

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Key Financial and Performance Indicators for the First Quarter of 2022

In the first quarter of 2022, the Group fully implemented its new strategy of “Strengthen and Solidify, Preserve and Innovate, Integrate and Open”. With its new positioning as “the national team in the operation and service of digital information infrastructure, the key force in the establishment of Cyber Superpower, Digital China and Smart Society, and the frontline troop in the integration and innovation of digital technologies”, the Group focused on five main responsibilities and main businesses, namely “Big Connectivity, Big Computing, Big Data, Big Application, and Big Security”, steering on the main course of digital economy at full strength. Its business momentum made steady progress with faster revenue and profit growth. It achieved strong growth in innovative businesses, and provided perfect communications support for the Winter Olympics. The Group’s high-quality development was further advanced, laying a solid foundation for the robust growth in the year.

The key unaudited financial data in the first quarter of 2022 are as follows:

- Operating revenue amounted to RMB 89,022 million, up by 8.2% year-on-year.
- Service revenue amounted to RMB 81,197 million, up by 9.8% year-on-year.
- Industry Internet revenue amounted to RMB 19,419 million, up by 34.8% year-on-year.
- EBITDA¹ amounted to RMB 25,031 million, up by 5.9% year-on-year.
- The profit attributable to the equity shareholders of the Company amounted to RMB 4,634 million, up by 20.6% year-on-year.

To enable shareholders, investors and the general public to better appraise the operational performance of the Group, the board of directors (the "Board") of China Unicom (Hong Kong) Limited (the "Company", together with its subsidiaries, the "Group") announces certain selected unaudited key financial and performance indicators of the Group for the first quarter of 2022.

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

Unit: RMB millions

	For the three months ended 31 March	
	2022	2021
Service revenue	81,197	73,924
Sales of telecommunications products	7,825	8,348
Operating revenue	89,022	82,272
Interconnection charges	(2,547)	(2,558)
Depreciation and amortisation	(21,128)	(20,558)
Network, operation and support expenses	(13,295)	(12,370)
Employee benefit expenses	(16,963)	(15,279)
Costs of telecommunications products sold	(7,552)	(7,912)
Selling and marketing expenses	(8,080)	(7,785)
General, administrative and other operating expenses	(15,554)	(12,731)
Finance costs	(321)	(186)
Interest income	326	236
Share of net profit of associates	501	630
Share of net profit of joint ventures	413	308
Other income – net	927	648
Profit before income tax	5,749	4,715
Income tax expenses	(1,096)	(852)
Profit for the period	4,653	3,863
Profit attributable to:		
Equity shareholders of the Company	4,634	3,843
Non-controlling interests	19	20
	As at	As at
	31 March 2022	31 December 2021
Total assets	587,206	591,076
Total liabilities	248,966	257,643
Total equity	338,240	333,433

In the first quarter of 2022, the Group fully implemented its new strategy of “Strengthen and Solidify, Preserve and Innovate, Integrate and Open”. With its new positioning as “the national team in the operation and service of digital information infrastructure, the key force in the establishment of Cyber Superpower, Digital China and Smart Society, and the frontline troop in the integration and innovation of digital technologies”, the Group focused on five main responsibilities and main businesses, namely “Big Connectivity, Big Computing, Big Data, Big Application, and Big Security”, steering on the main course of digital economy at full strength. Its business momentum made steady progress with faster revenue and profit growth. It achieved strong growth in innovative businesses, and provided perfect communications support for the Winter Olympics. The Group’s high-quality development was further advanced, laying a solid foundation for the robust growth in the year.

The Group firmly grasped the trend of socio-economic digital transformation. Its operating revenue and profit in the first quarter of 2022 both reached record highs in the same period since its IPO. Operating revenue amounted to RMB 89,022 million, up by 8.2% year-on-year. Service revenue amounted to RMB 81,197 million, up by 9.8% year-on-year. The Group’s revenue structure continued to be optimised with Internet Industry revenue reaching RMB 19,419 million, up significantly by 34.8% year-on-year and accounting for 23.9% of service revenue. EBITDA¹ amounted to RMB 25,031 million, up by 5.9% year-on-year. The profit attributable to the equity shareholders of the Company amounted to RMB 4,634 million, up by 20.6% year-on-year.

The Group actively integrated into the main arena of digital economy development. Its expansion into new racetracks made marked progress with healthy growth in the five main responsibilities and main businesses.

In “Big Connectivity”, the Group unswervingly pushed forward high-quality development. Its subscriber base was further strengthened with the number of “Big Connectivity” subscribers² reaching a record high at 779 million. In mobile business, the Group adopted 5G-driven integrated development. Through marketing based on 5G scenarios, the Group implemented full 5G upgrade in products, channels and terminals and expanded the scale of connectivity, expediting the upgrade to 5G, gigabit and integrated development. The number of 5G package subscribers reached 171 million, driving the Group’s mobile service revenue to rise by 2.2% year-on-year to RMB 41,986 million. In broadband business, the Group stepped up precise investment and strategic support to new coverage. Leveraging effective resources, the Group promoted scale development with full-resources, full-services and full-capabilities smart home integration. The total upgrade in smart home pan-integrated product system drove fixed-line broadband access revenue to grow by 5.5% year-on-year to RMB 11,500 million. In Internet-of-Things (IoT) business, the Group leveraged new capabilities like 5G network slicing and the differentiated edges of Cat.1 to achieve breakthroughs in key scenarios and continued to expand the scale of connectivity. The number of IoT terminal connections reached 313 million and IoT revenue reached RMB 2,121 million, up by 40.7% year-on-year.

In “Big Computing”, the Group integrated its network and computing resources to build new computing network system with advanced architecture, security, reliability and excellent services. It devoted itself to offering integrated computing network service encompassing “connectivity + sensing + computing + intelligence”. It built a national “5 + 4 + 31 + X” advanced IDC system which was

integrated across cloud, network and edge, reasonably distributed, green and centralised. It continued to strengthen the capabilities of Unicom Cloud. Unicom Cloud's growth accelerated with revenue reaching RMB 9,120 million, up by 114% year-on-year. IDC revenue reached RMB 6,231 million, up by 14.5% year-on-year. Driven by the robust growth of computing network business, the Group's fixed-line service revenue increased by 19.1% to RMB 38,463 million, which was the highest growth in recent years.

In "Big Data", the Group reinforced its first mover advantage and strived to build the "No. 1 'Unicom Data' service" for the digital economy. It strengthened its core technological capabilities in Big Data, AI and blockchain and enhanced total innovation capabilities integrating Big Data, AI and blockchain. Big Data revenue reached RMB 972 million, up by 54.1% year-on-year.

In "Big Application", for personal and household market, the Group promoted new information consumption upgrade. Focusing on personal and household consumption, it offered Unicom Cloud Drive, video ringtones, Unicom assistant, 5G messaging and other consumption applications. For government and enterprise market, it propelled deep "government-industry-university-research-application" integration and deeply implemented the "5G Applications Sailing" Action Plan. It facilitated the digital transformation and intelligent upgrade of thousands of industries with new products, new business formats and new models of 5G applications. It continuously developed and upgraded industry solutions for 5G industrial Internet, smart city, healthcare, education and internet of vehicles, etc., accelerating the transition of 5G applications from "show flats" to "commodity flats". The number of customers served by virtual 5G industry private networks³ reached 1,421.

In "Big Security", the Group actively expanded its presence in the security market. It leveraged its cloud-network and data resources integration edges as an operator and successively launched Unicom Cloud Shield, network situational awareness, password CA, cloud WAF and other well-established products, which were gradually getting ready for scale replication.

In the first quarter of 2022, network, operation and support expenses increased by 7.5% year-on-year mainly due to growth in the usage costs of premises and equipment, repairs and maintenance expenses and charges for energy as a result of network and business scale expansion. The Group continued to deepen the reform of incentive systems and strengthen performance-linked incentives while at the same time stepping up recruitment of innovative talents to boost new energy for innovative development. Employee benefit expenses increased by 11.0% year-on-year. The Group appropriately increased selling and marketing expenses to enhance competitiveness. Selling and marketing expenses increased by 3.8% year-on-year. General, administrative and other operating expenses increased by 22.2% year-on-year mainly due to the growth of ICT costs and technical support expenses, which drove Internet Industry revenue to grow by 34.8% year-on-year and boosted the capabilities and potential of the Group's innovative businesses.

In the recently concluded Beijing Winter Olympics and Paralympics, as the sole official communications service partner, the Group fully leveraged next-generation communication technologies such as 5G, IPv6+, cloud computing, Big Data, AI, etc. to achieve "global firsts" and "historical breakthroughs" in a number of areas during the event. It was awarded the accolade of "Outstanding Contribution Group at the Beijing Winter Olympics and Paralympics" by the Central

Committee of the Chinese Communist Party and the State Council. It achieved zero fault in network support and zero complaint in event services, providing perfect communications service support for the Winter Olympics and Paralympics.

The year 2022 is a critical year for the Group's implementation of its new strategy. The Group will continue to fully implement new development philosophies, contribute to the establishment of a new development landscape and promote high-quality development. With the goal of establishing "Cyber Superpower, Digital China, and Smart Society" and adhering to the Company's "1 + 8 + 2" strategic planning, the Company will focus on its five main responsibilities and main businesses, stabilise growth, optimise network, deepen reform, enhance capabilities, strengthen synergy and prevent risks, in order to create greater value for shareholders, customers and society.

Caution Statement

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

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

Hong Kong, 21 April 2022

Notes:

1. EBITDA represents profit for the period before finance costs, interest income, share of net profit of associates, share of net profit of joint ventures, other income-net, income tax expenses, depreciation and amortisation. As the telecommunications business is a capital intensive industry, capital expenditure and finance costs may have a significant impact on the net profit of the companies with similar operating results. Therefore, the Company believes that EBITDA may be helpful in analysing the operating results of a telecommunications service operator like the Company. However, it is a non-GAAP financial measure which does not have a standardised meaning and therefore may not be comparable to similar measures presented by other companies.
2. Number of "Big Connectivity" subscribers = number of mobile billing subscribers + number of fixed-line broadband subscribers + number of fixed-line local access subscribers + number of Internet-of-things terminal connections + number of networking leased line subscribers.
3. A virtual 5G industry private network is a high-quality private network based on the public 5G network provided to industry customers to satisfy their business and security needs. It is a core carrier for offering differentiated and partially self-operated network services. Virtual 5G industry private network is a key metric in the government's "5G Applications 'Sailing' Action Plan (2021-2023)" and has become a new engine for driving 5G application innovation, enhancing productivity and accelerating digital transformation in vertical industries.

Certain statements contained in this announcement may be viewed as "forward-looking statements". Such forward-looking statements are subject to known and unknown risks, uncertainties and other factors, which may cause the actual

performance, financial condition or results of operations of the Company to be materially different from any future performance, financial condition or results of operations implied by such forward looking statements. In addition, we do not intend to update these forward-looking statements. Neither the Company nor the directors, employees or agents of the Company assume any liabilities in the event that any of the forward-looking statements does not materialise or turns out to be incorrect.

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

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