



北京 2022 年冬奥会官方合作伙伴
Official Partner of the Olympic Winter Games Beijing 2022

INTERIM RESULTS

New Beginning New Opportunities New Journey

2022

8 AUGUST 2022

China Unicom (Hong Kong) Limited
Stock code: 762.HK
www.chinaunicom.com.hk

Forward-looking Statements

Certain statements contained in this presentation 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.

OVERALL RESULTS

FINANCIAL PERFORMANCE

Decent Results Despite Sheer Challenges

Service revenue¹  **+8.3%**
Growth reaching *new high*
for the same period in recent years

Net profit²  **+19.5%**
Growth *improving by 4.5pp*
vs full year last year

Three important rewards

Full of difficulties & challenges



Sporadic pandemic outbreak
across the country



Three great pressure
on economic growth



Earthquakes and floods

Strategy driven
edges



“Outstanding Contribution Group at Beijing Winter Olympics & Paralympics”

Achieved a number of “global firsts” with ten “hardcore technologies”, building our brand as the “first choice of the country, government and people”



“Modern Value Chain Chief”

Drove value chain upgrade, actively served national strategy and expanded growth potential



“Outstanding Contribution Enterprise in Technological Innovation”

Significant achievements in R&D of core technologies and integrated innovation of digital technologies, leading to faster technological innovation transformation

Note: Unless otherwise stated in this presentation,

1. Service revenue = operating revenue – sales of telecommunications products.
2. Net profit represented profit attributable to equity shareholders of the Company.

Accelerating Revenue and Profit Growth

(RMB Mil)	2021 1H	2022 1H	Change yoy
Operating revenue	164,174	176,261	7.4%
Service revenue	148,674	160,971	8.3%
Industry Internet revenue	28,030	36,938	31.8%
EBITDA ¹	49,489	51,412	3.9%
Net profit	9,167	10,957	19.5%
Basic EPS (RMB)	0.300	0.358	19.5%
Interim dividend per share (RMB)	0.120	0.165	37.5%

Note: Unless otherwise stated in this presentation,

1. EBITDA = 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, depreciation & amortisation.

Multiple Achievements in Main Businesses



Big Connectivity
Record-high subscriber scale

804.77mil
(↑ 48.19 mil)
Big Connectivity subscribers
2022.06

335.53mil
(↑ 40.23 mil)
IoT connections
2022.06



Big Computing
Scale breakthrough in
key business

RMB 18.7bil
(↑ 143% yoy)
Unicom Cloud revenue
2022 1H

**Two authoritative
accreditations by CAICT¹**
Strengthened cloud native capability



Big Data
Maintained leading
market share

↑ 49%
Big Data revenue growth
2022 1H

Industry leading
Big Data market share
2022 1H



Big Application
Accelerating growth of
self-developed products

2,014
Customers served by
virtual 5G private networks
2022.06

70
No. of self-developed products
with > RMB 10 mil in contract
value in 2022 1H



Big Security
Expanding growth potential

Modern Value Chain Chief
Key mission delegated
by the State

↑ 57%
Unicom Cloud Shield
revenue growth

Note:

1. Cloud native capabilities granted "Trusted Cloud Accreditation for Superior Container Cloud Cluster Performance" & "Zero Trust Security Accreditation" by China Academy of Information and Communications Technology (CAICT)

Value of Digital Economy Significantly Underappreciated

China Unicom fits into both growth and value investment styles

Accelerating high-quality development and marked enhancement in corporate value

Operating revenue growth since mixed-ownership reform

↑ **28%**
vs 2017 1H

Net profit growth since mixed-ownership reform

↑ **354%**
vs 2017 1H



>34%

Industry Internet revenue CAGR
2017 1H – 2022 1H

> RMB 179.0 bil

Cumulative free cash flow¹ since 2017

>35%

Net profit CAGR
2017 1H – 2022 1H

↓ **20pp**

Decline in liabilities-to-assets ratio¹
vs 2017.06

>70%

Incremental revenue
contributed by Industry Internet business
2022 1H

>42%

Dividend per share CAGR
2017-2021

Note:

1. Excluding the impact of the adoption of HKFRS 16

Significant Enhancement in Network Capabilities

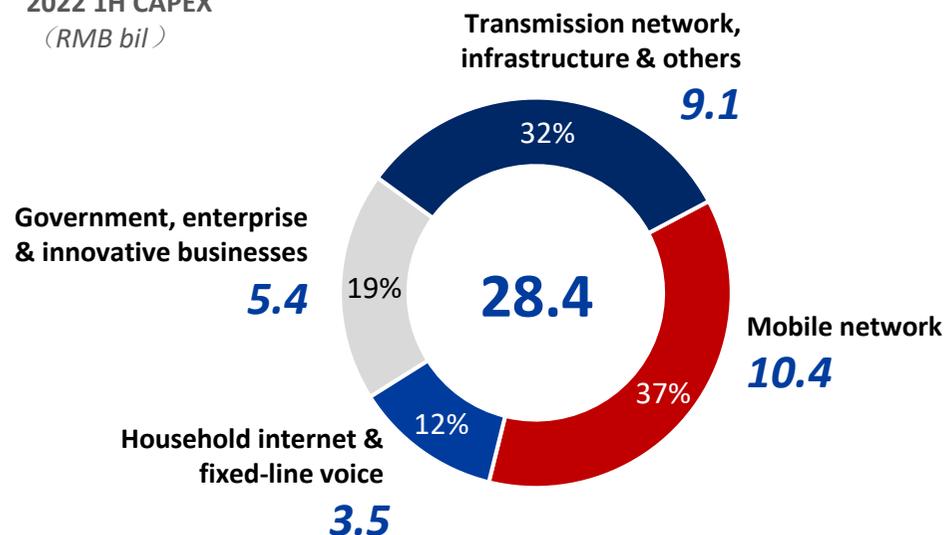


No. 1 in industry
5G subscriber
satisfaction



No. 1 in industry
Satisfaction on broadband
network quality in Northern China

2022 1H CAPEX
(RMB bil)



1H CAPEX
↑ 98.5%

Strengthened the basics and increased investment to solidify growth foundation

Full-year CAPEX will continue to be driven by market and innovation and focus on the construction of “four premium networks”. The Company will insist on a “precise and proactive” investment strategy by “appropriately bringing forward investment and aligning construction with network use”, striving to enhance its core competitiveness, sustainable development capability and value creation capability.

5G/4G premium network Coverage on par with the industry

Contiguous outdoor coverage
Key towns and above

125 cities
Commercialization of
VoNR 5G New Calling

Gigabit broadband premium network

Quickly fixed broadband
weaknesses in Southern China

230 mil
No. of FTTH ports
(↑ 11.17mil vs 2021.12)

↑ 24.95 mil
Increase in no. of homes passed
in Southern China

Government and enterprise premium network

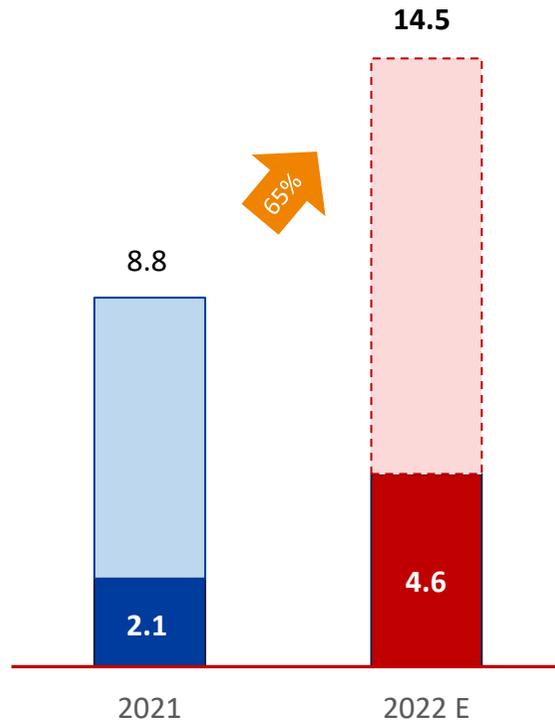
Built differentiated edges

98.8%
Coverage of aggregation areas
in top 150 cities

90.2%
Coverage of multi-service
access areas in top 150 cities

Consolidating the Computing Power Base for Digital Economy

Computing power network CAPEX¹
(RMB bil)



- 2021 1H computing power network CAPEX
- 2022 1H computing power network CAPEX

Expected computing power growth for FY2022

↑ 43%

Expected cloud CAPEX growth for FY2022

↑ 88%

Continuously enhance “5+4+31+X” computing power deployment to build a high-quality computing power network

- Implement national strategy and be market demand-oriented. To gradually achieve “**one pool per city**” deployment and build an integrated computing power system with **advanced architecture, security and reliability and excellent service**, so as to **forge the No. 1 computing power engine for the digital economy**
- Unicom Cloud already covered **4 major bases and 31 provinces** while coverage of MEC edge nodes was enhanced. No. of MEC nodes expected to reach **>400** in 2022, covering **>200** cities.
- Full-year no. of IDC cabinets expected to reach **345K**, up by **35K** from end of last year

Note:

1. Computing power network comprises cloud, IDC, backbone transmission network, backbone data network and intelligent metropolitan network

Deepened Co-build Co-share

- RMB 240 bil**
Cumulative CAPEX savings for both combined
- RMB 25.5 bil**
Annual OPEX savings for both combined
- > 6 mil tonne**
Cumulative CO2 emission savings
- Full coverage**
Blockchain management platform for shared 4/5G BTS

5G network

The world's largest co-built co-shared 5G network

Comprehensive coverage, leading experience, leading capabilities and leading efficiency

 5G BTS	 5G DAS
 180k	 90k
= 870k	= 200k

4G co-build co-share

Pushed forward a single 4G network with China Telecom

 Shared 4G BTS
 210k = 870k

Infrastructure co-build co-share

Drove full co-build co-share of infrastructure resources

100%
 Co-build ratio of trunk fibre cables

83%
 5G deployed on existing sites

Dual-gigabit Upgrade Unveiled New Growth Potential



Mobile business

Mobile service revenue
(RMB bil)

Steady growth
amidst the
pandemic

82.1

3.4%

84.9

2021 1H

2022 1H

319.52 mil

Mobile subscribers
2022.06

184.92 mil

(↑ 29.99 mil)
5G package subscribers
2022.06

58%

(↑ 21pp yoy)
5G package subscriber
penetration



Broadband business

Broadband access revenue
(RMB bil)

Net-add reached 10 years' high

99.44 mil

(↑ 4.40 mil)
broadband subscribers
2022.06

22.0

4.3%

23.0

2021 1H

2022 1H

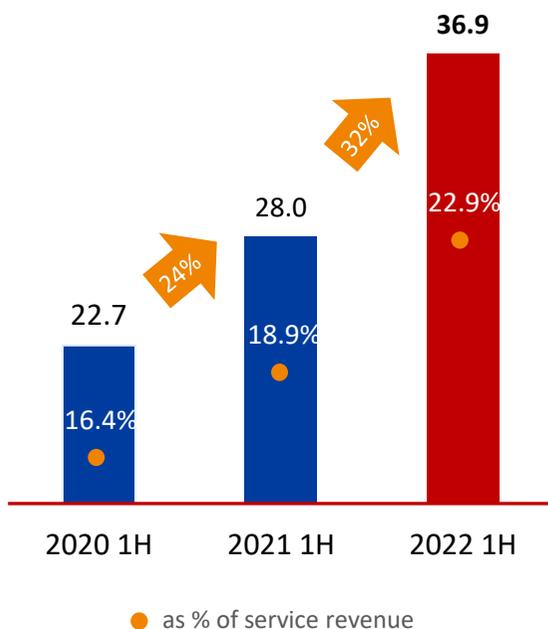
73%

(↑ 6pp yoy)
Integration penetration

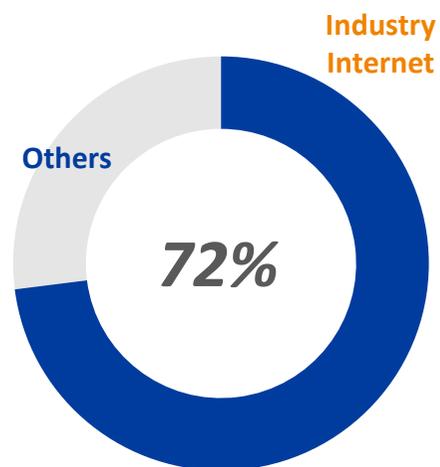
Industry Internet Became the “No. 1 Driver” of Revenue Growth

5G industry applications increasingly transitioned from “show flats” to “commodity flats”

Industry Internet business revenue
(RMB bil)



Contribution to the Company’s service revenue growth in 2022 1H



Contract value of 5G industry applications in 2022 1H
RMB 3.9 bil

No. of customers served by virtual 5G industry private networks
2,014
(2022.06)

Cumulative no. of virtual 5G industry application projects
>8,000



5G + textile manufacturing

- **Enablement:** 5G + data collection, 5G + AI quality inspection, 5G + energy management
- **Case:** 5G private network + AIOT dyeing industrial brain project at Shandong Yuyue Home Textile (production costs reduced by **15%** and quality inspection efficiency enhanced by **>20%**)



5G + Internet of vehicles

- **Enablement:** 5G + vehicle-road coordination, 5G + autonomous driving, 5G + remote driving
- **Case:** 5G private network + IoV project at Bo’ao Dongyu Island, Hainan (17km of operating routes. No. of tourists **increased by 10%** and operating costs **reduced by 15%**)

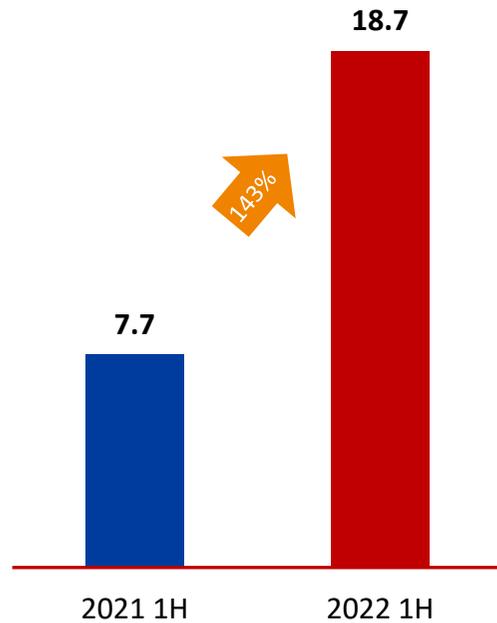


5G + smart medical care

- **Enablement:** 5G + pre-admission first aid, 5G + remote medical consultation, 5G + remote surgery demonstration and teaching
- **Case:** Dalian Senyint 5G smart medical consortium project (**80+** medical institutions were covered. Medical consultation efficiency increased by **30%**. Personnel covered by doctor training increased by **40%**.)

Unicom Cloud More Than Doubled

Unicom Cloud revenue¹
(RMB bil)



Security and reliability, cloud-network integration, tailored customization and multi-cloud collaboration

- **300+** self-developed products cover all of IaaS, PaaS and SaaS
- **Million-core** mega-scale computing power deployment capability and **ten-million-grade** concurrent load handling capability
- Dual-engine base actually used in the mega-scale cloud native deployment of the Company's own CBSS with the ability to deploy **>10,000** cloud native nodes in scale
- Information technology innovation cloud is full-stack localized with **proprietary and controllable core technologies** and self-owned intellectual properties in operating system CUlinux and database CUDB
- Multi-cloud management platform can be used to manage **9** mainstream cloud service providers and **>200** hybrid heterogeneous cloud pools. It has **5 years'** operating experience and was awarded "**Best Technological Practice**" at Trusted Cloud Conference 2022

Served the digital transformation and cloudification of thousands of industries

- **Government affairs:** served **14** provincial and **>100** municipal government affairs clouds, implemented **>800** smart cities projects
- **SOE:** China Life, PowerChina, China Tower, PICC, etc.
- **Medical care:** **>200** health commissions, **>300** hospitals, municipal medical care cloud nodes **56** cities

Jointly developed "iMoutai" cloud base to support "iMoutai" to cope with heavy data traffic



- Registered users of iMoutai: 19 mil
- DAU (100 days after launch): >2.8 mil

Note:

1. China Unicom Cloud revenue included revenue of cloud resources, cloud platforms, cloud services, cloud integration, cloud interconnection, cloud security, etc., generated from integrated innovative solutions.

Innovative Businesses Gaining Momentum



IDC

“5+4+31+X” deployment

Focused on key areas such as **Beijing-Tianjin-Hebei, Yangtze River Delta, Greater Bay Area, Sichuan-Chongqing and Shandong-Henan-Shaanxi**

Unified planning for IDC and cloud resources deployment

>68%

Overall utilisation of IDC cabinets

>40%

Proportion of cabinets in tier-1 cities

RMB 12.4 bil

↑ 13.3% yoy



IoT

Accelerated the interconnection of people, devices and things. Adhered to a business-network synergetic strategy with **5G as the driver**

Enhanced proprietary **chip and module capabilities** to drive the integration of industry components in various scenarios and achieve breakthroughs

335.53mil

IoT connections (2022.06)

70%

Internet-of-vehicles factory-installed market share

RMB 4.3 bil

↑ 44.1% yoy



Big Data

Leveraged edges in **data governance and data security** to develop a product portfolio focused on key areas such as **digital government, digital finance**, etc.

Self-developed co-build co-share blockchain management platform is the **first blockchain-based cross-operator 5G operation management system**

50%

Industry-leading Big Data market share

No. 1 among central SOEs

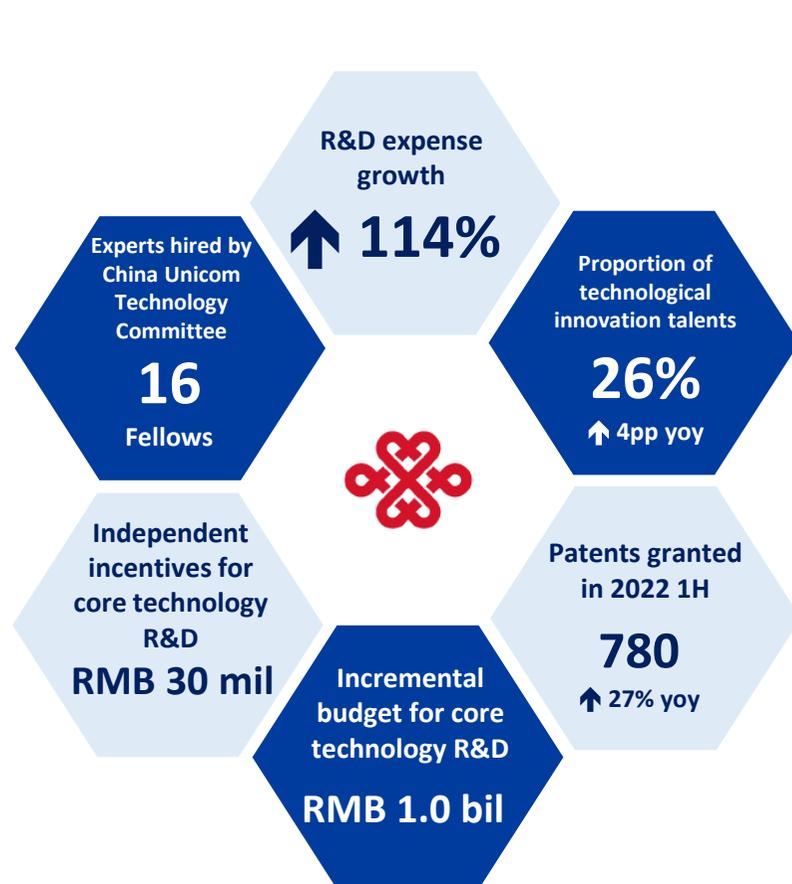
Blockchain patent reserve

RMB 1.9 bil

↑ 48.9% yoy

Technological Innovation Transformation Accelerated

Technological innovation made gradual progress



Core technology R&D

- Made internationally advanced and domestically leading achievements in key areas such as **network security, computing power network and Big Data applications**

Product and service innovation

- Launched 5G New Calling service and “**Hearing King Card**”, the first ever accessible communication product
- Unicom Cloud’s technology was fully upgraded. **The capabilities of our government affairs cloud platform ranked top in the country**

Breakthrough in smart operations

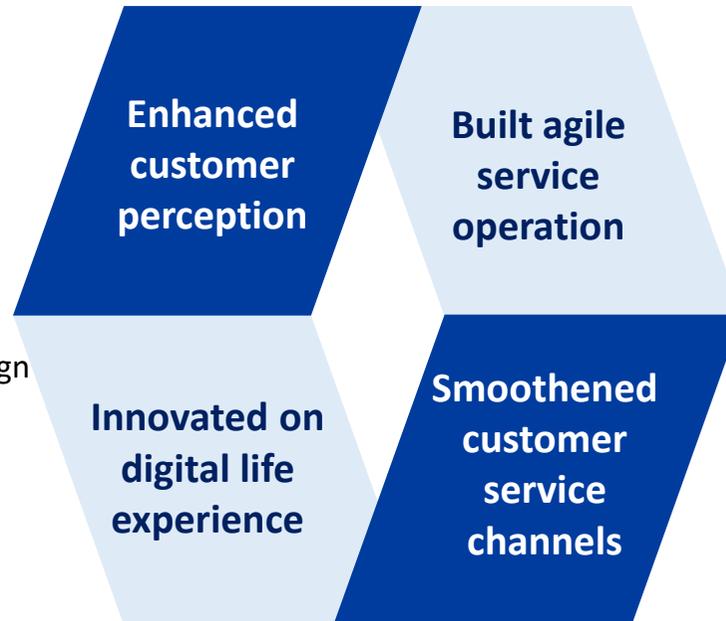
- **Centralised 20 kinds of network data** to support >370 applications nationwide
- Rolled out broadband “**one-click diagnosis**” service for smart customer service in 31 provinces

Ecological partnership

- Successfully organized **China Unicom Technological Innovation Conference 2022**
- Advanced “Torch Programme” with partners such as **Renmin University of China, Pengcheng Laboratory, Purple Mountain Laboratories, Songshan Laboratory and Huawei**, etc.

Strived to Offer High-quality Services

- Network quality satisfaction rose to **No. 2 in the industry** as measured by MIIT
- 5G satisfaction remained **industry-leading** as measured by MIIT
- Announced the “**Elderly Exclusive**” service campaign which focused on “**convenient services, caring assistance and smart funny life**” to help elderly customers overcome digital divide
- **Explored new media touchpoints such as Douyin and Bilibili** to expand service formats to livestreaming and video. The number of followers of our new media touchpoints led among central SOEs.

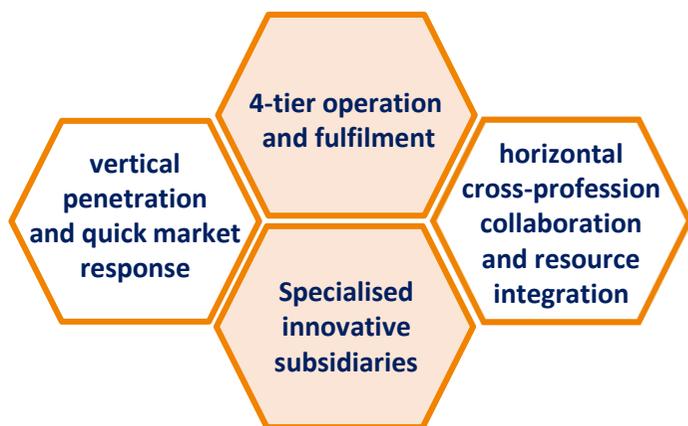


- Established a customer service operation platform and **O2O integrated operation capabilities** leveraging 10010 hotline as a central hub
- Offered all-scenario broadband self-services including **online outage reporting, one-click diagnosis and transparent inquiries** via intelligent means
- Encouraged self-service for simple issues while complex issues were handled by experts. **Get-through rate of manual hotline service: 97%**
- Deep integration between online and offline service channels offered to customers **omni-channel one-stop seamless service**

Faster Establishment of China Unicom's Unique Capability System

● Integrated capability system ●

Continuously enhance the core advantage of "One China Unicom with integrated capabilities and operating services"



● A team close to industries ●

10 armies in 9 industries



19

Industry Internet companies

17

Professional subsidiaries

Rich experience in digital transformation

Unified digital base



5 middle platforms & 5 APPs



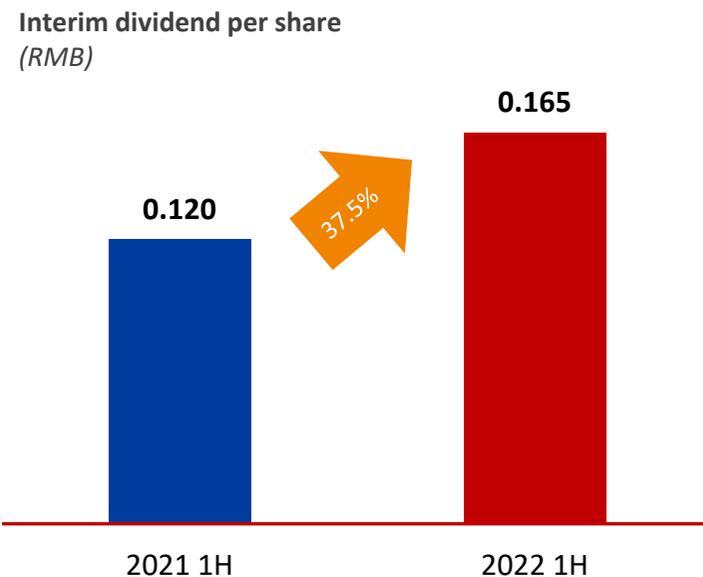
Unicom Intelligence Brain



External empowerment to help the transformation and upgrade of various sectors of the economy and society

Further Enhanced Shareholder Return

Faster growth of shareholder return



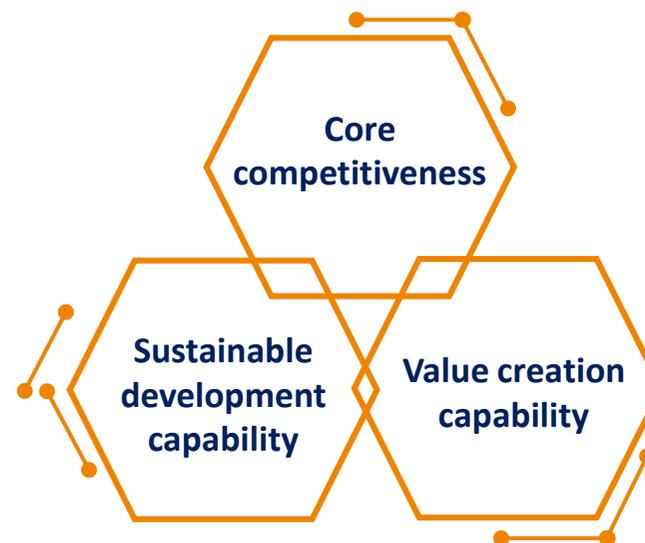
- High regard for shareholder return
- With due regard to the Company's robust business development, the Board decided to distribute an interim dividend of RMB **0.165** per share, up by **37.5%** yoy

Aiming at long-term growth, fully propel the implementation of “1+9+3” strategic planning



Steady growth
in full-year
revenue and profit

Create more value for shareholders

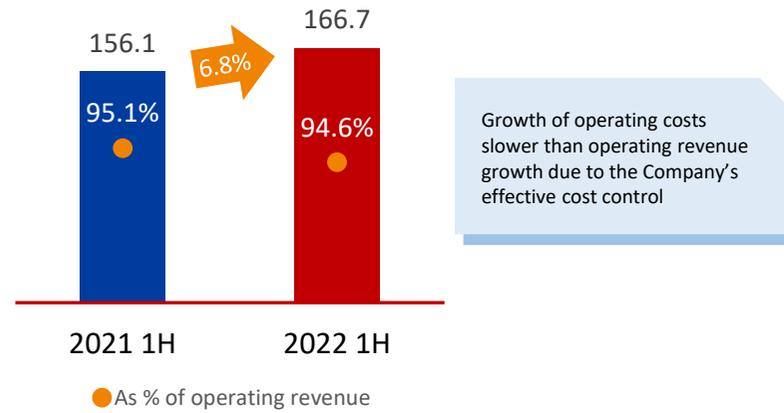


OVERALL RESULTS

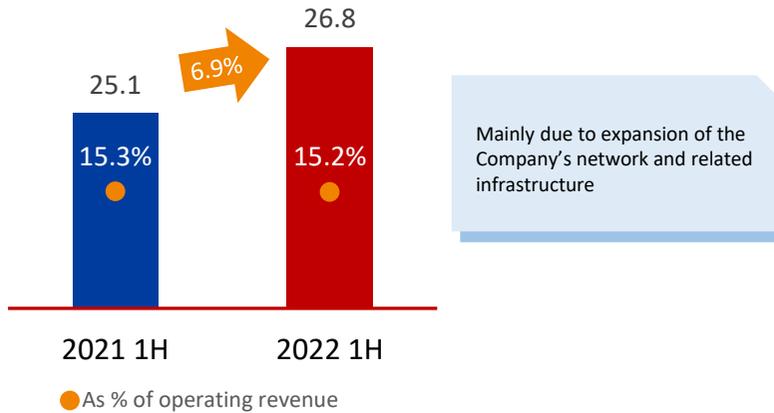
FINANCIAL PERFORMANCE

Analysis of Key Cost Items

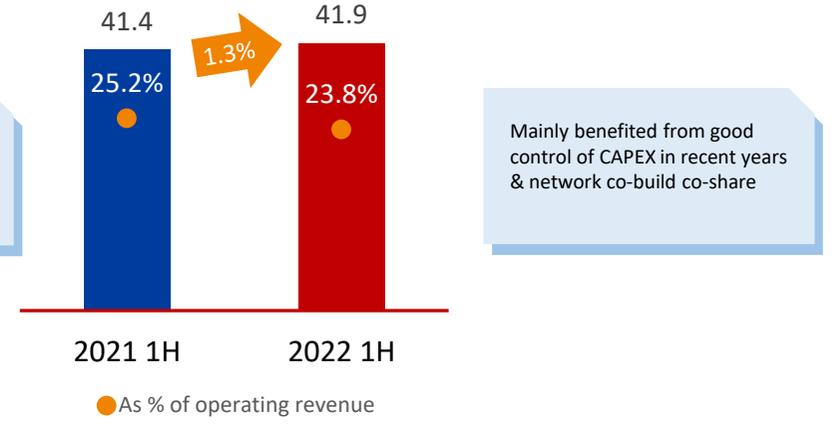
Operating costs
(RMB bil)



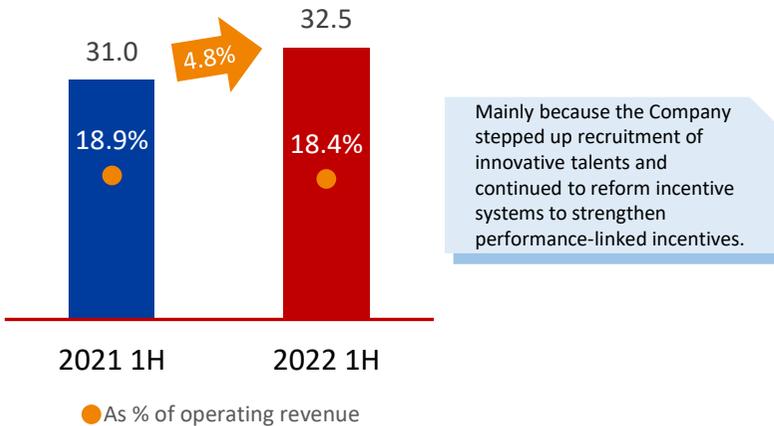
Network, operation & support expenses
(RMB bil)



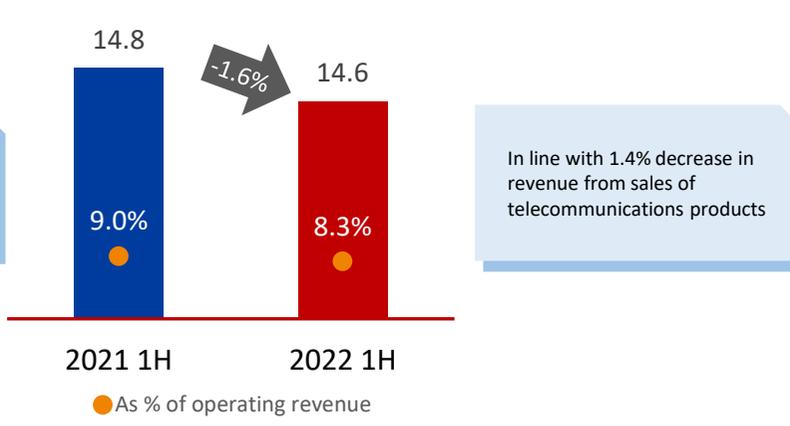
Depreciation & amortisation
(RMB bil)



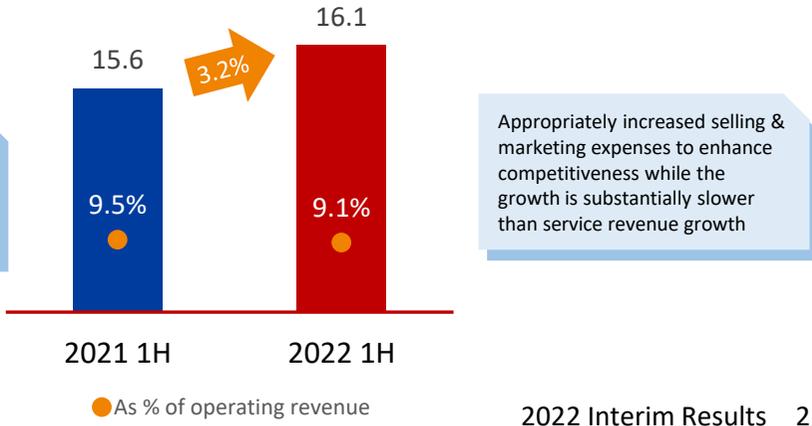
Employee benefit expenses
(RMB bil)



Costs of telecommunications products sold
(RMB bil)

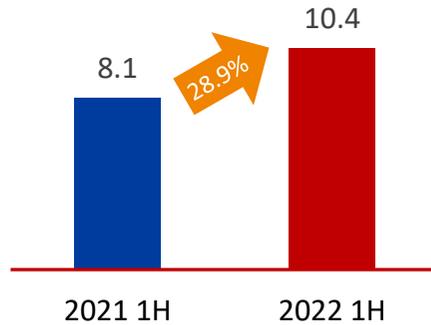


Selling & marketing expenses
(RMB bil)

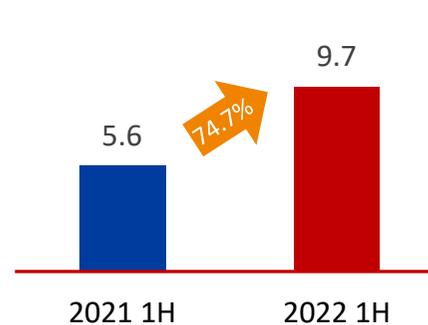


Appropriately Increased Investment to Accelerate Transformation of Growth Drivers

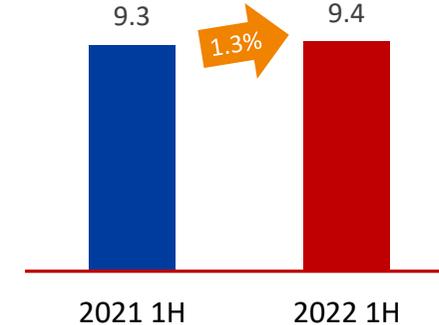
Cost of IT services
(RMB bil)



Technical support expenses
(RMB bil)



Administrative expenses & others¹
(RMB bil)



Notes:

- Administrative expenses and others = G&A and other operating expenses - cost of IT services - technical support expenses

Strong and Stable Financial Position

Liabilities-to-assets ratio remained
at a reasonable level

2022.06 : **43.3%**



Maintained the highest entity rating¹

AAA

Enhanced financial
strength & ability to
counter risks

2022 1H finance costs

↓ **18.6%**

Note:

1. Long-term credit rating on China United Network Communications Corporation Limited, a subsidiary controlled by the Company, by China Chengxin International in July 2022

Thank You !



Appendix I: Extracts from Unaudited Condensed Consolidated Statement of Financial Position

(RMB Mil)	2021.12.31	2022.6.30
Current Assets	126,228	145,232
Non-current Assets	464,848	458,385
Total Assets	591,076	603,617
Current Liabilities	236,185	239,648
Non-current Liabilities	21,458	21,878
Total Liabilities	257,643	261,526
Total Equity	333,433	342,091

Appendix II: Key Operating Metrics

		Unit	2021 1H	2022 1H
“Big Connectivity”	“Big Connectivity” Subscribers	Mil	/	804.77
	Billing Subscribers	Mil	310.46	319.52
	Billing Subscriber ARPU	RMB	44.4	44.4
Of which, mobile business	Total Handset Data Traffic	Bil MB	22,984.3	26,075.1
	Handset User DOU	GB	12.2	13.3
	Handset User MOU	Mins	181	180
	5G Package Subscribers	Mil	113.33	184.92
fixed-line broadband business	Subscribers	Mil	90.12	99.44
	Access ARPU	RMB	41.8	39.3
fixed-line local access business	Subscribers	Mil	47.19	48.25
	ARPU	RMB	10.9	10.2
IoT business	IoT terminal connections	Mil	/	335.53