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

Interim Results **2023**
9 August 2023

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.
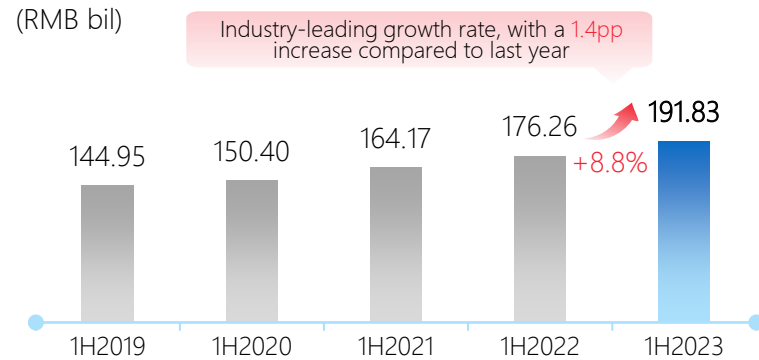
Overall Results

Financial Performance
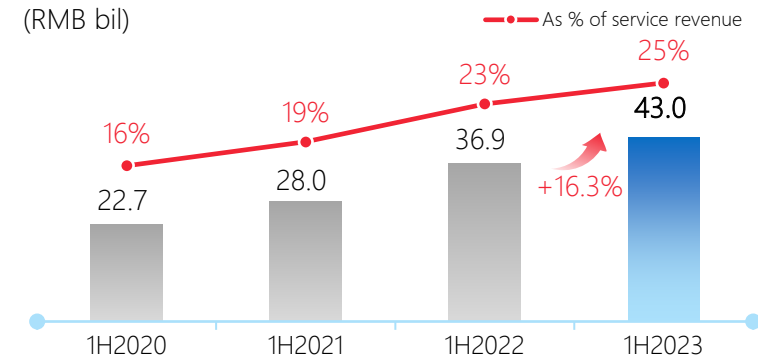
Steady Progress in Business Development

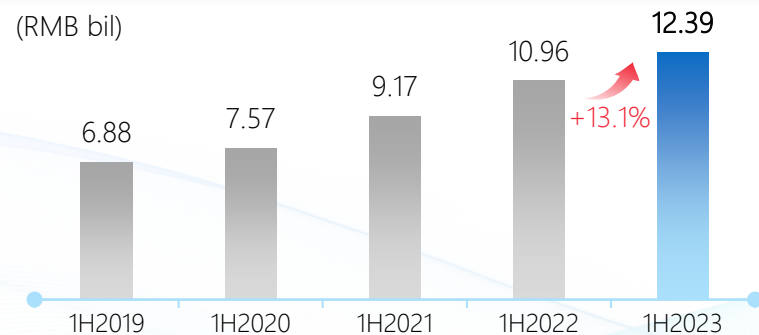## Accelerated growth in operating revenue

(RMB bil)

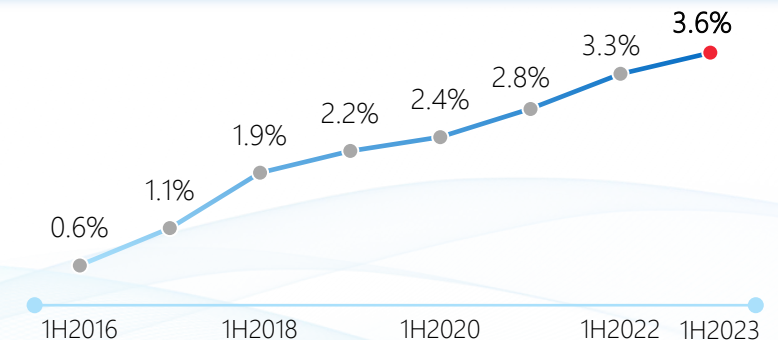Industry-leading growth rate, with a 1.4pp increase compared to last year

1H2019	1H2020	1H2021	1H2022	1H2023
144.95	150.40	164.17	176.26	191.83

+8.8%

The contribution of revenue from Industry Internet exceeded 25%

(RMB bil)

—— As % of service revenue

1H2020	1H2021	1H2022	1H2023
22.7	28.0	36.9	43.0
16%	19%	23%	25%

+16.3%

Net profit[1] up by double digits for 7 consecutive years

(RMB bil)

1H2019	1H2020	1H2021	1H2022	1H2023
6.88	7.57	9.17	10.96	12.39

+13.1%

Half-year ROE[2] reached a new high in recent years

1H2016		1H2018		1H2020		1H2022	1H2023
0.6%	1.1%	1.9%	2.2%	2.4%	2.8%	3.3%	3.6%

Notes:
1. Unless otherwise specified in this presentation, net profit refers to the profit attributable to equity shareholders of the Company
2. Return on equity (ROE) = the profit attributable to equity shareholders of the Company in the period/ average balance of equity attributable to equity shareholders of the Company at the beginning and end of the period

Key Performance Indicators

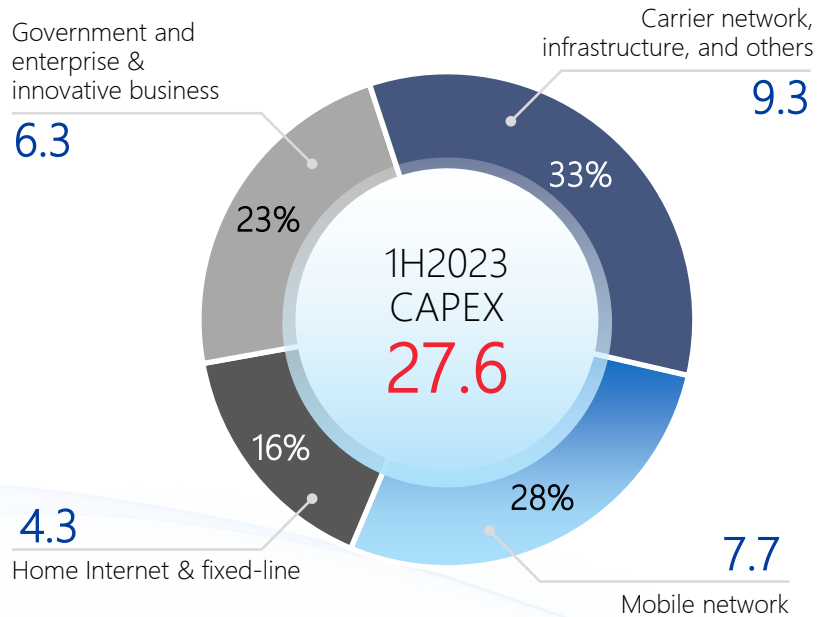| (RMB mil)	1H 2022	1H 2023	Change yoy
Operating revenue	176,261	191,833	8.8%
Service revenue[1]	160,971	171,045	6.3%
Industry Internet revenue	36,938	42,977	16.3%
EBITDA[2]	51,412	53,545	4.1%
Net profit	10,957	12,391	13.1%
Basic EPS (RMB)	0.358	0.405	13.1%
Interim dividend per share (RMB)	0.165	0.203	23.0%

Note: Unless otherwise stated in this presentation,
1. Service revenue = operating revenue – sales of telecommunications products
2. EBITDA = earnings 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

Continuously Strengthening Network Capabilities

CAPEX (RMB bil)

1H2023 CAPEX **27.6**

- Carrier network, infrastructure, and others: 33% — **9.3**
- Mobile network: 28% — **7.7**
- Home Internet & fixed-line: 16% — **4.3**
- Government and enterprise & innovative business: 23% — **6.3**

5G premium network

>1.15 mil

No. of 5G mid-band BTS

Broadband premium network

Fully gigabit-ready in cities, counties and towns

Government & enterprise premium network

100%

Full coverage of 335 local networks nationwide

Computing power premium network

Cloud computing

202

No. of cities covered by the Unicom Cloud pool ↑ 32

IDC

380K

No. of IDC cabinets ↑ 17K

Computing power carrier network

Leading in the industry

Average backbone network latency

Deepening Co-build Co-share

中国联通
China unicom

Deepening 5G co-build co-share

5G co-build co-share BTS net addition

⬆ 150k

Jointly publish "5G Co-build Co-share Guide" with China Telecom at MWC Barcelona 2023

Export China's experience in co-build co-share key technologies and operational management to international operators

Promoting a single mid-band 4G network

Shared 4G mid-band BTS

>2.00 mil

4G mid-band sharing rate

>90%

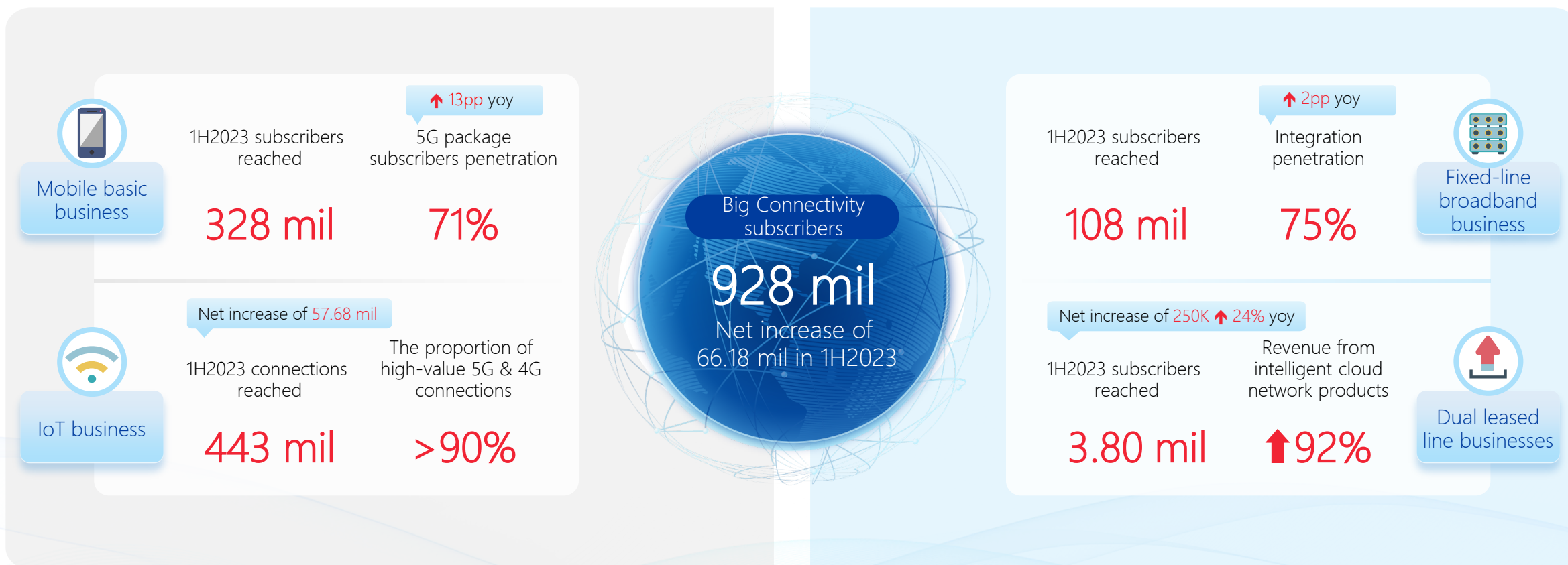## Promoting infrastructure co-build co-share

Cross-sector co-build co-share

Strengthened the co-build co-share of infrastructure such as poles and pipelines

Promoted the co-build co-share of "dual gigabit" networks and social resources

Expanding the Growth Potential of Big Connectivity

Mobile basic business

1H2023 subscribers reached
328 mil

5G package subscribers penetration
↑ 13pp yoy
71%

IoT business

Net increase of 57.68 mil

1H2023 connections reached
443 mil

The proportion of high-value 5G & 4G connections
>90%

Big Connectivity subscribers
928 mil
Net increase of 66.18 mil in 1H2023

Fixed-line broadband business

1H2023 subscribers reached
108 mil

Integration penetration
↑ 2pp yoy
75%

Dual leased line businesses

Net increase of 250K ↑ 24% yoy

1H2023 subscribers reached
3.80 mil

Revenue from intelligent cloud network products
↑**92%**

Solid Growth in Basic Businesses

Dual improvement in mobile business scale and value

Net addition of mobile subscribers (mil)

Mobile ARPU (RMB)

- 40.9
- 44.4
- 44.4
- 44.8

- (8.95)
- 4.65
- 2.40
- 5.34

1H2020 1H2021 1H2022 1H2023
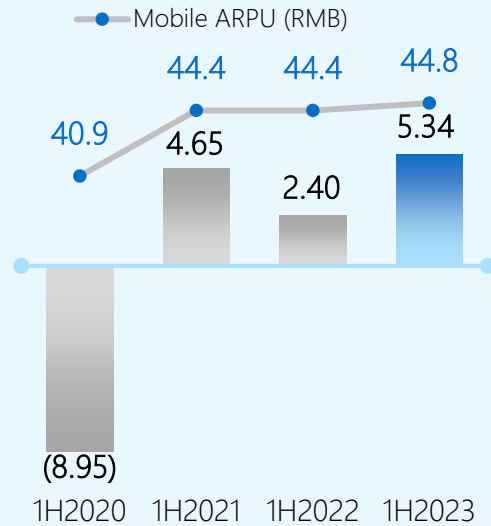
Continuous increase in mobile ARPU

Net addition of subscribers **reached a 4-year high in the same period**

Breakthrough in Personal Digital Smart Living
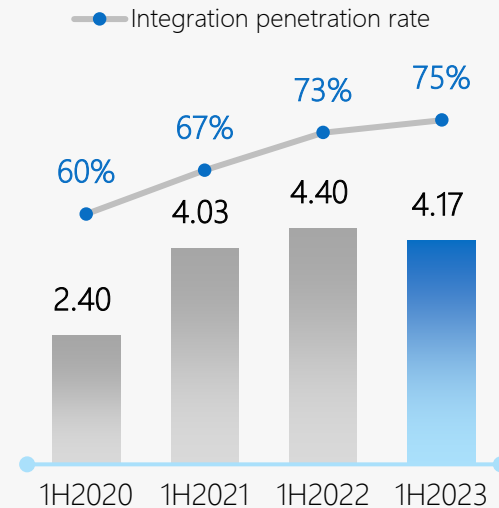
Paying subscribers of major products

>87 mil

Revenue growth of major products

↑ **90%**

Accelerated innovation & growth in broadband business

Net addition of broadband subscribers (mil)

Integration penetration rate

- 60%
- 67%
- 73%
- 75%

- 2.40
- 4.03
- 4.40
- 4.17

1H2020 1H2021 1H2022 1H2023

Net addition **exceeded 4 mil** in the first half consecutively

1,125% yoy increase in FTTR subscribers

Rapid expansion in Unicom Smart Home business

Paying subscribers of major products

>95 mil

Revenue growth of major products

↑ **49%**

Personal Digital Smart Living Major Products

Video Ringtone | Unicom Assistant | Unicom Cloud Drive

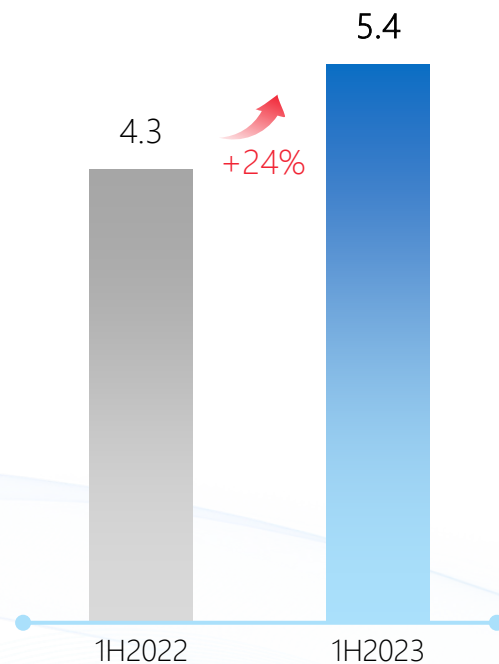**Unicom Smart Home Major Products**

Unicom UHD | Unicom Housekeeper | Unicom Networking | Unicom Smart Fixed-line

IoT Business Building up Momentum

5G & 4G
Mid-/high-speed connections >400 mil

IoT revenue (RMB bil)

5.4

4.3

+24%

1H2022   1H2023

High, medium and low-speed access in all scenarios

- Built 5G IoT connectivity products with features such as 5G slicing and 5G LAN

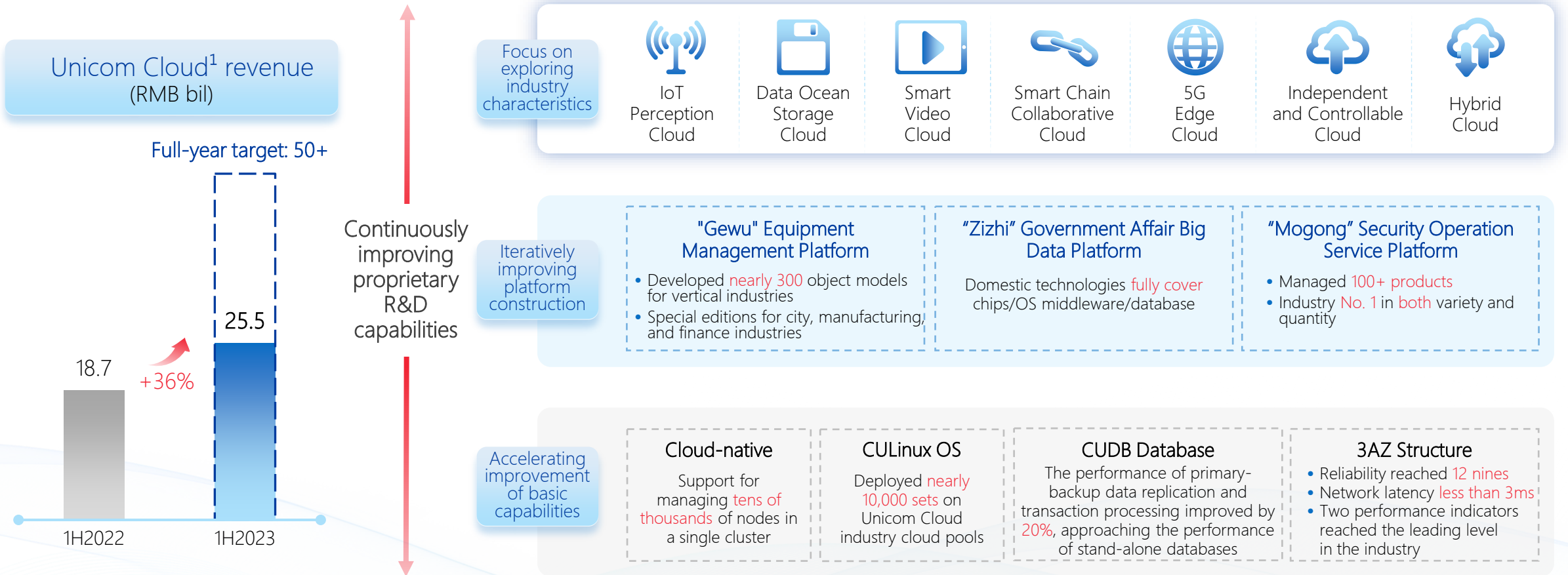## Integrated development of "Terminals, Network, Cloud, AI and Security"

- Adhered to the product evolution path of "network virtualisation, hardware implementation of software, and hardware intelligence"
- Integrated Big Data, AI, blockchain and security capabilities, built differentiated advantages in integration of software and hardware, IoT and security, and cloud-based startup

Gewu platform empowering industry breakthroughs

- Provided rich Big Data, AI and IoT models, as well as differentiated capabilities in IoT and network collaboration
- Built industry solutions for key sectors such as industrial internet, smart city, and ecological environmental protection

Enhancing Proprietary R&D Capabilities in Big Computing

中国联通 China unicom

Unicom Cloud[1] revenue
(RMB bil)

Full-year target: 50+

18.7 — 1H2022

+36%

25.5 — 1H2023

Continuously improving proprietary R&D capabilities

Focus on exploring industry characteristics

IoT Perception Cloud

Data Ocean Storage Cloud

Smart Video Cloud

Smart Chain Collaborative Cloud

5G Edge Cloud

Independent and Controllable Cloud

Hybrid Cloud

Iteratively improving platform construction

"Gewu" Equipment Management Platform
- Developed nearly 300 object models for vertical industries
- Special editions for city, manufacturing, and finance industries

"Zizhi" Government Affair Big Data Platform
Domestic technologies fully cover chips/OS middleware/database

"Mogong" Security Operation Service Platform
- Managed 100+ products
- Industry No. 1 in both variety and quantity

Accelerating improvement of basic capabilities

Cloud-native
Support for managing tens of thousands of nodes in a single cluster

CULinux OS
Deployed nearly 10,000 sets on Unicom Cloud industry cloud pools

CUDB Database
The performance of primary-backup data replication and transaction processing improved by 20%, approaching the performance of stand-alone databases

3AZ Structure
- Reliability reached 12 nines
- Network latency less than 3ms
- Two performance indicators reached the leading level in the industry

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

Maintaining Industry Leadership in Big Data

Big Data revenue
(RMB bil)

2.9

1.9

+54%

1H2022   1H2023
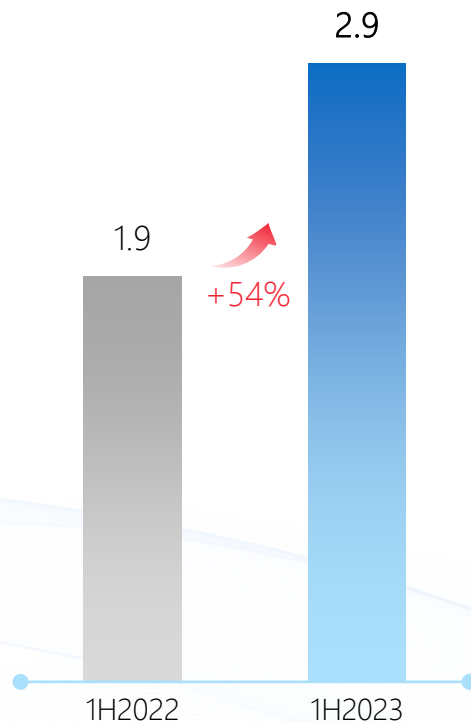
Practical experience in massive-scale Big Data

- Centralised data from 31 provinces, with the ability to collect and exchange massive, multi-source, heterogeneous, nationwide, and real-time data

Hyperscale Data Processing	400+ PB
Real-time data processing	1,000+ bil

Industry-leading technological capability

- Enhanced strategic investment and talent introduction, and strengthened foundation Big Data, AI and blockchain capabilities

Blockchain TPS	20,000
No. of blockchain patents	>650

Strong edges in security capabilities

- Relied on three major systems, namely Big Data security management, technology, and operation, to ensure data security
- The first batch of domestic companies to obtain DSG3 (highest level) certifications, with 11 capabilities listed in the Data Governance Industry Map of CAICT, leading in quantity

Empowering Thousands of Industries with Big Application

中国联通
China unicom

Full coverage of national economy
60 categories

Cumulative no. of 5G industry application projects
20,000+
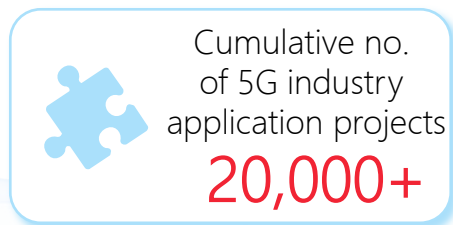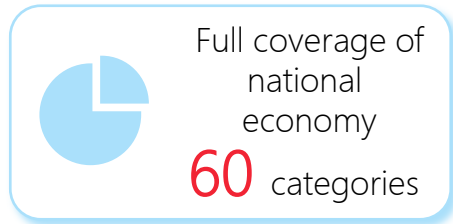
5G applications transitioning from "show flats" to "commercial properties"

RMB 2.6 bil
Contract value of 5G private networks

RMB 6.2 bil
Contract value of 5G industry applications

>5,800
Cumulative no. of customers served by virtual private networks

Continuously deepening and expanding 5G applications

Continuously iterated and upgraded 5G private network PLUS product system and carried out core technological capability to tackle key problems

2,600+
5G Factories

Deepening RedCap-driven innovation

Industry's first
5G RedCap Industry Alliance

Completed trial verification of full-spectrum 5G RedCap in 8 major sectors, such as manufacturing and power

7 models
5G RedCap modules & industry terminals

Rapid Growth in Big Security Revenue

↑**178%**

Big Security revenue growth

Products listed in the security cloud market

80+

Rapidly improving security capability to construct a three-dimensional comprehensive defense system

- Through network-wide routine command, dispatch, and operation, a three-dimensional comprehensive defense system was formed, comprehensively enhancing the network security of China Unicom

Providing integrated security products and operation services for industry customers

- In sectors such as digital government affairs, digital enterprises, smart cities, etc., the Company leveraged the "Mogong" security operation service platform to provide integrated security operation services to achieve "one-point discovery, network-wide response"
- Leveraging the security cloud market, we have created a product ecosystem that widely meets the security needs of the digital economy

Actively Developing International Business

International business revenue
(RMB bil)

5.5

4.6

+21%

1H2022   1H2023
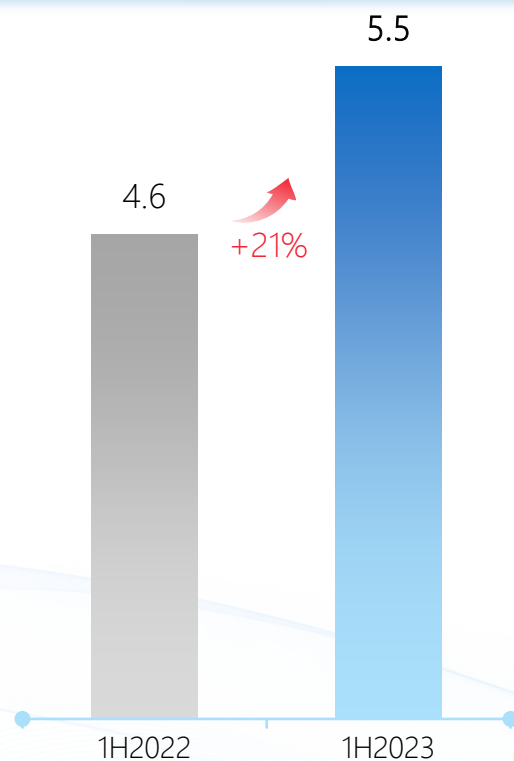
Broader service areas of international business

264

No. of countries and regions covered[1]

Continuously expanding international ecosystem

635

No. of roaming partner operators

No. of outbound roaming subscribers served

↑130%

No. of inbound roaming subscribers served

↑155%

Richer international product system

- Achieved rapid growth in major products such as Internet leased line, global SD-WAN and Unicom Cloud

↑**35**% Internet leased line

↑**115**% Global SD-WAN

↑**95**% Unicom Cloud

Note:
1. Including countries, regions and major islands

Significant Improvement in Technological Innovation

Won 2 first prizes from China Institute of Communications

First prize from China Institute of Electronics

2023 GSMA GLOMO "Best Connected Health Mobile Innovation Award"

2023AMO Asia Mobile Award "5G Industry Challenge Award"

National Patent Silver Award

2.94%
Industry-leading R&D intensity

1,326
No. of patents granted this year ▲70%

Network technology innovation
- Created >10 network innovation products, and launched >100 network intelligent operation scenarios, driving production and operation to increase revenue and reduce cost

AI planning
- Highly emphasized on the development of next-generation of AI technology represented by large models, and accelerated the enhancement of the Company's AI capabilities

Rich achievements in technological innovation
- Applied for 39 international standards, 100 domestic standards, published 143 papers, and released 28 whitepapers

Deepening and Solidifying Reform and Strategic Cooperation

Continuous progress in reform

Spin-off and listing of China Unicom Smart Connection Technology

Rich achievements in strategic cooperation

137
group-level strategic cooperation

Reform Progress

- Steadily promoted the spin-off and listing of China Unicom Smart Connection Technology, the Company's subsidiary

- China Information Technology Designing & Consulting Institute deepened reforms, established a diversified board of directors, and explored in-depth cooperation with strategic investors in various fields

- Continued to optimise operational organization, integrated into the development of local digital economies, fully leveraged the advantages of the four-tier operational system, and continuously improved operation and service abilities

Strategic Cooperation

- Established China Unicom Strategic Cooperation Management System to effectively improve closed-loop execution capabilities and significantly facilitate the achievement of the Company's strategic goals

- The new JV with Tencent, Yunzhou Times, has been registered and started operations. Based on independent research and development and taking advantage of both shareholders' strengths, it develops CDN/MEC platform, operation and product innovation capabilities, and provides next-generation CDN as well as edge computing services for digital government, artificial intelligence, etc.

Actively Fulfilling Corporate ESG Responsibilities

8th consecutive year

Asia's Best CSR
Corporate Governance Asia
13th Asian Excellence Award 2023

Asia's Most Honoured Telecom Company
Institutional Investor
2023 Asia Executive Team

Platinum Award - Excellence in Environmental, Social, and Governance
The Asset
ESG Corporate Awards 2022

Industry leader
No. 4 among central SOEs
2023 China Brand Day
Central SOEs brand building capabilities ranking

E — Environmental protection

- Adhered to the concept of green development, made progress in green management, network construction and operation, etc., built green supply chain and innovated on informatisation solutions, in order to empower the whole society's green development and help achieve the goals of carbon peaking and carbon neutrality
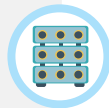
Building Green Data Centres

<1.3

PUE of new-built large IDCs

S — Social responsibilities

- Took practical actions to fulfill national requirements, fulfill social responsibilities, and repay the trust of the people

Helped narrow the digital divide

>250,000

No. of digital village projects

Promoted information accessibility

5G+AI

Helped the hearing and visually impaired to communicate barrier-free

G — Corporate governance

- Continuously improved corporate governance, addressed shareholder concerns, and actively conveyed new development and new value of the Company to the market

Our valuation re-rating in capital market gained wide recognition
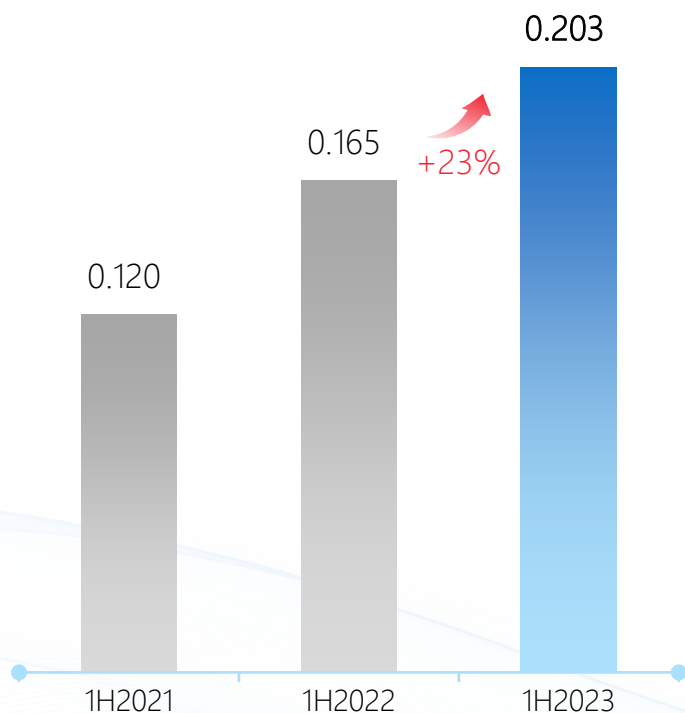
Best Case

of Results Briefing[1]
2022 China Listed Companies Association

Note:
1. China United Network Communications Limited, the Company's controlling shareholder

Continuously Enhancing Shareholder Returns

Interim dividend per share (DPS) (RMB)

0.203

0.165

+23%

0.120

1H2021   1H2022   1H2023

YoY increase in interim DPS
↑ **23%**

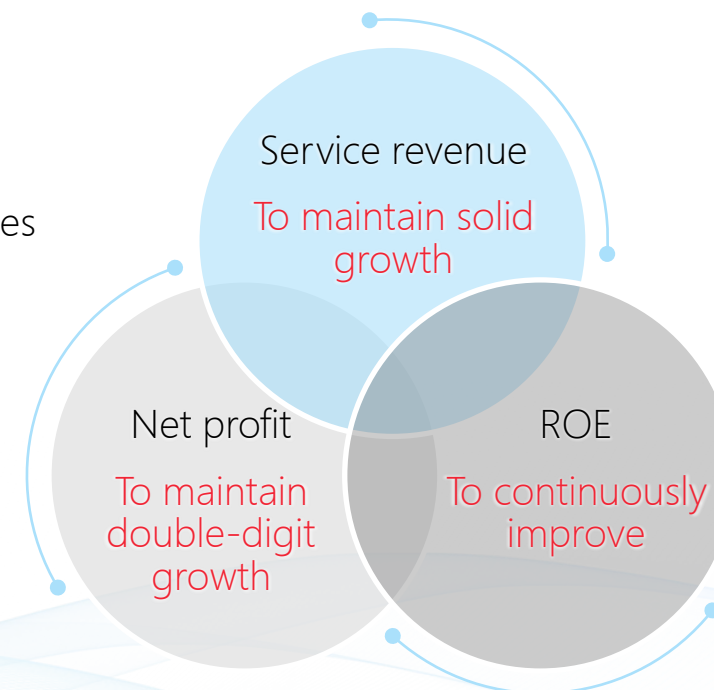>

YoY increase in basic EPS
↑ **13%**

- The Company attaches great importance to shareholder returns

- Taking into account the Company's robust business development, the Board resolved to distribute an interim dividend of RMB 0.203 per share, representing a year-on-year increase of 23%

- The Company will continue to strive to enhance profitability and shareholder return in the future

Priorities in 2023

Promote the synergetic development of both basic and innovative businesses, and strive to achieve the full-year targets

Focus on improving corporate core competitiveness and enhancing core functions

- Enhancing network capabilities
- Enhancing product competitiveness
- Enhancing brand influence
- Enhancing technological innovation capabilities

- Improving systemic coordination capabilities
- Improving the new vitality of corporate governance
- Improving team competence
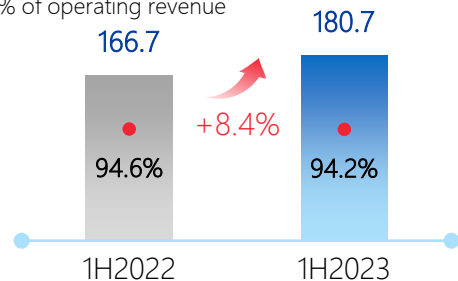- Improving risk control capabilities

Full-year targets

Service revenue
To maintain solid growth

Net profit
To maintain double-digit growth

ROE
To continuously improve

Overall Results

Financial Performance

Effective Cost Control

Operating costs (RMB bil)

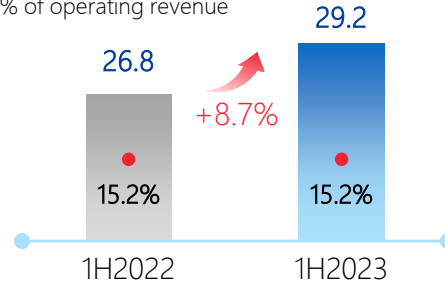● as % of operating revenue

166.7 (1H2022) → **180.7** (1H2023)   **+8.4%**

94.6% → 94.2%

Mainly due to increased investment in innovative businesses and strategic resources to ensure sustainable growth in the future

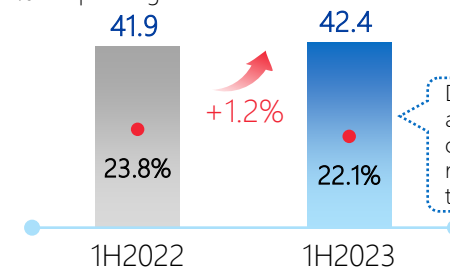## Network, operation & support expenses (RMB bil)

● as % of operating revenue

26.8 (1H2022) → **29.2** (1H2023)   **+8.7%**

15.2% → 15.2%

Despite the expansion of the company's network and related infrastructure, network costs remained stable as % of operating revenue

Depreciation & amortisation (RMB bil)

● as % of operating revenue

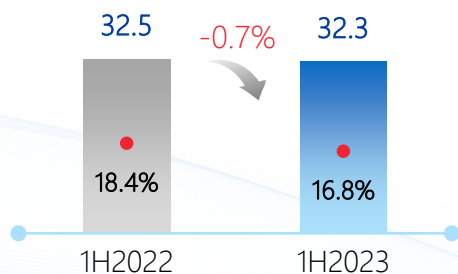**41.9** (1H2022) → **42.4** (1H2023)   **+1.2%**

23.8% → 22.1%

Depreciation & amortisation as % of operating revenue to remain on downward trend in 2023

Mainly due to the effective control of capital expenditures in recent years and network co-build co-share
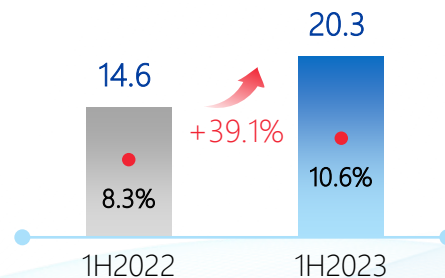
Employee benefit expenses (RMB bil)

● as % of operating revenue

32.5 (1H2022) → **32.3** (1H2023)   **-0.7%**

18.4% → 16.8%

Mainly due to the ongoing efforts to reform the incentive mechanism, strengthened performance-linked incentives, and optimised human capital efficiency

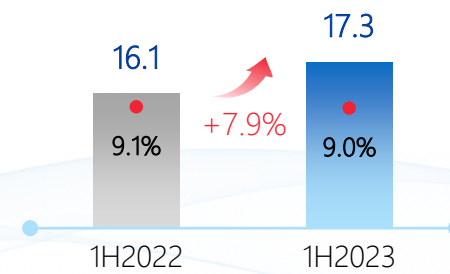## Costs of telecommunications products sold (RMB bil)

● as % of operating revenue

14.6 (1H2022) → **20.3** (1H2023)   **+39.1%**

8.3% → 10.6%

Basically in-line with 36.0% sales growth of telecommunications products

Selling and marketing expenses (RMB bil)

● as % of operating revenue

16.1 (1H2022) → **17.3** (1H2023)   **+7.9%**

9.1% → 9.0%

Appropriately increased selling expenses to enhance competitiveness, while the growth rate was lower than operating revenue growth of 8.8%

Strong and Stable Financial Position

Liabilities-to-assets ratio remained at a reasonable level

2023.06: **46.4%**

Maintained the highest entity rating[1]

AAA

Enhanced financial strength & ability to counter risks

Interest-bearing debts[2] as at 2023.06

⬇**16.9%** yoy

Note:
1. The long-term credit rating of China United Network Communications Corporation Limited, a controlled subsidiary of the Company, by China Chengxin International on 11 August 2022
2. Excluding lease liabilities

Thank You !

THANKS

Asia's Most
Honoured Telecom
Company

China's Best
Management
Company

Asia's Best CSR

2023 GSMA GLOMO
"Best Connected Health
Mobile Innovation Award"

2023AMO Asia
Mobile Award
"5G Industry
Challenge Award"

MWC 2023
Best Smart Home
Practise Award

2 first prizes from
China Institute of
Communications

First Prize from
China Institute
of Electronics

National Patent
Silver Award

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

(RMB mil)	2022.12.31	2023.06.30
Current Assets	146,243	169,082
Non-current Assets	496,420	490,247
Total Assets	642,663	659,329
Current Liabilities	250,870	261,103
Non-current Liabilities	48,257	44,577
Total Liabilities	299,127	305,680
Total Equity	343,536	353,649

Appendix II: Key Operating Metrics

		Unit	1H 2022	1H 2023
"Big Connectivity"	"Big Connectivity" Subscribers	Mil	804.77	927.92
Of which, mobile business	Billing subscribers	Mil	319.52	328.03
	Billing subscribers ARPU	RMB	44.4	44.8
	Total Handset Data Traffic	Bil MB	26,075.1	27,789.2
	Handset User DOU	GB	13.3	13.8
	Handset User MOU	Mins	180	178
	5G Package Subscribers	Mil	184.92	232.45
fixed-line broadband business	Subscribers	Mil	99.44	107.80
fixed-line local access business	Subscribers	Mil	48.25	46.60
IoT business	IoT terminal connections	Mil	335.53	443.22