and privileges. Video Ringtones and Communication Assistant had over 10 million users. In 2021, mobile service revenue reached RMB 164.1 billion, representing an increase of 4.8% year-on-year. The number of mobile billing subscribers recorded a net addition of 11.30 million. Customer value continued to be enhanced, with mobile ARPU reaching RMB 43.9, representing a year-on-year increase of 4.3%. 5G business growth accelerated, with the number of 5G package subscribers reaching 155 million and the penetration rate of 5G package subscribers reaching 48.9%, outperforming the industry average.

### **“Three-Gigabit” integration led faster fixed-line broadband growth**

Leveraging 5G-led “Three-Gigabit” integration, the Company promoted the development of broadband-mobile integration. The Company adopted “full network integration” strategy encompassing connectivity, platform and applications. It consolidated the foundation of broadband and mobile integration to meet scenario-based, intelligent and diversified consumption demand, systematically promoting the development of broadband and smart home businesses. In Northern China, the Company continued to strengthen its broadband service to drive mobile growth, accelerate the promotion of fibre-to-the-room (FTTR) service and enrich core smart home applications, such as videos and surveillance, driving customer value enhancement. In Southern China, the Company seized new opportunities to accelerate scale breakthrough by driving broadband development with mobile and strengthening broadband-mobile synergy. In 2021, the Company’s fixed-line broadband access revenue reached RMB 44.8 billion, representing a year-on-year increase of 5.2%. Fixed-line broadband subscribers registered a record-high net addition of 8.95 million for the year, reaching a total of 95.05 million. Broadband access ARPU basically remained stable at RMB 41.3. Scale-based value management achieved remarkable results.

## **Strengthened internal R&D capabilities to unleash new momentum of innovative business**

The Company seized the new opportunities brought by “Eastern Data and Western Computing” and devoted itself to offering integrated computing network service encompassing “connectivity + sensing + computing + intelligence”. It built a national “5 + 4 + 31 + X” advanced IDC system which was integrated across cloud, network and edge, reasonably distributed, green and centralised. “Unicom Cloud” was fully upgraded to feature cloud native and virtualised dual engines and offer seven scenario-based cloud products including sensing IoT cloud, data storage cloud, smart video cloud, etc. Integrating “Unicom Chain” and AI, the daily processing capacity of the Company’s Big Data platform exceeded 200TB. The number of IoT connections continued to grow as the Company accelerated the transition to integrated IoT “connectivity + non-connectivity” applications. The Company’s IoT market share continued to increase. It actively expanded its presence in the security market and its security products were ready for scale replication. It continuously developed and upgraded standardized solutions for 5G industrial Internet, smart city, healthcare, education and cultural tourism. It strengthened research and development in 5G industry integration standards, expanded the 5G application innovation alliance, and optimised the 5G ecology open platform. In 2021, the revenue of Industry Internet business reached RMB 54.8 billion, representing a year-on-year increase of 28.2% and accounting for 18.5% of the overall service revenue.

## **Industry ecology steadily improved and network co-build co-share made progress**

The Company continued to work closely with China Telecom and added 310,000 new 5G base stations. The total of 5G base stations used by the two companies reached 690,000, creating the world’s largest co-built and co-shared 5G network. The scale of 4G sharing was further expanded, and the number of 4G base stations shared by the two companies reached 660,000. Through the co-build co-share of 4G/5G networks, the Company actively supported the goals of “carbon peaking and carbon neutrality”. It is expected that more than 17.5 billion kWh of electricity can be saved every year while the cumulative carbon dioxide emission savings exceeded 6 million tons. In addition, the two companies have saved more than RMB 210 billion in CAPEX on a cumulative basis.

## **Fully established core capabilities to drive new breakthroughs in smart operation**

The Company adhered to innovation-driven business development and continued to make progress in digital transformation. During the year, the Company launched the “China Unicom Intelligence Brain” to achieve 100% consolidation of core business system, customer system, smart middle platform, Big Data and digital base. 10010 hotlines in 31 provinces were fully integrated and smart customer service was centralized across 31 provinces and 2 bases, serving over 400 million users. It offered personalized services that “knew customers better” with Big Data + AI. Smart service ratio reached 80%.

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*Certain statements contained in this press release 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.*

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