

To: Business/Finance Editors

## CHINA UNICOM ANNOUNCES 2022 ANNUAL RESULTS

### Highlights:

- Operating revenue reached RMB354.9 billion, up by 8.3% year-on-year, which was the highest growth rate in nine years. Service revenue reached RMB 319.3 billion, up by 7.8% year-on-year.
- The revenue of Industry Internet business reached RMB70.5 billion, up by 28.6% year-on-year. The proportion of Industry Internet in service revenue exceeded 20% for the first time, and the proportion of innovative business revenue reached a record high.
- EBITDA<sup>1</sup> reached RMB99.2 billion, hitting a record high since the Company's listing.
- The profit attributable to equity shareholders of the Company reached RMB16.7 billion, representing a year-on-year increase of 16.5%. Excluding non-operating gains and losses, the profit attributable to equity shareholders of the Company reached a new high since the Company's listing.
- The Board proposed a final dividend of RMB 0.109 per share. Together with the interim dividend of RMB0.165 per share already paid, the full-year dividend reaches RMB0.274 per share, representing a year-on-year increase of 26.9%. The dividend payout ratio is 50% and up by 4 percentage points year-on-year.

Financial Highlights (RMB millions)	2021	2022	Change YoY
<b>Operating Revenue</b>	327,854	<b>354,944</b>	8.3%
Service Revenue <sup>2</sup>	296,153	<b>319,348</b>	7.8%
Of which: Industry Internet Revenue	54,779	<b>70,458</b>	28.6%
<b>EBITDA</b>	96,321	<b>99,169</b>	3.0%
<b>Net Profit<sup>3</sup></b>	14,368	<b>16,745</b>	16.5%
<b>Basic EPS (RMB)</b>	0.470	<b>0.547</b>	16.5%
<b>Dividend per share<sup>4</sup> (RMB)</b>	0.216	<b>0.274</b>	26.9%

Hong Kong, 8 March 2023 – China Unicom (Hong Kong) Limited and its subsidiaries (“China Unicom” or “the Company”) (HKEx: 0762) is pleased to announce today its 2022 annual results.

<sup>1</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>2</sup> Service revenue = operating revenue – sales of telecommunications products.

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

<sup>4</sup> The proposed 2022 final dividend of RMB 0.109 per share is subject to approval by the shareholders at the annual general meeting. Together with the interim dividend of RMB 0.165 per share already paid, total dividend for the year is RMB 0.274 per share

In 2022, China Unicom firmly stayed on the main channel of the digital economy and commenced the full implementation of its new strategy. Adhering to the strategic guidance of “Strengthen and Solidify, Preserve and Innovate, Integrate and Open” and shouldering responsibilities as “the national team, the key force and the frontline troop”, China Unicom unveiled a new paradigm for its faster transformation into a leading enterprise in digital technologies. The Company stayed forward-looking and vigorously enhanced basic network capabilities and customer service quality. China Unicom adhered to innovation-driven development and made multiple achievements in the five main businesses while its core technological innovation capabilities were improved significantly. The Company insisted on open cooperation, as its integrated operation and service system continuously improved and the industry ecosystem strengthened significantly. The Company’s development scaled new historical heights.

In 2022, the Company achieved “four new highs” in business development: Firstly, operating revenue reached RMB354.9 billion, up by 8.3% year-on-year, which was the highest growth rate in nine years. Secondly, the profit attributable to equity shareholders of the Company reached RMB16.7 billion, representing a year-on-year increase of 16.5%. Excluding non-operating gains and losses<sup>5</sup>, the profit attributable to equity shareholders of the Company reached a new high since the Company’s listing. Thirdly, the proportion of Industry Internet in service revenue exceeded 20% for the first time, and the proportion of innovative business revenue reached a record high. Fourthly, EBITDA reached RMB99.2 billion, hitting a record high since the Company’s listing.

In the face of tremendous opportunities in the vast blue ocean of the digital economy, the Company continued to increase its investment in basic network capabilities, and the construction of “four premium networks” made remarkable progress. The Company’s full-year capital expenditure reached RMB74.2 billion, which has laid a solid foundation for the stable and long-term development of the Company.

The Company highly values shareholder return. Taking into consideration the Company’s good business development, the Board proposed a final dividend of RMB0.109 per share. Together with the interim dividend of RMB0.165 per share already paid, the full-year dividend reaches RMB0.274 per share, representing a year-on-year increase of 26.9%. The Company will continue to strive to enhance profitability and shareholder return in the future.

Mr. Liu Liehong, Chairman China Unicom said, “China Unicom’s operating performance achieved ‘four new highs’ mainly due to three ‘growth codes’: First, insisting on ‘strengthen and solidify’, i.e. strengthening the foundation of ‘network’ and ‘service’ to solidify the foundation of high-quality development. Second, insisting on ‘preserve and innovate’, i.e. preserving our ‘network’ and innovate on ‘digitization’ and ‘intelligent transformation’ to

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<sup>5</sup> Excluding the one-off gain from the sale of CDMA network in 2008, the profit attributable to equity shareholders of the Company reached the highest since listing

boost high-quality development momentum. Third, it insists on ‘integrate and open’, i.e. integrating the power of ‘one China Unicom’ to open up a new chapter of ‘industrial cooperation’ and create a broader paradigm of high-quality development. Today, China Unicom is accelerating its transformation from a traditional pipeline operator to a digital technology leader, and has achieved transformation and upgrade in four dimensions: connectivity scale and structure, core functions, service and empowerment level, and development philosophies, breaking the three major valuation limits of traditional operators, namely connectivity pipes, vicious competition and lack of innovation. Using only a ‘straight ruler’ that only measures the value of connectivity can no longer measure the ‘multi-dimensional’ value of our five major racetracks, and it needs at least ‘five rulers’ or even more models to measure.”

### **Further cemented network foundation**

In 2022, the Company continued to increase its investment in basic network capabilities, and the construction of “four premium networks” made remarkable progress. For 5G premium network, 310,000 5G mid-band base stations and 170,000 900M base stations were added, with the administrative village coverage reaching 96%. The scale and coverage of mid-band 5G were on par with the industry, which helped our mobile subscriber scale reach a new high. For broadband premium network, we maintained our leading advantage in Northern China. 2.14 million 10 GPON ports were added. Urban residential coverage in Southern China reached 80%, which laid a solid foundation for the rapid growth of broadband subscribers in the past two years. For government and enterprise premium network, 307 cities and nearly 150,000 commercial buildings were covered. The Company continued to consolidate its industry-leading leased line brand, with accelerating leased line revenue growth. For computing power premium network, the Company actively implemented the Eastern Data and Western Computing strategy, enhanced the “5 + 4 + 31 + X” multi-tier architecture, and strengthened its leading advantage in backbone network latency and multi-cloud collaboration. Computing power investment for the year amounted to RMB12.4 billion. Supply of resources was more abundant with “one resource pool per city” in 170 cities and over 400 MEC nodes. Deployment of computing power was improved with the number of IDC cabinets reaching 363,000 and 23 provinces covered by 1,000-cabinet IDCs. Our multi-cloud collaboration capability has been industry-leading, with the lowest backbone transmission latency in the industry and 336 internal and external cloud resources pools connected. In the future, the Company will continue to enhance its resource supply capacity in various aspects such as cloud computing, IDCs and backbone carrier network to further strengthen the foundation for the rapid development of the digital economy.

## **Solidified basic businesses**

In 2022, the Company overcame the adverse impact of the pandemic and made new breakthroughs in the scale and value of Big Connectivity. The number of mobile billing subscribers exceeded 320 million. The penetration rate of 5G package subscribers reached 66%, signifying improved subscriber structure. The Company optimised the product mix of its basic businesses. Mobile subscriber ARPU increased for three consecutive years, evidencing further enhancement of subscriber value. Riding on industry development trends, the Company took advantage of “dual gigabit” network upgrade to build an integrated and segmented development model and create a foundation for the sustainable growth of broadband business. The number of fixed-line broadband subscribers exceeded 100 million. The net addition of subscribers exceeded 8 million for two consecutive years. The penetration rate of broadband subscribers reached 75%. The integrated ARPU exceeded RMB100 for the first time, further opening up the huge development potential of the household market. The Company strengthened the supply of 5G digital smart living and smart home application products by launching new products and services such as 5G New Calling, elderly exclusive service and “Unicom WO Pai”, etc., vigorously leveraging differentiated advantages driven by product innovation, so as to build up the momentum of the innovative transformation and continuous growth of basic businesses.

## **Faster growth of innovative businesses**

The Company’s Industry Internet business continued to accelerate with revenue in 2022 exceeding RMB70 billion for the first time, representing a year-on-year growth of 29%. Both its scale and growth rate improved. The value of Big Connectivity grew, with the number of IoT connections reaching approximately 390 million. China Unicom had nearly 70% market share in new 5G connections. The Company was the first operator with IoT connections exceeding human connections. IoT revenue amounted to RMB8.6 billion, up by 42% year-on-year. The Company was building up momentum in Big Computing as “Unicom Cloud<sup>6</sup>” continued to double with revenue in 2022 reaching RMB36.1 billion, up by 121% year-on-year. The Company launched Unicom Cloud version 7.0, and further bolstered its “secure digital smart cloud” brand image. The Company maintained its leadership in Big Data, and achieved revenue of RMB4.0 billion, up by 58% year-on-year. In recent years, China Unicom has provided digital government development services to more than 20 provincial governments and 100 municipal governments, and has provided Big Data capability support to 25 ministries and commissions. The Company deeply participated in the digital and intelligent operation of governments at all levels, highlighting its advantages in data governance and data

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<sup>6</sup> Unicom Cloud revenue includes revenue of cloud resources, cloud platform, cloud service, cloud integration, cloud interconnection, cloud security, etc. generated from integrated innovative solutions.

security. The Company is leading the way in Big Application. By the end of 2022, it has built over 16,000 large-scale 5G application projects on a cumulative basis, which were replicated among 52 major categories of the national economy, and built more than 1,600 fully 5G-connected factories. In 2022, the Company won the “Enterprise 5G Leadership Award” at the 19th 5G World Summit. Big Security achieved rapid growth. The Company set up a dedicated network and information security department and a cybersecurity research institute, with over 1,200 security operation staffs. Big Security revenue in 2022 grew by nearly 4 times. The Company's security capabilities have served over 10,000 customers cumulatively.

### **Deepened technological innovation transformation**

China Unicom has made milestone progress in achieving high-level independence and competence in technologies. The Company established China Unicom Science and Technology Association and engaged 16 fellows as special experts of the Technology Committee. China Unicom's technological innovation was strengthened. The proportion of technological innovation talents reached 30%. The Company was granted 1,666 patents. Revenue of self-developed products increased by more than 70% year-on-year. The Company was awarded the 2022 World Internet Leading Technological Achievement Award as well as the First Prize at the 2022 World Artificial Intelligence Conference. These accolades proved the rapid improvement of China Unicom’s technological innovation.

### **Sharing the development benefits of the era through open cooperation**

China Unicom's co-build co-share with China Telecom continued to deepen, with the number of shared 5G base stations reaching a million, accounting for 30% of the world’s total 5G base stations. The Company vigorously promoted 700M base station roaming in remote rural areas, and has started commercial trial on live network. The number of shared 4G base stations reached 1.1 million, and cross-sector co-build co-share of infrastructure such as poles and pipelines was also being executed and advanced. Through 5G/4G co-build co-share, China Unicom and China Telecom have saved more than RMB270 billion in investment for the country on a cumulative basis, and can save operating costs of more than RMB30 billion a year and reduce carbon emissions by more than 10 million tonnes a year. Its cooperation with Tencent, Alibaba, JD.com, Baidu and other strategic investors was comprehensively upgraded as China Unicom worked with them to jointly promote value creation. The Company actively embraced the comprehensive registration system reform. China Unicom Smart Connection Technology Limited, a subsidiary of the Company, is proposed to be spun off and listed on the Sci-Tech Innovation Board to share the fruitful benefits and promising prospects of the Company’s development with more investors. It will strive to contribute to the development of Transportation Superpower, Cyber Superpower and Digital China with the power of China Unicom.

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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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