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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)**

**2023 ANNUAL RESULTS ANNOUNCEMENT AND  
CLOSURE OF REGISTER OF MEMBERS**

**Highlights:**

- **Operating revenue increased steadily to RMB372.6 billion, up 5.0% year-on-year. The profit attributable to equity shareholders of the Company reached RMB18.7 billion, representing a year-on-year increase of 11.8%, continuing double-digit growth.**
- **Return on equity (ROE) reached 5.4%, the best in recent years.**
- **With 5G network coverage nearing completion, the Company's investment focus is shifting from stable CC business to high-growth CDSA business. CAPEX was RMB73.9 billion in 2023. Network investment saw an inflection point.**
- **The Board declared a final dividend of RMB0.1336 per share (pre-tax). Together with the interim dividend of RMB0.203 per share (pre-tax) already paid, the total dividend for the year amounted to RMB0.3366 per share (pre-tax), representing a year-on-year increase of 22.8%, which is significantly higher than the 11.8% growth of basic earnings per share.**

## CHAIRMAN'S STATEMENT

Dear Shareholders,

2023 was a year for China Unicom to achieve significant results in high-quality development. In the past year, the Company steadily promoted the implementation of its strategic system, actively coordinated the current operation and long-term development, and focused on both scale growth and value enhancement. It fully assumed the main responsibilities of Cyber Superpower and Digital China development, and focused on the two main businesses of Connectivity and Communications (CC) and Computing and Digital Smart Applications (CDSA). The Company achieved steady progress in business development, rapidly strengthened its fundamental capabilities, continuously amplified its distinctive advantages and deepened innovation and reform, laying a more solid foundation for its long-term development.

### OVERALL RESULTS

In 2023, the Company made efforts to promote the coordinated development of the two main businesses to achieve effective quality enhancement and reasonable growth in scale. Operating revenue increased steadily to RMB372.6 billion, up 5.0% year-on-year. EBITDA<sup>1</sup> reached RMB99.8 billion. The profit attributable to equity shareholders of the Company reached RMB18.7 billion, representing a year-on-year increase of 11.8%, continuing double-digit growth. Return on equity (ROE) reached 5.4%, the best in recent years.

The Company insisted on network-business coordination and precise investment. With 5G network coverage nearing completion, the Company's investment focus is shifting from stable CC business to high-growth CDSA business. CAPEX was RMB73.9 billion in 2023. Network investment saw an inflection point. The Company comprehensively enhanced its value creation ability, with its free cash flow<sup>2</sup> growing 8.3% year-on-year to RMB28.5 billion. Its capital structure continued to improve with interest-bearing debts decreasing by 19% to RMB46.4 billion, and its liabilities-to-assets ratio remained within a reasonable range of 46.5%.

The Company is committed to sharing the fruits of its long-term development with shareholders while continuing to promote good growth of revenue and profit and maintaining its sustainable development capability. After due consideration of the Company's robust business development, the Board declared a final dividend of RMB0.1336 per share (pre-tax). Together with the interim dividend of RMB0.203 per share (pre-tax) already paid, the total dividend for the year amounted to RMB0.3366 per share (pre-tax), representing a year-on-year increase of 22.8%, which is significantly higher than the 11.8% growth of basic earnings per share. The cash dividend reached a record high<sup>3</sup>.

## **WITH EMPHASIS ON BOTH SCALE AND QUALITY, BUSINESS DEVELOPMENT MADE NEW ACHIEVEMENTS**

China Unicom fully consolidated its foundation in market development, capability and management, and took advantage of its unique edges to promote technological innovation, product innovation, model innovation and system innovation with greater strength. It improved the circulation of various factors, and promoted high-level opening up and cooperation both internally and externally, unveiling a new paradigm of China Unicom's high-quality development. In 2023, the Company achieved service revenue of RMB335.2 billion, up by 5.0% year-on-year.

### ***Stable growth in Connectivity and Communications provided the foundation for steady operations***

The Company continued to deepen business integration, market convergence and capability fusion. New integration is gaining momentum. Mobile, fixed-line broadband and leased line businesses saw steady growth in both scale and value. Innovative value-added services for individuals and households achieved rapid breakthroughs. In 2023, Connectivity and Communications (CC) business, which encompasses mobile connectivity, broadband connectivity, TV connectivity, leased line connectivity, communications services as well as information services, achieved revenue of RMB244.6 billion. It contributed to three quarters of the service revenue of CC and CDSA combined. The Company's connectivity scale further expanded, with the total number of CC subscribers exceeding one billion<sup>4</sup>, representing an increase of about 140 million from the end of 2022.

**Within that, for mobile connectivity**, the Company strengthened coordination among terminals, network and business development. Driven by 5G upgrade, mobile subscribers demonstrated strong growth. The Company continued to strengthen coordinated development, striking a balance among scale, quality, structure and efficiency. The number of mobile subscribers reached 333 million, with a net addition of 10.60 million in 2023. The net addition increased significantly by 90% year-on-year. Subscriber mix continued to improve, and the penetration rate of 5G package subscribers reached 78%, an increase of 12 percentage points year-on-year. The Company actively seized the development opportunities of universal connectivity. The number of Internet of Things (IoT) connections reached 490 million in 2023, of which "4G + 5G" high-speed connections accounted for over 90%, injecting fresh impetus into the development of mobile connectivity.

**For broadband connectivity**, the Company continued to build its reputation for gigabit service. The number of fixed-line broadband subscribers reached 113 million, with a net addition of 9.79 million year-on-year. The net addition hit a 10-year high. Subscriber mix improved significantly with the integration penetration of broadband subscribers reaching 76%. The penetration rate of gigabit subscribers reached 22%, an increase of 6 percentage points year-on-year.

**For information services**, the Company strived to build richer and better innovative products, and deepened the rapid growth of information services for the individual and household markets, bringing brand new experiences of quality upgrade to customers. The Company continued to bolster the “platform + cloud network + applications” development model and constantly enhanced information applications. Information services revenue exceeded RMB10 billion. The number of paying subscribers of Personal Digital and Smart Living and Unicom Smart Home reached 100 million.

***Robust growth of Computing and Digital Smart Applications added to growth momentum for innovation and transformation***

The new round of technological revolution and industrial transformation is overwhelming, and the prosperity and vitality of the digital economy have opened up new and bigger room for the development of China Unicom. The Company actively embraced the strategic opportunities brought by the resonance of Chinese-style modernisation and next-generation digital revolution. In 2023, Computing and Digital Smart Applications (CDSA), which encompasses Unicom Cloud, IDC, system integration, data services, digital and smart applications and cybersecurity, achieved revenue of RMB75.2 billion. It accounted for a quarter of the service revenue of CC and CDSA combined, and contributed to more than half of the Company’s incremental service revenue.

**For Unicom Cloud<sup>5</sup>**, revenue reached RMB51.03 billion in 2023, with year-on-year growth of 41.6%. Leveraging the differentiated edge of computing power and network integration as well as significantly richer computing power resources, the Company sold over a million cores of cloud resources, with a year-on-year growth rate of 186%. Its cloud resources covered over 230 cities. The Company overcame critical technological barriers in cloud server operating systems, databases and cloud disaster recovery, and met customers’ need for scenario-based customisation. It built a series of benchmark cases in the fields of government affairs, healthcare, transportation and education, empowering quality and efficiency enhancement in various industries. The Company made new efforts in technological innovation and ecological co-construction, further enhanced its proprietary R&D capability, and continued to optimise the “virtualised” and “cloud native” dual-engine foundation. It deployed more than 3,300 sets of self-developed operating system CULinux 2.2.

**For data service**, seizing policy opportunities such as “Digital China” construction and the “Data Factor X” Three-Year Action Plan, the Company focused on strengthening the supply of data products and capabilities, empowering holistic digital transformation of the economy and society. Leveraging its centralised platform and cutting-edge Big Data capability, the Company’s data services accounted for over 50% market share for five consecutive years, outperforming in the industry. It always regarded the integrated innovation of Big Data and AI technologies as the core driving force. Twelve of its data management capabilities were named in the “2023 Data Governance Industry Graph 2.0”, ranking first in terms of quantity. Its data processing capacity continued to increase, and the daily amount of data collected doubled year-on-year to 1.2 PB. The Company passed the highest DCMM5 certification with the highest score ever. It comprehensively served the digital transformation of government affairs. It built the No. 1 brand in digital government and developed 15 provincial government affairs Big Data platforms, while the total number of smart city service districts and counties exceeded 800.

**For digital and smart applications**, the Company accelerated the in-depth integration of the digital economy and the real economy with 5G technology, in order to provide a digital “new engine” for strategic emerging industries and future industries. The scale development of digital and smart applications achieved remarkable results, with a cumulative total of 30,000 5G industry application projects covering 71 major categories of the national economy, serving more than 8,500 5G private network customers. The Company has formed a leading edge in key sectors such as industrial Internet, digital government, and Internet of vehicles, etc. Its professional and specialised capabilities in digital intelligence continued to strengthen, with 32 self-developed application products generating revenue in excess of RMB100 million. It iteratively upgraded the 5G industry private network PLUS product matrix, developed Gewu Unilink, a cross-industry and cross-profession industrial Internet platform, and launched ten 5G RedCap industry terminals. During Mobile World Congress (MWC) 2024, it won three Global Mobile (GLOMO) Awards, leading the high-quality development of 5G digital and smart applications.

**For cybersecurity**, the Company focused on network security, data security, information security and other key aspects, and strengthened Big Security strategic business deployment. Based on the “Mogong” platform, the Company developed a new model of “platform + components + services” security operating services. It built China’s first mega-city digital security operation centre for a client, and implemented more than 50 benchmark projects. It promoted open cooperation in the security ecosystem by attracting partners to join the “Security Hub” and build a large-scale, product-rich and accessible security cloud market, supporting cybersecurity revenue to achieve a rapid growth of 120%.

## **BUILDING A SOLID FOUNDATION FOR SUSTAINABLE DEVELOPMENT BY CONSOLIDATING CAPABILITIES**

Network is the foundation of the Company's existence, and innovation is the source of the Company's vibrancy. In recent years, the Company has vigorously promoted the work orientation of strengthening the fundamentals and basics, and has made efforts to build digital information infrastructure as the foundation to help China's digital economy flourish. The Company actively promoted the research on critical core technologies and the construction of a unique capability system, in order to play a bigger role in technological innovation, industrial control and security support. It provided a solid foundation for the Company to forge ahead in its new journey and undertake new missions.

### ***Network capabilities continued to strengthen with precise investment***

The Company accelerated the construction of digital information infrastructure in order to consolidate the foundation of its long-term development. The Company had over 1.21 million 5G mid-band base stations and 680,000 900M base stations. Its mobile network coverage continued to strengthen. Its broadband network maintained its industry edge in Northern China, while its foundational capabilities in Southern China were markedly boosted. For government and enterprise network, it provided "hard and soft" high-quality private network services, and continuously expanded coverage scale and multi-cloud connectivity, promoting "cloudification and digital empowerment" for thousands of industries. The Company fully implemented the national Eastern Data and Western Computing strategy, and actively deployed a new computing power network with advanced architecture, security and reliability and excellent service. Through the "5 + 4 + 31 + X" new IDC deployment, the Company strived to build green, centralised, secure and reliable computing infrastructure. The Company proactively responded to the transformation and upgrade of AI computing power demand, and pushed forward "1+N+X" AI computing planning and deployment. In Eastern regions with developed AI computing industry and Western regions with abundant resources, it undertook tiered deployment and construction. It has constructed over 100G high-speed transmission links among national hubs, reinforcing the optical transport foundation for computing power network. The latency of the Company's public IP backbone network maintained its edge in the industry.

The Company adhered to new development philosophy and pushed forward high-quality 5G development. 220,000 5G mid-band base stations were added and the number of shared 4G base stations exceeded two million. It launched the world's first 5G roaming pre-commercial trial in Xinjiang province with fellow operators to further improve the network resources utilisation efficiency in remote areas. It made good progress in promoting the co-build, co-share and co-maintenance of transmission lines, pipes and optical cables and other infrastructure. The Company took practical actions to echo the "dual carbon" policy, saving operating expenses of about RMB39.0 billion and annual carbon emissions of about 11.50 million tonnes in 2023, and saving cumulative capital expenditure of about RMB340.0 billion.

### ***Innovation-driven transformation made a deep and steady stride***

The Company actively forged its core capabilities, continued to build a strong engine for technological innovation, focused on promoting industrial innovation with technological innovation, and accelerated the development of new quality productivity. It made greater efforts on talent cultivation, with the ratio of technological innovation personnel reaching 40%. It was granted 2,287 patents during the year, up by 37% year-on-year. The Company enhanced the efficiency of capital operation and strengthened capital cooperation. It set up joint ventures such as Nebula Times Technology Co., Ltd. and China Unicom Digital Intelligence Medical Technology Co. Ltd to further improve its capability in offering professional and specialised digital services.

The Company regards AI as an important strategic field. It accelerated the deployment in this nascent industry by combining China Unicom's advantages in computing network infrastructure, diverse business use cases and extensive customer touch points to build a large language model (LLM) application development paradigm with China Unicom's characteristics. At the recent MWC, the Company launched the "Yuanjing" LLM system, which offered multiple parameter versions according to different functional needs, so as to use LLM to better empower use cases in the real economy. The Company comprehensively improved customer service with AI + Big Data, with relevant achievements successfully shortlisted in "Wu Wenjun Award for Science and Technology in Artificial Intelligence", an authoritative award in the industry.

The Company further accelerated deployment in satellite communications, and actively promoted the industrialisation and systemic development of air-ground integrated communications.

## **SOCIAL RESPONSIBILITY AND CORPORATE GOVERNANCE**

The Company takes care of national interests, spontaneously contributes to national strategies and organically integrates its economic responsibility with social responsibility. In the past year, the Company demonstrated its commitment in environmental, social and corporate governance aspects, and contributed its part to meet the needs of people for better information life and the demand for digital, network-based and intelligent transformation of various industries. The Company continued to build a solid, reliable and secure network, enhance data and information security capabilities, and bolster its collaborative support system, fortifying national cybersecurity defence. Fulfilling the “dual carbon” strategy, the Company actively constructed large data centres which were technologically advanced, green and low-carbon, secure and reliable. The Company endeavoured to build an inclusive and accessible digital society and fully supported rural revitalization. Its Digital Village platform covered the 255,000 administrative villages and served more than 26 million villagers. The Company fully demonstrated its responsibilities. During major events such as communications support, rescue and disaster relief, reform, etc., it performed its missions and successfully completed communications support tasks during rescue and disaster relief. The Company advanced quality enhancement as a listed company. It strengthened communication with the capital market through reverse roadshows and other activities, and actively responded to shareholders’ concerns, promoting the mutual improvement of both its intrinsic value and market value.

The Company continued to improve its governance mechanism, providing solid support for sustainable and healthy development. It has received numerous recognitions, including ranking 267th in the Fortune Global 500 for the year 2023, ranking 277th in the Forbes Global 2000, being voted as “Asia’s Most Honored Telecom Company” by Institutional Investor for the eighth consecutive year, and being voted as “Best Overall Company in China — Gold” in “Asia’s Best Managed Companies Poll 2023” organised by FinanceAsia.



## **OUTLOOK**

At present, the trend of digitalisation, intelligent transformation and green development is unstoppable. The new round of technological revolution and industrial transformation has developed rapidly, giving rise to unprecedented new services, new models and new business formats. Under the new landscape, the strategic, fundamental and leading role of the information and communication industry has become more and more prominent. In 2024, the Company is confident in maintaining stable growth in operating revenue and double-digit growth in profit. CAPEX is expected to be within RMB65.0 billion, in which CDSA investment will be appropriately brought forward and its deployment will be strengthened.

The Company will insist on making progress while maintaining stability, deeply implement the five strategies to build a strong enterprise, i.e. via technology, talent, reform, digital and smart transformation, and brand. We will deeply implement nine key action plans in respect of CC, computing network integration, digital and smart applications, internationalisation, Big Data innovation, AI innovation, digital new infrastructure, high-quality services and cybersecurity, in order to accelerate becoming a world-class technology service enterprise with global competitiveness.

Last but not least, on behalf of the Board, I would like to express my sincere gratitude to all shareholders, customers and all sectors of society for their long-term care and support to the Company, and to all employees for their continued efforts and contributions!

**Chen Zhongyue**

*Chairman and Chief Executive Officer*

Hong Kong, 19 March 2024

- Note 1:* EBITDA represents profit for the year 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.
- Note 2:* 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.
- Note 3:* The 2023 final dividend declared will be subject to approval at the Company's annual general meeting.
- Note 4:* The total number of CC subscribers as at the end of January 2024.
- Note 5:* Unicom Cloud revenue represents revenue generated from cloud resources, cloud platform, cloud services, cloud integration, cloud interconnection, cloud security, etc. by integrating innovative solutions.

## GROUP RESULTS

China Unicom (Hong Kong) Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2023 which were extracted from the audited consolidated financial statements of the Group as set out in the Company’s 2023 annual report.

### CONSOLIDATED STATEMENT OF INCOME

(All amounts in Renminbi (“RMB”) millions, except per share data)

	Note	Year ended 31 December	
		2023	2022
Revenue	5	372,597	354,944
Interconnection charges		(11,294)	(10,947)
Depreciation and amortisation		(84,847)	(86,829)
Network, operation and support expenses		(60,026)	(56,425)
Employee benefit expenses		(62,939)	(60,726)
Costs of telecommunications products sold		(36,403)	(34,720)
Other operating expenses		(102,123)	(92,957)
Finance costs		(1,981)	(1,095)
Interest income		2,105	1,747
Share of net profit of associates		2,519	2,153
Share of net profit of joint ventures		1,803	1,593
Other income — net		3,534	3,850
<b>Profit before income tax</b>		22,945	20,588
Income tax expenses	6	(4,023)	(3,751)
<b>Profit for the year</b>		<u>18,922</u>	<u>16,837</u>
<b>Profit attributable to:</b>			
Equity shareholders of the Company		18,726	16,745
Non-controlling interests		196	92
<b>Profit for the year</b>		<u>18,922</u>	<u>16,837</u>
<b>Earnings per share for profit attributable to equity shareholders of the Company during the year:</b>			
Basic earnings per share (RMB)	7	<u>0.61</u>	<u>0.55</u>
Diluted earnings per share (RMB)	7	<u>0.61</u>	<u>0.55</u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME****(All amounts in RMB millions)**

	<b>Year ended 31 December</b>	
	<b>2023</b>	<b>2022</b>
<b>Profit for the year</b>	<u>18,922</u>	<u>16,837</u>
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified to statement of income:</b>		
Changes in fair value of financial assets measured at fair value through other comprehensive income (“FVOCI”) (non-recycling)	195	(160)
Tax effect on changes in fair value of financial assets measured at FVOCI (non-recycling)	<u>(4)</u>	<u>(2)</u>
Changes in fair value of financial assets measured at FVOCI, net of tax (non-recycling)	191	(162)
Others	<u>(5)</u>	<u>(5)</u>
	<u>186</u>	<u>(167)</u>
<b>Items that may be reclassified subsequently to statement of income:</b>		
Changes in fair value of financial assets measured at FVOCI, net of tax (recycling)	43	(53)
Share of other comprehensive income of associates	2	2
Currency translation differences	<u>88</u>	<u>408</u>
	<u>133</u>	<u>357</u>
<b>Other comprehensive income for the year, net of tax</b>	<u>319</u>	<u>190</u>
<b>Total comprehensive income for the year</b>	<u>19,241</u>	<u>17,027</u>
<b>Total comprehensive income attributable to:</b>		
Equity shareholders of the Company	19,038	16,940
Non-controlling interests	<u>203</u>	<u>87</u>
<b>Total comprehensive income for the year</b>	<u>19,241</u>	<u>17,027</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**(All amounts in RMB millions)**

		<b>As at 31 December</b>	
	<u>Note</u>	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		355,995	352,433
Right-of-use assets		52,608	59,227
Goodwill		2,771	2,771
Interest in associates		44,188	42,469
Interest in joint ventures		10,240	8,582
Deferred income tax assets		817	469
Contract assets		86	61
Contract costs		8,493	5,857
Financial assets measured at fair value		5,217	4,109
Other assets		22,535	20,442
		<u>502,950</u>	<u>496,420</u>
<b>Current assets</b>			
Inventories		2,217	1,882
Contract assets		279	271
Accounts receivable	8	38,692	26,331
Prepayments and other current assets		26,208	21,155
Amounts due from ultimate holding company		4,610	4,606
Amounts due from related parties		588	465
Amounts due from domestic carriers		2,267	1,944
Financial assets measured at fair value		24,428	19,593
Short-term bank deposits and restricted deposits		11,079	14,699
Cash and cash equivalents		47,733	55,297
		<u>158,101</u>	<u>146,243</u>
<b>Total assets</b>		<u><u>661,051</u></u>	<u><u>642,663</u></u>

		<b>As at 31 December</b>	
	<b>Note</b>	<b>2023</b>	<b>2022</b>
<b>EQUITY</b>			
<b>Equity attributable to equity shareholders of the Company</b>			
Share capital		254,056	254,056
Reserves		(12,912)	(15,234)
Retained profits			
— Proposed final dividend	9	4,088	3,335
— Others		106,242	99,462
		<u>351,474</u>	<u>341,619</u>
<b>Non-controlling interests</b>		<u>2,424</u>	<u>1,917</u>
<b>Total equity</b>		<u><u>353,898</u></u>	<u><u>343,536</u></u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term bank loans		1,252	1,528
Lease liabilities		30,617	36,429
Deferred income tax liabilities		600	950
Deferred revenue		9,212	7,832
Amounts due to ultimate holding company		881	300
Other obligations		939	1,218
		<u>43,501</u>	<u>48,257</u>

		<b>As at 31 December</b>	
	<b>Note</b>	<b>2023</b>	<b>2022</b>
<b>Current liabilities</b>			
Short-term bank loans		681	331
Commercial papers		—	5,025
Current portion of long-term bank loans		354	368
Lease liabilities		12,640	12,495
Accounts payable and accrued liabilities	10	161,279	154,838
Bills payable		6,275	5,811
Taxes payable		3,547	2,197
Amounts due to ultimate holding company		1,033	1,759
Amounts due to related parties		25,924	18,326
Amounts due to domestic carriers		2,959	2,125
Current portion of other obligations		2,493	2,493
Contract liabilities		46,179	44,714
Advances from customers		288	388
		<u>263,652</u>	<u>250,870</u>
<b>Total liabilities</b>		<u>307,153</u>	<u>299,127</u>
<b>Total equity and liabilities</b>		<u>661,051</u>	<u>642,663</u>
<b>Net current liabilities</b>		<u>(105,551)</u>	<u>(104,627)</u>
<b>Total assets less current liabilities</b>		<u>397,399</u>	<u>391,793</u>

## **NOTES (All amounts in RMB millions unless otherwise stated)**

### **1. ORGANISATION AND PRINCIPAL ACTIVITIES**

China Unicom (Hong Kong) Limited (the “Company”) was incorporated as a limited liability company in the Hong Kong Special Administrative Region (“Hong Kong”), the People’s Republic of China (the “PRC”) on 8 February 2000. The principal activity of the Company is investment holding. The principal activities of the Company’s subsidiaries are the provision of comprehensive telecommunications services. The Company and its subsidiaries are hereinafter referred to as the “Group”. The address of the Company’s registered office is 75th Floor, The Center, 99 Queen’s Road Central, Hong Kong.

The shares of the Company were listed on The Stock Exchange of Hong Kong Limited (“SEHK”) on 22 June 2000.

The substantial shareholders of the Company are China Unicom (BVI) Limited (“Unicom BVI”) and China Unicom Group Corporation (BVI) Limited (“Unicom Group BVI”). The majority of equity interests in Unicom BVI is owned by China United Network Communications Limited (hereinafter referred to as “A Share Company”), a joint stock company incorporated in the PRC on 31 December 2001, with its A shares listed on the Shanghai Stock Exchange on 9 October 2002.

The directors of the Company consider Unicom BVI and China United Network Communications Group Company Limited (a state-owned enterprise established in the PRC, hereinafter referred to as “Unicom Group”) as the immediate holding company and ultimate holding company, respectively.

### **2. SUMMARY OF COMPLIANCE**

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the HKICPA. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the SEHK (the “Listing Rules”) and the Hong Kong Companies Ordinance.

The financial information relating to the financial years ended 31 December 2023 and 2022 included in this preliminary announcement of annual results does not constitute the Company’s statutory annual consolidated financial statements for those financial years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2022 to the Registrar of Companies as required section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 December 2023 in due course.

The Company’s auditor has reported on those financial statements. The auditor’s reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance.



### 3. BASIS OF PREPARATION

The consolidated financial statements have been prepared under the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period.

#### (a) Going Concern Assumption

As at 31 December 2023, current liabilities of the Group exceeded current assets by approximately RMB105.6 billion (2022: approximately RMB104.6 billion). Considering the current economic conditions and taking into account of the Group's expected capital expenditure in the foreseeable future, management has comprehensively considered the Group's available sources of funds as follows:

- The Group's continuous net cash inflows from operating activities;
- Approximately RMB201.0 billion of revolving banking facilities of which approximately RMB190.1 billion was unutilised as at 31 December 2023; and
- Other available sources of financing from domestic banks and other financial institutions in view of the Group's good credit history.

In addition, the Group believes that it has the ability to raise funds from short, medium and long-term perspectives and maintain reasonable financing costs through appropriate financing portfolio.

Based on the above considerations, the Board of Directors is of the opinion that the Group has sufficient funds to meet its working capital commitments, expected capital expenditure and debt obligations. As a result, the consolidated financial statements of the Group for the year ended 31 December 2023 have been prepared on a going concern basis.

#### (b) New Accounting Standards and Amendments

- (i) The HKICPA has issued a number of new and amendments to HKFRSs that are first effective for the current accounting period of the Group:
- HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17), "Insurance Contracts"
  - Amendments to HKAS 8, "Definition of Accounting Estimates"
  - Amendments to HKAS 12, "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"
  - Amendments to HKAS 12, "International Tax Reform-Pillar Two Model Rules"
  - Amendments to HKAS 1 and HKFRS Practice Statement 2, "Disclosure of Accounting Policies"

In addition, the Group applied the agenda decision of the International Financial Reporting Standard Interpretations Committee of the International Accounting Standard Board (the "Committee"), including "Definition of a Lease — Substitution Rights" (IFRS 16, "Leases"), which is relevant to the Group. Given that HKFRSs contain wordings that are almost identical to the equivalent IFRS Standards except for minor differences, the agenda decision of the Committee is equally applicable to the Group.

The amendments to HKAS 12, “Deferred Tax related to Assets and Liabilities arising from a Single Transaction” narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12, “Income Taxes” so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

In accordance with the transition provision:

- (i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1 January 2022;
- (ii) the Group also, as at 1 January 2022, recognised a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use-assets and lease liabilities.

The application of the above new and amendments and agenda decisions have had no material effect on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

- (ii) Amendments to HKFRSs in issue but not yet effective:

The HKICPA has issued a number of amendments to HKFRSs which are not yet effective for the year ended 31 December 2023 and which have not been early adopted in these consolidated financial statements.

	<b>Effective for accounting periods beginning on or after</b>
Amendments to HKAS 1, “Classification of Liabilities as Current or Non-current” and related amendments to Hong Kong Interpretation 5 (2020)	1 January 2024
Amendments to HKAS 1, “Non-current Liabilities with Covenants”	1 January 2024
Amendments to HKFRS 10 and HKAS 28, “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	to be determined
Amendments to HKFRS 16, “Lease Liability in a Sale and Leaseback”	1 January 2024
Amendments to HKAS 7 and HKFRS 7, “Supplier Finance Arrangements”	1 January 2024
Amendments to HKAS 21, “Lack of Exchangeability”	1 January 2025

The Group has not applied any amendments to HKFRSs that is not yet effective for the current accounting period. The Group is assessing the impact of such amendments to standards, and will adopt the relevant amendments in the subsequent periods as required. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

#### 4. SEGMENT INFORMATION

The executive directors of the Company have been identified as the CODM. Operating segments are identified on the basis of internal reports that the CODM reviews regularly in allocating resources to segments and in assessing their performances.

The CODM makes resources allocation decisions based on internal management functions and assesses the Group's business performance as one integrated business instead of by separate business lines or geographical regions. Accordingly, the Group has only one operating segment and therefore, no segment information is presented.

The Group primarily operates in Mainland China and accordingly, no geographic information is presented. No revenue from a single customer accounted for 10 percent or more of the Group's revenue in all periods presented.

#### 5. REVENUE

Revenue from telecommunications services are subject to value-added tax ("VAT") at VAT rates applicable to various telecommunications services. The VAT rates for basic telecommunications services and value-added telecommunications services are 9% and 6%, respectively, while VAT rate for sales of telecommunications products is 13%. Basic telecommunications services include business activities for the provision of voice services, and transmission lines usage and associated services etc. Value-added telecommunications services include business activities for the provision of short message service and multimedia message service, broadband and mobile data services, and data and internet application services etc. VAT is excluded from the revenue.

	<u>2023</u>	<u>2022</u>
Total service revenue	335,170	319,348
Sales of telecommunications products	<u>37,427</u>	<u>35,596</u>
Total	<u><u>372,597</u></u>	<u><u>354,944</u></u>

## 6. TAXATION

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits for the year. Taxation on profits outside Hong Kong has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the jurisdictions in which the Group operates. The Company's subsidiaries operate mainly in the PRC and the applicable statutory enterprise income tax rate is 25% (2022: 25%). Taxation for certain subsidiaries in the PRC was calculated at a preferential tax rate of 15% (2022: 15%).

	<u>2023</u>	<u>2022</u>
Provision for income tax on the estimated taxable profits for the year		
— Hong Kong	77	36
— Mainland China and other jurisdictions	4,630	3,422
Over provision in respect of prior years	<u>(8)</u>	<u>(58)</u>
	4,699	3,400
Deferred taxation	<u>(676)</u>	<u>351</u>
Income tax expenses	<u><u>4,023</u></u>	<u><u>3,751</u></u>

## 7. EARNINGS PER SHARE

Basic earnings per share for the years ended 31 December 2023 and 2022 were computed by dividing the profit attributable to equity shareholders of the Company by the weighted average number of ordinary shares outstanding during the years.

Diluted earnings per share for the years ended 31 December 2023 and 2022 were computed by dividing the profit attributable to equity shareholders of the Company by the weighted average number of ordinary shares outstanding during the years, after adjusting for the effects of the dilutive potential ordinary shares. There were no dilutive potential ordinary shares for the years ended 31 December 2023 and 2022.

The following table sets forth the computation of basic and diluted earnings per share:

	<u>2023</u>	<u>2022</u>
Numerator (in RMB millions):		
Profit attributable to equity shareholders of the Company used in computing basic/diluted earnings per share	<u>18,726</u>	<u>16,745</u>
Denominator (in millions):		
Number of ordinary shares outstanding used in computing basic/diluted earnings per share	<u>30,598</u>	<u>30,598</u>
Basic/Diluted earnings per share (in RMB)	<u><u>0.61</u></u>	<u><u>0.55</u></u>

## 8. ACCOUNTS RECEIVABLE

The aging analysis of accounts receivable, based on the billing date and net of credit loss allowance, is as follows:

	<u>2023</u>	<u>2022</u>
Within one month	12,429	10,609
More than one month but not more than three months	7,524	5,135
More than three months but not more than one year	15,024	9,070
More than one year	<u>3,715</u>	<u>1,517</u>
	<u>38,692</u>	<u>26,331</u>

The normal credit period granted by the Group to individual subscribers and general corporate customers is thirty days from the date of billing unless they meet certain specified credit assessment criteria. For major corporate customers, the credit period granted by the Group is based on the service contract terms, normally not exceeding one year.

There is no significant concentration of credit risk with respect to customers receivables, as the Group has a large number of customers.

## 9. DIVIDENDS

At the annual general meeting held on 12 May 2022, the shareholders of the Company approved the payment of a final dividend of RMB0.096 per ordinary share for the year ended 31 December 2021, totaling approximately RMB2,937 million which has been reflected as a reduction of retained profits for the year ended 31 December 2022.

At the annual general meeting held on 19 May 2023, the shareholders of the Company approved the payment of a final dividend of RMB0.109 per ordinary share for the year ended 31 December 2022, totaling approximately RMB3,335 million which has been reflected as a reduction of retained profits for the year ended 31 December 2023.

At a meeting held on 9 August 2023, the Board of Directors of the Company declared the payment of 2023 interim dividend of RMB0.203 per ordinary share to the shareholders totalling approximately RMB6,211 million. At a meeting held on 19 March 2024, the Board of Directors of the Company proposed the payment of a final dividend of RMB0.1336 per ordinary share to the shareholders for the year ended 31 December 2023 totaling approximately RMB4,088 million. The proposed dividend has not been reflected as a dividend payable in the consolidated financial statements as at 31 December 2023, but will be reflected in the consolidated financial statements for the year ending 31 December 2024.

	<u>2023</u>	<u>2022</u>
Declared and paid interim dividend:		
RMB0.203 (2022: RMB0.165) per ordinary share by the Company	6,211	5,049
Proposed final dividend:		
RMB0.1336 (2022: RMB0.109) per ordinary share by the Company	<u>4,088</u>	<u>3,335</u>
	<u>10,299</u>	<u>8,384</u>

Pursuant to the PRC enterprise income tax law, a 10% withholding income tax is levied on dividends declared on or after 1 January 2008 by foreign investment enterprises to their foreign enterprise shareholders unless the enterprise investor is deemed as a PRC Tax Resident Enterprise (“TRE”). On 11 November 2010, the Company obtained an approval from the State Taxation Administration of the PRC, pursuant to which the Company qualifies as a PRC TRE from 1 January 2008. Therefore, as at 31 December 2023, the Company’s subsidiaries in the PRC did not accrue for withholding tax on dividends distributed to the Company and there has been no deferred tax liability accrued in the Group’s consolidated financial statements for the undistributed profits of the Company’s subsidiaries in the PRC.

For the Company’s non-PRC TRE shareholders (including HKSCC Nominees Limited), the Company would distribute dividends after deducting the amount of enterprise income tax payable by these non-PRC TRE shareholders thereon and reclassify the related dividend payable to withholding tax payable upon the declaration of such dividends. The requirement to withhold tax does not apply to the Company’s shareholders appearing as individuals in its share register.

## 10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The aging analysis of accounts payable and accrued liabilities based on the billing date is as follows:

	<u>2023</u>	<u>2022</u>
Less than six months	137,565	131,253
Six months to one year	7,803	8,018
More than one year	<u>15,911</u>	<u>15,567</u>
	<u>161,279</u>	<u>154,838</u>

## 11. NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

### Proposed final dividend

After date of the statement of financial position, the Board of Directors proposed a final dividend for the year of 2023. For details, please refer to Note 9.

## BUSINESS OVERVIEW

In 2023, China Unicom adhered to the principle of serving the people, focused on the primary task of high-quality development. It continuously deepened business integration, market convergence, and the fusion of capabilities and intelligence. The Company's operation remained stable with progress, and its business revenue maintained rapid growth. The subscriber scale reached a new high in recent years, with 333 million mobile billing subscribers in 2023, and accumulative net addition of 10.60 million. The fixed-line broadband subscriber scale reached 113 million, with accumulative net addition of 9.79 million. China Unicom's brand influence continued to expand. In a brand-building capabilities benchmark against central state-owned enterprises (CSEs), it ranked fourth among them and first in the telecommunications industry.

**The stabilising effect of Connectivity Communications business became more prominent. Firstly, the Company accelerated the promotion of new and existing subscribers to 5G, gigabit, and integrated services.** In terms of 5G, the Company continued to promote network-business-access alignment, and accelerated the upgrade to 5G devices for network access and the migration from 3G. Regarding gigabit services, the Company adhered to the drivers of 1000 Mbps broadband and FTTR, aiming to enhance customer perception through high-speed networks, and carried out initiatives such as achieving gigabit benchmarks and enabling gigabit communities. For integrated services, the Company promoted comprehensive integration of scale and value, improving the overall perception of communication services in households, and achieving breakthroughs in scale and value as a whole. **Secondly, the Company continued to enhance the provision of new digital smart living and smart home applications,** reshaping voice services and SMS services, and creating new experiences in communication services. The Company established product lines that integrated technology innovation, cloud networking, terminal devices, and data, focusing on customer and market needs. In 2023, the Company's cloud computer officially achieved commercialisation, and the information application products like video ringtones, Unicom Cloud Drive, and smart homes generated revenues over RMB10 billion. **Thirdly, the scale of Internet of Things (IoT) business maintained steady growth,** with a total of 490 million IoT connections. Among them, the net addition of 5G connections led the industry. The scale of Cat.1 connections reached 130 million. The Company's market share in Internet of vehicles continued to stay ahead in the industry. **Fourthly, the Company upgraded the 5G “empowerment engine”, empowering thousands of industries with intelligence and value.** The Company developed a total of 30,000 commercial 5G application projects, covering 71 major categories of the national economy. The customer scale continued to expand, and the cumulative number of customers served by the virtual 5G industry private networks exceeded 8,500.

**The development capabilities of Computing and Digital Smart Applications (CDSA) business have been continuously strengthened. Firstly, in terms of computing power services,** Unicom Cloud’s cloud resource pool experienced rapid growth and accomplished the deployment of “one resource pool per city”. In key areas such as government clouds and CSEs’ cloudification, the Company newly added over 100 benchmark projects of private clouds. **Secondly, in terms of cloud data centres,** China Unicom achieved leading growth within the IDC industry. **Thirdly, in terms of data services,** the Company’s total revenue from Big Data grew rapidly, and its market share maintained industry leading for five consecutive years. The Company’s data services capabilities passed DCMM level 5 assessment. Its integration of technologies such as blockchain and homomorphic encryption achieved cross-domain networking and reduced storage by 30%. The performance of the underlying platform has surpassed 20,000 transactions per second (TPS). **Fourthly, in terms of digital smart applications,** regarding IoT, China Unicom launched the world’s first 5G RedCap commercial module. The Company’s “Gewu” device management platform is capable of supporting tens of millions of concurrent connections, and its advantages in scenario-based object models have empowered key industry customers in their digital transformation and upgrade, creating benchmark projects in various sectors. Regarding artificial intelligence (AI), China Unicom constructed an independent and innovative AI infrastructure, developing large language models and CDSA products for fields such as government affairs and the economy. These efforts have comprehensively empowered the implementation of over 30 scenario applications such as factories and industrial manufacturing parks. **Fifthly, in terms of cyber information security,** China Unicom relied on the “Mogong” security operation service platform, utilising its capabilities in large-scale network situational awareness to develop an operation service model integrating “Terminal-Network-Cloud-Data-Service”. In areas such as digital government and CSEs, China Unicom newly added over 50 new model cases.



**The high-quality network capability continuously improved. Firstly, China Unicom took full responsibility for building Cyber Superpower and Digital China**, accelerating the construction of a comprehensive intelligent digital infrastructure characterised by high-speed ubiquitous connectivity, integration across space and ground, cloud-network convergence, intelligence and agility, green and low-carbon features, as well as security and controllability. The Company continuously promoted the construction of mobile premium networks, broadband premium networks, and government & enterprise premium networks, establishing a solid CDSA capabilities foundation. The Company focused on enhancing its core competitiveness, sustainable development capacity, and value creation ability, driving the network quality to a new level and further building a solid network foundation for China Unicom’s high-quality development. By the end of 2023, there were over 1.21 million 5G mid-band shared base stations, 680,000 900MHz low-band base stations, and over 2.90 million available 4G base stations. The coverage rate of 5G/4G in administrative villages reached 98%. **Secondly, the Company continuously promoted the coverage of gigabit optical networks**, with over 260 million broadband ports and the proportion of 10GPON ports exceeding 70%. **Thirdly, the Company actively built a multi-level computing power supply**. By combining national Eastern Data and Western Computing strategy, along with China Unicom’s “5+4+31+X” computing resource deployment, the Company improved its multi-level architecture. China Unicom’s computing centres covered eight major hubs and 31 provinces, with over 400,000 data centre cabinets. The resource deployment of a thousand cabinets was completed in 29 provinces, and over 230 cities were covered by backbone cloud pools. The number of MEC nodes exceeded 600. **Fourthly, The Company continuously improved the international network deployment**. By the end of 2023, the international submarine and land cable resource capacity reached 88T, Internet international interconnection capacity 7.63T and inbound bandwidth 5.59T. International roaming covered 643 operators in 264 countries and regions.

## FINANCIAL OVERVIEW

### I. OVERVIEW

In 2023, the Company fully implemented the new development philosophies, fully assumed the two main responsibilities of building a Cyber Superpower and Digital China, and focused on the two main businesses of Connectivity and Communications and Computing and Digital Smart Applications, total revenue was RMB372.60 billion in 2023, up by 5.0% year-on-year. Service revenue reached RMB335.17 billion, up by 5.0% year-on-year. The profit attributable to equity shareholders of the Company was RMB18.73 billion, up by 11.8% year-on-year.

In 2023, the Company's net cash flow from operating activities was RMB102.39 billion. Capital expenditure was RMB73.87 billion. Liabilities-to-assets ratio was 46.5% as at 31 December 2023.

### II. REVENUE

In 2023, the Company's revenue was RMB372.60 billion, up by 5.0% year-on-year, of which, service revenue was RMB335.17 billion, up by 5.0% year-on-year due to continuous optimisation of the revenue mix.

The table below sets forth the Company's service revenue of the two main types of business for the years of 2023 and 2022:

(RMB in billions)	2023		2022	
	<u>Total amount</u>	<u>Mix proportion</u>	<u>Total amount</u>	<u>Mix proportion</u>
Connectivity and Communications business revenue	244.58	76.5%	237.25	78.1%
Computing and Digital Smart Applications business revenue	75.25	23.5%	66.66	21.9%

#### 1. Connectivity and Communications business revenue

In 2023, service revenue from Connectivity and Communications business was RMB244.58 billion, up by 3.1% year-on-year.

#### 2. Computing and Digital Smart Applications business revenue

In 2023, service revenue from Computing and Digital Smart Applications business was RMB75.25 billion, up by 12.9% year-on-year.

### III. OPERATING COSTS

In 2023, total operating costs amounted to RMB357.63 billion, up by 4.4% year-on-year.

The table below sets forth the items of the operating costs and the changes in their respective percentage of the revenue for the years of 2023 and 2022:

(RMB in billions)	2023		2022	
	Total amount	As a percentage of revenue	Total amount	As a percentage of revenue
<b>Operating costs</b>	357.63	96.0%	342.60	96.5%
Include: Interconnection charges	11.29	3.0%	10.95	3.1%
Depreciation and amortisation	84.85	22.8%	86.83	24.4%
Network, operation and support expenses	60.03	16.1%	56.42	15.9%
Employee benefit expenses	62.94	16.9%	60.72	17.1%
Include: salaries under employment contract	41.28	11.1%	40.85	11.5%
Costs of telecommunications products sold	36.40	9.8%	34.72	9.8%
Selling and marketing expenses	35.83	9.6%	34.46	9.7%
Cost of Computing and Digital Smart Applications business <sup>1</sup>	40.08	10.8%	31.79	9.0%
General and administrative expenses <sup>2</sup>	5.53	1.5%	5.15	1.5%
Other operating expenses	20.68	5.6%	21.56	6.1%

#### 1. Interconnection charges

The interconnection charges were RMB11.29 billion in 2023, up by 3.2% year-on-year and, as a percentage of revenue, decreased from 3.1% in 2022 to 3.0% in 2023.

#### 2. Depreciation and amortisation

Mainly benefiting from the Company's good control of capital expenditure and network "co-build co-share" in recent years, depreciation and amortisation charges were RMB84.85 billion in 2023, down by 2.3% year-on-year and, as a percentage of revenue, decreased from 24.4% in 2022 to 22.8% in 2023.

#### 3. Network, operation and support expenses

As the Company expanded the scale of the basic network and relevant infrastructure, network, operation and support expenses were RMB60.03 billion in 2023, up by 6.4% year-on-year and, as a percentage of revenue, increased from 15.9% in 2022 to 16.1% in 2023.

#### **4. Employee benefit expenses**

The Company ongoing effort in incentive mechanism reforms, strengthen performance-based compensation and optimised the human resources efficiency, employee benefit expenses were RMB62.94 billion in 2023, up by 3.6% year-on-year and, as a percentage of revenue, decreased from 17.1% in 2022 to 16.9% in 2023.

#### **5. Cost of telecommunications products sold**

Costs of telecommunications products sold were RMB36.40 billion and revenue from sales of telecommunications products were RMB37.43 billion in 2023. Gross profits on sales of telecommunications products was RMB1.03 billion.

#### **6. Selling and marketing expenses**

The Company appropriately increased selling and marketing expenses to enhance market attractiveness, selling and marketing expenses were RMB35.83 billion in 2023, up by 4.0% year-on-year and, as a percentage of revenue, decreased from 9.7% in 2022 to 9.6% in 2023.

#### **7. Cost of Computing and Digital Smart Applications business<sup>1</sup>**

The Company seized the growth opportunities of the digital economy and continued to develop the Computing and Digital Smart Applications business, cost of Computing and Digital Smart Applications business were RMB40.08 billion in 2023, up by 26.1% year-on-year and, as a percentage of revenue, increased from 9.0% in 2022 to 10.8% in 2023.

#### **8. General and administrative expenses<sup>2</sup>**

General and administrative expenses were RMB5.53 billion in 2023, up by 7.3% year-on-year and, as a percentage of revenue was basically the same as 1.5%.

#### **9. Other operating expenses**

Other operating expenses were RMB20.68 billion in 2023, down by 4.1% year-on-year and, as a percentage of revenue, decreased from 6.1% in 2022 to 5.6% in 2023.

## IV. EARNINGS

(RMB in billions)	2023	2022	Change
	Total amount	Total amount	
Operating profits	14.97	12.34	21.3%
Net interest income	0.12	0.66	-80.9%
Share of net profit of associates	2.52	2.15	17.0%
Share of net profit of joint ventures	1.80	1.59	13.2%
Other income-net	3.53	3.85	-8.2%
Profit before income tax	22.95	20.59	11.5%
Income tax expenses	4.02	3.75	7.3%
Profit for the year	18.92	16.84	12.4%
Include: the profit attributable to equity shareholders of the Company	18.73	16.74	11.8%

### 1. Profit before income tax

In 2023, the Company benefited from continuous enhancement in growth quality and profitability, profit before income tax was RMB22.95 billion, up by 11.5% year-on-year.

### 2. Income tax expenses

In 2023, the Company's income tax expenses was RMB4.02 billion and the effective tax rate was 17.5%.

### 3. The profit attributable to equity shareholders of the Company

In 2023, the profit attributable to equity shareholders of the Company was RMB18.73 billion, up by 11.8% year-on-year. Basic earnings per share was RMB0.612, up by 11.8% year-on-year.

## V. EBITDA<sup>3</sup>

In 2023, the Company's EBITDA was RMB99.81 billion, up by 0.6% year-on-year. EBITDA as a percentage of service revenue was 29.8%, down by 1.3 percentage points year-on-year, and the decline of EBITDA as a percentage of service revenue narrowed by 0.1 percentage point year-on-year.

## VI. CAPITAL EXPENDITURE AND CASH FLOW

In 2023, capital expenditure of the Company totaled RMB73.87 billion. Investments focus on the main responsibilities and businesses; the scale of investment matches the business growth and cash position.

In 2023, the Company's net cash flow from operating activities was RMB102.39 billion. Free cash flow<sup>4</sup> was RMB28.52 billion after the deduction of the capital expenditure.

## **VII. BALANCE SHEET**

The Company's total assets increased from RMB642.66 billion as at 31 December 2022 to RMB661.05 billion as at 31 December 2023. Total liabilities increased from RMB299.13 billion as at 31 December 2022 to RMB307.15 billion as at 31 December 2023. The liabilities-to-assets ratio was 46.5% as at 31 December 2023, basically the same as last year. The debt-to-capitalisation ratio decreased from 14.3% as at 31 December 2022 to 11.6% as at 31 December 2023. The net debt-to-capitalisation ratio was -0.3% as at 31 December 2023.

*Note 1:* Cost of Computing and Digital Smart Applications business excludes the cost of IDC business.

*Note 2:* General and administrative expenses excludes staff costs and depreciation.

*Note 3:* EBITDA represents profit for the year before finance costs, interest income, shares of net profit of associates, share of net profit of joint ventures, other income-net, income tax expense, 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.

*Note 4:* 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.

## **AUDIT COMMITTEE AND EXTERNAL AUDITOR**

The Audit Committee, together with the management and the auditor of the Company, Deloitte Touche Tohmatsu, have reviewed the accounting principles and practices adopted by the Group, and discussed internal control and financial reporting matters, including the review of the audited consolidated financial statements for the financial year ended 31 December 2023.

The figures in respect of the Group's consolidated results for the year ended 31 December 2023 as set out in this announcement have been agreed by the Company's auditor, Deloitte Touche Tohmatsu, to the amounts set out in the Company's audited consolidated financial statements for the year ended 31 December 2023. The work performed by Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Deloitte Touche Tohmatsu on this announcement.

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

The Board is committed to high standards of corporate governance and recognises that good governance is vital for the long-term success and sustainability of the Company's business. The Company has complied with the principals and the code provisions in Part 2 of the Corporate Governance Code as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the year ended 31 December 2023, except for the following:

The roles and responsibilities of the Chairman and the Chief Executive Officer of the Company were performed by the same individual for year ended 31 December 2023. The Company considers that, as all major decisions are made by the Board and relevant Board Committees after discussion, through supervision by the Board and the independent non-executive Directors together with effective internal control mechanism, the Company has achieved a balance of power and authority. In addition, the same individual performing the roles of the Chairman and the Chief Executive Officer can enhance the Company's efficiency in decision-making and execution, effectively capturing business opportunities.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "Model Code"), as set out in Appendix C3 to the Listing Rules to govern securities transactions by directors. Further to the specific enquiries made by the Company to the directors, all directors have confirmed their compliance with the Model Code for the year ended 31 December 2023.

## **REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

For the year ended 31 December 2023, neither the Company nor any of its subsidiaries had repurchased, sold or redeemed any of the Company's listed securities.

## **ANNUAL GENERAL MEETING**

The annual general meeting of the Company will be held on 30 May 2024 (the "AGM"). Notice of AGM will be published on the Company's website at [www.chinaunicom.com.hk](http://www.chinaunicom.com.hk) and the website of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") at [www.hkexnews.hk](http://www.hkexnews.hk) and (where applicable) will be dispatched to shareholders of the Company (the "Shareholders") in due course.

## **FINAL DIVIDEND**

The Board proposed to pay a final dividend of RMB0.1336 per share (pre-tax) (the "2023 Final Dividend"), with an aggregate amount of approximately RMB4.088 billion, to the Shareholders. If approved by Shareholders at the AGM, the 2023 Final Dividend is expected to be paid in Hong Kong dollars on or about 26 June 2024 to those members registered in the Company's register of members as at 7 June 2024 (the "Final Dividend Record Date").

## **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of ascertaining the Shareholders' rights to attend and vote at the AGM (and any adjournment thereof), and entitlement to the 2023 Final Dividend, the register of members of the Company will be closed. Details of such closures are set out below:

(1) For ascertaining the Shareholders' rights to attend and vote at the AGM:

Latest time to lodge transfer documents for registration	4:30 p.m. of 22 May 2024
Closure of register of members	From 23 May 2024 to 30 May 2024
Record date	23 May 2024

(2) For ascertaining the Shareholders' entitlement to the 2023 Final Dividend:

Latest time to lodge transfer documents for registration	4:30 p.m. of 6 June 2024
Closure of register of members	7 June 2024
Final Dividend Record date	7 June 2024

During the above closure periods, no transfer of shares will be registered. To be eligible to attend and vote at the AGM, and to qualify for the 2023 Final Dividend, all transfers, accompanied by the relevant certificates, must be lodged with the Company's Share Registrar, Hong Kong Registrars Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, by no later than the aforementioned latest times.

## **WITHHOLDING AND PAYMENT OF ENTERPRISE INCOME TAX FOR NON-RESIDENT ENTERPRISES IN RESPECT OF 2023 FINAL DIVIDEND**

Pursuant to (i) the "Notice Regarding Matters on Determination of Tax Residence Status of Chinese-controlled Offshore Incorporated Enterprises under Rules of Effective Management" (the "Notice") issued by the State Taxation Administration of the People's Republic of China (the "STA"); (ii) the "Enterprise Income Tax Law of the People's Republic of China" (the "Enterprise Income Tax Law") and the "Detailed Rules for the Implementation of the Enterprise Income Tax Law of the People's Republic of China" (the "Implementation Rules"); and (iii) information obtained from the STA, the Company is required to withhold and pay enterprise income tax when it pays the 2023 Final Dividend to its non-resident enterprise Shareholders. The enterprise income tax is 10% on the amount of dividend paid to non-resident enterprise Shareholders (the "Enterprise Income Tax"), and the withholding and payment obligation lies with the Company.



As a result of the foregoing, in respect of any Shareholders whose names appear on the Company's register of members on the Final Dividend Record Date and who are not individuals (including HKSCC Nominees Limited, other custodians, corporate nominees and trustees such as securities companies and banks, and other entities or organisations), the Company will distribute the 2023 Final Dividend payable to them after deducting the amount of Enterprise Income Tax payable on such dividend. Investors who invest in the shares in the Company listed on the Main Board of the Hong Kong Stock Exchange through the Shanghai Stock Exchange or Shenzhen Stock Exchange (the Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect investors) are investors who hold shares through HKSCC Nominees Limited, and in accordance with the above requirements, the Company will pay to HKSCC Nominees Limited the amount of the 2023 Final Dividend after deducting the amount of Enterprise Income Tax payable on such dividend.

In respect of any Shareholders whose names appear on the Company's register of members on the Final Dividend Record Date and who are individual Shareholders, there will be no deduction of Enterprise Income Tax from the dividend that such Shareholder is entitled to.

Shareholders who are not individual Shareholders listed on the Company's register of members and who (i) are resident enterprises of the People's Republic of China (the "PRC") (as defined in the Enterprise Income Tax Law), or (ii) are enterprises deemed to be resident enterprises of the PRC in accordance with the Notice, and who, in each case, do not desire to have the Company withhold Enterprise Income Tax from their 2023 Final Dividend, should lodge with the Company's Share Registrar, Hong Kong Registrars Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, at or before 4:30 p.m. of 6 June 2024, and present the documents from such Shareholder's governing tax authority within the territory of the PRC confirming that the Company is not required to withhold and pay Enterprise Income Tax in respect of the dividend that such Shareholder is entitled to.

If anyone would like to change the identity of the holders in the register of members, please enquire about the relevant procedures with the nominees or trustees. The Company will withhold for payment of the Enterprise Income Tax for its non-resident enterprise Shareholders strictly in accordance with the relevant laws and requirements of the relevant government agencies and adhere strictly to the information set out in the Company's register of members on the Final Dividend Record Date. The Company assumes no liability whatsoever in respect of and will not entertain any claims, arising from any delay in, or inaccurate determination of, the status of the shareholders, or any disputes over the mechanism of withholding and payment of Enterprise Income Tax.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

The 2023 annual results announcement is published on the Company's website at [www.chinaunicom.com.hk](http://www.chinaunicom.com.hk) and the website of the Hong Kong Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk). The 2023 annual report will be available on the websites of the Hong Kong Stock Exchange and the Company, and (where applicable) will be dispatched to the Shareholders in due course.

## **FORWARD-LOOKING STATEMENTS**

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.

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

Hong Kong, 19 March 2024

As at the date of this announcement, the Board of Directors of the Company comprises:

Executive directors:	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