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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)**

**2022 INTERIM RESULTS, INTERIM DIVIDEND AND  
CLOSURE OF REGISTER OF MEMBERS**

**Highlights:**

- **Revenue grew rapidly with steady improvement in profitability. The Company achieved service revenue of RMB161.0 billion, representing a year-on-year increase of 8.3%, which was a new high for the same period in recent years. Profit attributable to equity shareholders of the Company reached RMB11.0 billion, representing a year-on-year increase of 19.5%.**
- **Basic businesses' growth momentum was stable and trending well. The Company achieved mobile service revenue of RMB84.9 billion, representing a year-on-year increase of 3.4%. Broadband access revenue reached RMB23.0 billion, representing a year-on-year increase of 4.3%. The number of broadband access subscribers recorded a net addition of 4.40 million, which was a new high for the same period in the past 10 years.**
- **Transformation of growth drivers gained momentum. Industry Internet business revenue reached RMB36.9 billion, representing a year-on-year increase of 31.8%. It contributed to over 70% of the Company's incremental revenue. Within that, Unicom Cloud revenue more than doubled and reached RMB18.7 billion, representing a year-on-year increase of 143.2%.**
- **The Company made outstanding achievements in R&D of core technologies and steadily strengthened its technological innovation capabilities.**
- **Network co-build co-share continued to deepen and operational efficiency improved steadily.**
- **The Company attaches great importance to shareholders' return. After due consideration of the Company's sound business development, the Board has resolved to distribute an interim dividend of RMB0.165 per share, representing a year-on-year increase of 37.5%.**

## **CHAIRMAN’S STATEMENT**

Dear Shareholders,

In the first half of 2022, facing sheer challenges such as the sporadic outbreak of the pandemic in certain areas, the Company firmly adhered to the general working principle of making progress while maintaining stability. Under the guidance of the new strategic planning system, the Company actively embraced the huge opportunities brought by the digital economy, and achieved decent results in terms of profitability, fundamental capabilities, operational efficiency and technological innovation. The Company fully manifested its brand as “the first choice of the country, government and people” as it accomplished various challenging tasks such as the provision of communication support for the Winter Olympics, disaster-related rescue and relief work, and pandemic prevention and control. In the first half of 2022, the Company’s revenue grew rapidly. It significantly enhanced operating efficiency, continued to optimise growth structure, substantially strengthened network capabilities, and accelerated technological innovation transformation, taking a solid step towards high-quality development under the new paradigm.

### **OVERALL RESULTS**

In the first half of 2022, the Company achieved service revenue of RMB161.0 billion, representing a year-on-year increase of 8.3%, which was a new high for the same period in recent years. Profitability improved steadily with remarkable results in quality and efficiency enhancement. Profit before tax reached RMB13.4 billion and profit attributable to equity shareholders of the Company reached RMB11.0 billion, representing a year-on-year increase of 19.5%. EBITDA<sup>1</sup> reached RMB51.4 billion, representing a year-on-year increase of 3.9%.

Network is the basis and foundation of China Unicom’s high-quality development. Seizing the development window period of the national “Eastern Data, Western Computing” project and “dual-gigabit” network construction, the Company moderately increased its investment and unwaveringly improved its core competitiveness and sustainable development capabilities. In the first half of the year, capital expenditure reached RMB28.4 billion, representing a year-on-year increase of 98.5%. The Company continued to maintain its strong and stable financial position in recent years. Liabilities-to-assets ratio remained at a reasonable level of 43.3%. Finance costs decreased by 18.6% year-on-year. The Company’s financial strength and risk prevention capability were further enhanced.

The Company attaches great importance to shareholders’ return. After due consideration of the Company’s sound business development, the Board has resolved to declare an interim dividend of RMB0.165 per share, representing a year-on-year increase of 37.5%.

### **CONTINUOUS CONSOLIDATION OF DEVELOPMENT FOUNDATION**

The comprehensive upgrade of China Unicom’s “dual-gigabit” network has opened up new growth potential for the Company’s basic businesses in the new era. While actively improving the supply of network capacity and resources, the Company vigorously promoted the scale conservation and value revitalisation of mobile and fixed-line broadband services. In the first half of the year, despite the challenges brought by sporadic pandemic outbreaks to its business development and network construction, the Company’s basic businesses still achieved steady growth. Its basic network capacity was significantly improved, solidifying the foundation for long-term corporate development.

## **Dually driven by market and innovation, the integrated development of basic businesses reached a new level**

The Company unswervingly promoted the transformation of basic businesses from a market-driven model to a model dually driven by market and innovation. It firmly implemented the “5G-led Development Action Plan” and the “Broadband and Smart Family Development Action Plan”, and strived to achieve breakthroughs in the scale and value of basic businesses. In line with the “5G-oriented, gigabit-oriented and integrated” development trend in the industry, and riding on the opportunity of “dual-gigabit” network upgrade, the Company strived to create an integrated and group-based development model, enhanced the experience and stability of Big Connectivity subscribers, and built a sustainable growth foundation for basic businesses. The Company further optimised the product structure of basic businesses, strengthened the supply of 5G digital smart life and smart home application products, and launched new products and services such as 5G New Calling and elderly exclusive service, vigorously leveraging the differentiated advantages driven by product innovation to accumulate momentum for the innovative transformation of basic businesses. Leveraging the full life cycle empowerment of Big Data models, the Company accelerated the improvement of data aggregation on various platforms such as digital villages, smart communities and smart campuses, and carried out targeted customer retention and value enhancement with a focus on key scenarios and key customer groups, resulting in significantly refined operation.

The growth momentum of the Company’s basic businesses was stable and trending well, and value-oriented operation continued to deliver results. In the first half of the year, the Company achieved mobile service revenue of RMB84.9 billion, representing a year-on-year increase of 3.4%. The number of mobile billing subscribers reached 320 million. Within that, 5G package subscribers registered a net addition of 29.99 million, reaching a total of 184.92 million. The penetration rate of 5G package subscribers reached 58%, signifying further optimised subscriber structure. Mobile subscriber ARPU was RMB44.4, which was stable year-on-year. Remarkable results were achieved in unleashing data traffic, with the total handset data traffic increasing by 13.4% and the monthly average DOU per handset subscriber reaching approximately 13.3 GB. The Company’s fixed-line broadband business maintained the good momentum of rapid growth last year. In the first half of the year, the Company achieved broadband access revenue of RMB23.0 billion, representing a year-on-year increase of 4.3%, up by 3.6pp from 0.7% in the same period last year. The number of broadband access subscribers recorded a net addition of 4.40 million, reaching a total of 99.44 million. The subscriber net addition reached a new high for the same period in the past 10 years. The penetration rate of integrated services reached 73%, significantly enhancing customer loyalty and value.

## **Moderately increased strategic investment with greatly improved basic network capabilities**

China Unicom recognised the fundamental role of network in corporate development, so it moderately increased strategic investment. In the first half of the year, the Company's premium network construction achieved substantial progress, laying a solid foundation for the Company's fundamental growth. **In terms of 5G/4G premium network construction**, it achieved contiguous outdoor coverage in key towns and above. The scale and coverage of mid-band 5G was on par with the industry. Pre-commercial trial of 5G New Calling was launched in 125 cities. 5G subscriber satisfaction remained the highest in the industry. **For gigabit broadband premium network construction**, the network deployment progress was in line with the industry. The number of FTTH ports reached 230 million and the number of homes passed in southern China increased by nearly 25 million, strongly supporting the rapid growth of broadband subscribers and revenue. **With respect to the construction of high-quality computing power network**, the Company completed the overall network architecture planning of "Eastern Data, Western Computing" and preliminarily completed the construction of low-latency and flat Industry Internet, with a total of 329,000 IDC cabinets and 580,000 vCPU cores in backbone cloud computing power. **For government and enterprise premium network construction**, the coverage rate of aggregation areas in top 150 cities reached 98.8% and the coverage rate of multi-service access areas in top 150 cities reached 90.2%, creating differentiated competitive advantages for government and enterprise customer network. While significantly improving network ability, the Company also made gradual progress in intelligent and digital network transformation. It actively promoted the digitisation of optical fibre cable resources in local network and access terminals, significantly enhancing the visualisation of network resources. 24 intelligent applications such as broadband one-click diagnosis, broadband Wi-Fi quality analysis, and base station AI energy saving were put into use in scale. The digital transformation of network operation took an important step forward. This year, the Company successfully completed major tasks including communication support services for the Beijing Winter Olympics and Paralympics, critical support for more than 60 "cloud diplomacy" of the country as well as emergency rescue support for floods, typhoons and earthquakes, which demonstrated the Company's network advantages, security resilience and responsibilities as the "pillar of the country".

## **TECHNOLOGICAL INNOVATION TRANSFORMATION ACCELERATED**

The Company continuously makes deployment to build itself as a source of original technologies and modern value chain chief. It is committed to becoming an innovative leader with outstanding core technology capabilities and strong integrated innovation capabilities. This year, the transformation of the Company's growth drivers gained momentum as innovative businesses maintained rapid growth. It made outstanding achievements in R&D of core technologies and steadily strengthened its technological innovation capabilities. The Company accelerated its transition from a quantity and scale model to a quality and efficiency model, laying a solid foundation for technological innovation transformation.

## **Stepped up the driving force of innovation with Industry Internet becoming the “No. 1 driver” of business growth**

The Company proactively embraces the blue ocean of digital economy development. Innovative businesses represented by Industry Internet are prospering, and our new value in the new era is gradually emerging. **With respect to IDC business**, the Company optimised the “5 + 4 + 31 + X” resource deployment, focused on the key areas such as Beijing-Tianjin-Hebei, Yangtze River Delta, Greater Bay Area, Sichuan-Chongqing, Shandong-Henan-Shaanxi, and improved the quality and utilisation of computing power services. The number of IDC cabinets increased by 19,000 as compared to the end of last year, reaching a total of 329,000. **With respect to cloud business**, the Company continued to enrich product categories with more than 300 self-developed products. Its cloud native capabilities were granted two authoritative accreditations, namely “Trusted Cloud Accreditation for Superior Container Cloud Cluster Performance” and “Zero Trust Security Accreditation”, by China Academy of Information and Communications Technology. It served the construction of a number of digital government affairs clouds and the digital transformation of central state-owned enterprises. **In respect of the Internet of Things (IoT) business**, the Company accelerated the ubiquitous interconnection of people, devices and things and adhered to a business-network synergetic strategy with 5G as the driver. It enhanced proprietary Yanfei chip and module capabilities to promote the integration of industry components into scenarios and achieve breakthroughs. **With respect to Big Data business**, the Company leveraged its advantages in data governance and data security to develop a product portfolio focused on key areas such as digital government and digital finance. It independently developed a co-build co-share blockchain management platform which was the first blockchain-based cross-operator 5G operation management system, highlighting its advantages.

In the first half of the year, the Company’s Industry Internet achieved revenue of RMB36.9 billion, representing an increase of 31.8% year-on-year. It contributed to over 70% of the Company’s incremental revenue, becoming the real “No. 1 driver” of business growth. The revenue of “Unicom Cloud”<sup>2</sup> more than doubled to RMB18.7 billion, representing a year-on-year increase of 143.2%. 5G applications increasingly transitioned from “show flats” to “commodity flats”. In the first half of the year, the value of 5G industry applications contracts signed amounted to nearly RMB4 billion. The number of customers served by 5G virtual private networks reached 2,014 and there were more than 8,000 5G industry applications on a cumulative basis. The utilisation rate of IDC cabinets exceeded 68%, with IDC revenue reaching RMB12.4 billion, up by 13.3% year-on-year. The number of IoT connections exceeded 335 million and IoT revenue was RMB4.3 billion, representing a year-on-year increase of 44.1%. For Big Data business, the Company maintained its leading position in the telecom industry and ranked first among central stated-owned enterprises in terms of blockchain patent reserves. In the first half of the year, Big Data revenue increased by 48.9% year-on-year to RMB1.9 billion.

## **Accelerated the establishment of China Unicom’s unique capability system and achieved remarkable results in technological innovation transformation**

In recent years, the Company continuously achieved breakthroughs in the R&D of core technologies, and made internationally advanced and domestically leading achievements in key areas such as network security, computing power network and Big Data applications. Based on a fully integrated digital system, the Company comprehensively promoted the capability generation model of “one China Unicom with integrated capabilities and operating services”. The Company newly established ten armies in nine industries and eight Industry Internet companies. It fully combined the systematic professional capabilities of 17 professional subsidiaries and 19 Industry Internet companies with the national four-tier operational system comprising the headquarters, provinces, cities, counties and villages to provide customers with integrated solutions and operating services.

In the new journey of technological innovation, the Company secured three important rewards, namely the “Outstanding Contribution Group for Beijing Winter Olympics and Paralympic”, the “Outstanding Contribution Enterprise in Technological Innovation”, and the undertaking of the important mission of “Modern Value Chain Chief”. In the first half of 2022, the Company’s R&D expenses increased by 113.7% year-on-year. The proportion of technological innovation talents reached 26%. It was granted 780 patents, representing a year-on-year increase of 27%. At the recent China Unicom Technology Innovation Conference, the Company announced the appointment of 16 fellows and 3 industry experts as special experts of the new China Unicom Technology Committee. It planned to further invest RMB1 billion as the special budget for the Company’s core technology R&D and allocate RMB30 million as independent incentives for core technology R&D, so as to promote a new paradigm of China Unicom’s technological innovation.

## **DEEPENED OPEN COOPERATION**

The Company upholds open ecological cooperation, actively promotes joint efforts and gathers internal and external resources of the Company, in order to earnestly engage in “team competition” in its business. Taking advantage of its vital position connecting both the upstream and downstream of the value chain, the Company attracted more partners to join its ecosystem, actively integrated into the development of digital economy, and deepened integration and opening-up.

## **Network co-build co-share continued to deepen and operational efficiency improved steadily**

The Company is committed to building a 5G network with comprehensive coverage, leading experience, leading capabilities and leading efficiency, and continues to promote co-build and co-share. The Company continued to work closely with China Telecom and added 180,000 new 5G base stations, with the two parties' total number of 5G base stations reaching 870,000. Indoor coverage was significantly enhanced. The two companies added 90,000 new 5G distributed antenna systems (DAS), bringing the total number of 5G DASs to 200,000. The two companies have built the world's largest co-built and co-shared 5G network. The Company accelerated the promotion of a single 4G network with China Telecom and made further breakthroughs in the scale of 4G network sharing. In the first half of the year, 210,000 new shared 4G base stations were added, and the total number of shared 4G base stations reached 870,000. At present, all shared 4/5G base stations were already covered by the blockchain management platform, which greatly enhanced network synergy and efficiency. Through the co-build co-share of 4G/5G networks, the Company actively supported the goals of "carbon peaking and carbon neutrality". Cumulative carbon dioxide emission savings exceeded 6 million tonnes and cumulative capital expenditure savings for both parties combined amounted to RMB240 billion. In addition, RMB25.5 billion of operating expenses can be saved each year. At the same time, the Company coordinated and promoted the full co-build co-share of infrastructure resources, and drove cooperation and sharing in technological innovation, IDC and cloud-network integration. The co-build ratio of trunk fibre cables reached 100%, and 83% of 5G base stations were deployed on existing sites. The Company continued to promote the co-build, co-share and co-maintenance of infrastructure and key business platforms such as transmission lines, pipes and fibre cables, equipment rooms and antennae, DAS, etc.

## **Accelerated the integration of factor resources and strengthened synergetic cooperation to jointly create new value**

The Company actively builds an ecological cooperation circle and works with the industry to jointly promote value creation. The Company deepened the coordination with innovative entities and carried out in-depth high-quality domestic innovation cooperation. It established long-term partnership with universities and research institutes, and continuously advanced "Torch Programme" with partners such as Renmin University of China, Pengcheng Laboratory, Purple Mountain Laboratories, Songshan Laboratory and Huawei, etc. Based on the distribution of research institutions in the Greater Bay Area and the Yangtze River Delta, the Company actively participated in the construction of international technology innovation centres and comprehensive national science centres in Shanghai and Shenzhen. The Company strengthened high-level international technology cooperation and strived to promote the international application of domestic standards. The Company actively promoted strategic cooperation with national ministries and commissions, local governments, enterprises and public bodies, expanded the breadth and depth of open cooperation, and served the digital transformation of the economy and society. The Company cooperated with leading enterprises in the fields of basic software and hardware, generic security, 5G security, IoT security, industrial Internet security, etc. to drive collective R&D and system integration in the value chain, fully meeting the security needs of digital government, digital economy and digital society.

## **SOCIAL RESPONSIBILITY AND CORPORATE GOVERNANCE**

China Unicom always adheres to the people-oriented development, and endeavours to let people enjoy the convenience of life brought by the development of digital technology, and continuously enhances people's sense of gain, happiness and security. At critical moments, the Company successfully completed the flood control and disaster relief tasks in Henan, Shanxi and other places, and turned China Unicom into a "front-line troop". Its Big Data supported more than 4 billion "health code" enquiries, and effectively supported the assessment on pandemic prevention and control and resumption of work and production, as it became a reliable force for the country. The Company consolidated and expanded the achievements of poverty alleviation, continued to strive for comprehensive rural revitalisation, and cultivated a batch of rural e-commerce product brands with "good reputation, excellent quality and distinctive characteristics" through digital live broadcast technology. The Company adhered to the harmonious coexistence of human and nature, vigorously promoted the R&D and application of new energy-saving technologies, and empowered green production and living style to help achieve "carbon peaking and carbon neutrality". The Company accelerated the construction of a digital ecosystem of "multi-party co-build, complementary edges and mutual promotion, cross-sector integration, co-competition and co-existence", and created a new ecosystem covering the innovation chain, supply chain and value chain, building a "joint fleet" together with its partners. The Company comprehensively deepened co-build co-share, rapidly drove the development of the supply chain, and helped stabilise the macro economy with the sustainable development of the industry.

The Company continued to improve the governance mechanism, enhance execution capability and strengthen risk management and internal control, in order to provide solid support for the sustainable and healthy development of the Company. The Company received a number of awards, including ranking 267th in "Fortune Global 500" in 2022, ranking 366th in the "Forbes Global 2000" in 2022, and being voted as "Asia's Most Honored Telecom Company" by Institutional Investor for the seventh consecutive year.



## OUTLOOK

At present, with the in-depth advancement of global 5G construction, accelerated maturity of industry applications and rapid deployment of domestic new infrastructure, digital transformation has become an irresistible trend. The digital economy is driving profound changes in production, lifestyle and governance, and has become a powerful driver of sustainable and healthy economic and social development. The digital base created by the telecommunications industry is indispensable for the development of the digital economy. Chemical reactions of digital, network-based and intelligent transformation will bring about tremendous new growth potential for the telecommunications industry, where the unknown is far greater than the known. Currently, telecom operators are moving from road paving to empowerment and becoming a national team, key force and frontline troop in the development of digital economy. We believe that with our unique capability system, China Unicom will be able to reap the maximum benefits of digital value and multiply the investment value of the Company in the digital economy.

The year 2022 marks the commencement of China Unicom's full implementation of its new strategic plan. China Unicom will continue to fully implement new development philosophies, contribute to the establishment of a new development landscape, and promote high-quality development. Focusing on the construction of "Cyber Superpower, Digital China, and Smart Society", China Unicom will comprehensively promote the implementation of the "1 + 9 + 3" strategic planning system, strengthen supply, stabilise growth, promote reform, facilitate development, prevent risks and ensure security, firmly bolstering the Company's core strategic capabilities, so as to create greater value for shareholders, customers and the society.

Lastly, on behalf of the Board of Directors, I would like to express our sincere gratitude to all shareholders, customers and fellows across the society for their long-term support and to all employees for their continuous dedication and contribution along the way!

### **Liu Lihong**

*Chairman and Chief Executive Officer*

Hong Kong, 8 August 2022

*Note 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.

*Note 2:* Unicom Cloud revenue includes revenue of cloud resources, cloud platform, cloud service, cloud integration, cloud interconnection, cloud security, etc. generated from integrated innovative solutions.

## GROUP RESULTS

China Unicom (Hong Kong) Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2022.

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF INCOME

*for the six months ended 30 June 2022*

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

	Note	Six months ended 30 June	
		2022	2021
Revenue	5	176,261	164,174
Interconnection charges		(5,313)	(5,247)
Depreciation and amortisation		(41,899)	(41,376)
Network, operation and support expenses		(26,844)	(25,107)
Employee benefit expenses		(32,477)	(30,991)
Costs of telecommunications products sold		(14,569)	(14,808)
Other operating expenses		(45,646)	(38,532)
Finance costs		(525)	(645)
Interest income		733	471
Share of net profit of associates		1,035	1,101
Share of net profit of joint ventures		918	720
Other income — net		1,742	1,529
<b>Profit before income tax</b>		13,416	11,289
Income tax expenses	6	(2,420)	(2,081)
<b>Profit for the period</b>		<b>10,996</b>	<b>9,208</b>
<b>Profit attributable to:</b>			
Equity shareholders of the Company		10,957	9,167
Non-controlling interests		39	41
<b>Profit for the period</b>		<b>10,996</b>	<b>9,208</b>
<b>Earnings per share for profit attributable to equity shareholders of the Company during the period:</b>			
Basic earnings per share (RMB)	7	0.36	0.30
Diluted earnings per share (RMB)	7	0.36	0.30

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME**

*for the six months ended 30 June 2022*

**(All amounts in RMB millions)**

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
<b>Profit for the period</b>	<u>10,996</u>	<u>9,208</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)	418	284
Tax effect on changes in fair value of financial assets measured at FVOCI (non-recycling)	<u>(2)</u>	<u>(2)</u>
Changes in fair value of financial assets measured at FVOCI, net of tax (non-recycling)	416	282
Others	<u>—</u>	<u>(4)</u>
	<u>416</u>	<u>278</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)	(4)	(3)
Currency translation differences	<u>188</u>	<u>(42)</u>
	<u>184</u>	<u>(45)</u>
<b>Other comprehensive income for the period, net of tax</b>	<u>600</u>	<u>233</u>
<b>Total comprehensive income for the period</b>	<u><u>11,596</u></u>	<u><u>9,441</u></u>
<b>Total comprehensive income attributable to:</b>		
Equity shareholders of the Company	11,557	9,400
Non-controlling interests	<u>39</u>	<u>41</u>
<b>Total comprehensive income for the period</b>	<u><u>11,596</u></u>	<u><u>9,441</u></u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION***As at 30 June 2022***(All amounts in RMB millions)**

	<u>Note</u>	<u>30 June 2022</u>	<u>31 December 2021</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		347,609	355,031
Right-of-use assets		30,358	32,866
Goodwill		2,771	2,771
Interest in associates		41,327	41,278
Interest in joint ventures		7,906	7,138
Deferred income tax assets		667	271
Contract assets		55	71
Contract costs		4,774	4,025
Financial assets measured at fair value		4,204	3,715
Other assets		18,714	17,682
		<u>458,385</u>	<u>464,848</u>
<b>Current assets</b>			
Inventories		3,334	1,846
Contract assets		295	406
Accounts receivable	8	33,044	17,957
Prepayments and other current assets		18,718	17,925
Amounts due from ultimate holding company		10,506	10,558
Amounts due from related parties		554	270
Amounts due from domestic carriers		2,773	2,007
Financial assets measured at fair value		15,441	29,011
Short-term bank deposits and restricted deposits		15,902	11,968
Cash and cash equivalents		44,665	34,280
		<u>145,232</u>	<u>126,228</u>
<b>Total assets</b>		<u><u>603,617</u></u>	<u><u>591,076</u></u>

	<u>Note</u>	<u>30 June 2022</u>	<u>31 December 2021</u>
<b>EQUITY</b>			
<b>Equity attributable to equity shareholders of the Company</b>			
Share capital		254,056	254,056
Reserves		(16,624)	(17,228)
Retained profits			
— Proposed 2022 interim dividend	9	5,049	—
— Proposed 2021 final dividend	9	—	2,937
— Others		98,480	92,572
		<u>340,961</u>	<u>332,337</u>
<b>Non-controlling interests</b>		<u>1,130</u>	<u>1,096</u>
<b>Total equity</b>		<u><u>342,091</u></u>	<u><u>333,433</u></u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term bank loans		1,676	1,835
Lease liabilities		10,789	10,415
Deferred income tax liabilities		122	417
Deferred revenue		7,423	6,951
Amounts due to related parties		742	742
Other obligations		1,126	1,098
		<u>21,878</u>	<u>21,458</u>

	<u>Note</u>	<u>30 June 2022</u>	<u>31 December 2021</u>
<b>Current liabilities</b>			
Short-term bank loans		462	385
Amounts due to banks and other financial institutions		6,000	—
Commercial papers		—	6,875
Current portion of long-term bank loans		376	372
Current portion of promissory note		1,021	1,004
Current portion of corporate bonds		—	2,039
Lease liabilities		9,529	12,144
Accounts payable and accrued liabilities	10	150,655	140,124
Bills payable		7,135	4,246
Taxes payable		2,619	1,435
Amounts due to ultimate holding company		1,018	4,028
Amounts due to related parties		14,009	12,926
Amounts due to domestic carriers		2,659	2,262
Current portion of other obligations		2,493	2,519
Contract liabilities		41,325	45,704
Advances from customers		347	122
		<u>239,648</u>	<u>236,185</u>
<b>Total liabilities</b>		<u><u>261,526</u></u>	<u><u>257,643</u></u>
<b>Total equity and liabilities</b>		<u><u>603,617</u></u>	<u><u>591,076</u></u>
<b>Net current liabilities</b>		<u><u>(94,416)</u></u>	<u><u>(109,957)</u></u>
<b>Total assets less current liabilities</b>		<u><u>363,969</u></u>	<u><u>354,891</u></u>

## **NOTES: (All amounts in Renminbi (“RMB”) millions, except per share data)**

### **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 voice usage, broadband and mobile data services, data and internet application services, other value-added services, transmission lines usage and associated services and sales of telecommunications products. 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 on 22 June 2000 and the American Depositary Shares (“ADSs”) of the Company were listed on the New York Stock Exchange on 21 June 2000. The New York Stock Exchange LLC filed Form 25 with the United States Securities and Exchange Commission on 7 May 2021 and the delisting of the Company’s ADSs has taken effective on 18 May 2021.

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. BASIS OF PREPARATION**

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Hong Kong Accounting Standard (“HKAS”) 34, “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2022 have not been audited, but have been reviewed by the Company’s Audit Committee. They have also been reviewed by the Company’s auditor in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, issued by the HKICPA.

The unaudited condensed consolidated interim financial statements should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2021. The Group’s policies on financial risk management, including management of market risk, credit risk and liquidity risk, as well as capital risk management, were set out in the financial statements included in the Company’s 2021 Annual Report and there have been no significant changes in any financial risk management policies for the six months ended 30 June 2022.

The financial information relating to the year ended 31 December 2021 that is included in these unaudited condensed consolidated interim financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Company's auditor has reported on those financial statements. The auditor's report was 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 sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

**(a) Going Concern Assumption**

As at 30 June 2022, current liabilities of the Group exceeded current assets by approximately RMB94.4 billion (31 December 2021: approximately RMB110.0 billion). Considering the current economic conditions and taking into account of the Group's expected capital expenditures in the foreseeable future, management has comprehensively considered the Group's available sources of funds as follows:

- The Group's continuous net cash inflow from operating activities;
- Approximately RMB246.8 billion of revolving banking facilities of which approximately RMB237.4 billion was unutilised as at 30 June 2022; 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 the 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 unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2022 have been prepared on a going concern basis.



### **3. SIGNIFICANT ACCOUNTING POLICIES**

The unaudited condensed consolidated interim financial statements have been prepared under the historical cost basis, except for certain financial instruments that are measured at fair values.

Other than the changes in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation applied in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those used in the preparation of the Group’s annual financial statements for the year ended 31 December 2021.

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

- Amendments to HKFRS 3, “Reference to the Conceptual Framework”
- Amendments to HKAS 16, “Property, Plant and Equipment — Proceeds before Intended Use”
- Amendments to HKAS 37, “Onerous Contracts — Cost of Fulfilling a Contract”
- Amendments to HKFRSs, “Annual Improvements to HKFRSs 2018-2020”

The amendments have had no material effect on how the Group’s results and financial positions for the current or prior periods have been prepared or presented in these unaudited condensed consolidated interim financial statements.

### **4. SEGMENT INFORMATION**

The Executive Directors of the Company have been identified as the Chief Operating Decision Maker (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”) and 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.

Disaggregation of revenue by major services and products:

	Six months ended 30 June	
	2022	2021
Total service revenue	160,971	148,674
Sales of telecommunications products	15,290	15,500
Total	<u>176,261</u>	<u>164,174</u>

## 6. TAXATION

Hong Kong profits tax has been provided at the rate of 16.5% (for the six months ended 30 June 2021: 16.5%) on the estimated assessable profits for the six months ended 30 June 2022. Taxation on profits outside Hong Kong has been calculated on the estimated assessable profits for the six months ended 30 June 2022 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% (for the six months ended 30 June 2021: 25%). Taxation for certain subsidiaries in the PRC was calculated at a preferential tax rate of 15% (for the six months ended 30 June 2021: 15%).

	Six months ended 30 June	
	2022	2021
Provision for income tax on estimated taxable profits for the period		
— Hong Kong	38	33
— Mainland China and other jurisdictions	3,088	2,910
Over provision in respect of prior years	<u>(15)</u>	<u>(67)</u>
	3,111	2,876
Deferred taxation	<u>(691)</u>	<u>(795)</u>
Income tax expenses	<u>2,420</u>	<u>2,081</u>

## 7. EARNINGS PER SHARE

Basic earnings per share for the six months ended 30 June 2022 and 2021 were computed by dividing the profit attributable to equity shareholders of the Company by the weighted average number of ordinary shares outstanding during the periods.

Diluted earnings per share for the six months ended 30 June 2022 and 2021 were computed by dividing the profit attributable to equity shareholders of the Company by the weighted average number of ordinary shares outstanding during the periods, after adjusting for the effects of dilutive potential ordinary shares. There were no dilutive potential ordinary shares for the six months ended 30 June 2022 and 2021.

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

	Six months ended 30 June	
	2022	2021
Numerator (in RMB millions):		
Profit attributable to equity shareholders of the Company used in computing basic/diluted earnings per share	10,957	9,167
Denominator (in millions):		
Number of ordinary shares outstanding used in computing basic/diluted earnings per share	30,598	30,598
Basic/Diluted earnings per share (in RMB)	0.36	0.30

## 8. ACCOUNTS RECEIVABLE

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

	30 June 2022	31 December 2021
Within one month	16,732	10,620
One month to three months	6,381	3,061
Three months to one year	8,903	3,519
More than one year	1,028	757
	33,044	17,957

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 accounts receivable, as the Group has a large number of customers. The Covid-19 pandemic since early 2020 has brought about additional uncertainties in the operations and financial position of the Group's customers. The Group has considered the impact of Covid-19 when evaluating the forward-looking information used in the expected credit loss model including assessing the risk factors associated with various customer sectors.

## 9. DIVIDENDS

At the annual general meeting held on 12 May 2022, the shareholders of the Company approved the payment of final dividend of RMB0.096 per ordinary share for the year ended 31 December 2021 totaling approximately RMB2,937 million (for the six months ended 30 June 2021: final dividend for the year ended 31 December 2020 of RMB0.164 per ordinary share, totaling approximately RMB5,018 million) which has been reflected as a reduction of retained profits for the six months ended 30 June 2022.

At a meeting held on 8 August 2022, the Board of Directors of the Company declared 2022 interim dividend of RMB0.165 per ordinary share to the shareholders totaling approximately RMB5,049 million (for the six months ended 30 June 2021: 2021 interim dividend of RMB0.120 per ordinary share totaling approximately RMB3,672 million).

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 State Administration of Taxation of the PRC, pursuant to which the Company qualifies as a PRC TRE from 1 January 2008. Therefore, as at 30 June 2022 and 31 December 2021, 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 unaudited condensed consolidated interim 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 invoice date is as follows:

	<b>30 June 2022</b>	<b>31 December 2021</b>
Less than six months	126,757	119,332
Six months to one year	7,772	7,199
More than one year	16,126	13,593
	<u>150,655</u>	<u>140,124</u>

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

After the end of the reporting period, the Board of Directors declared an interim dividend. For details, please refer to Note 9.

## FINANCIAL OVERVIEW

### I. OVERVIEW

In the first half of 2022, the Company thoroughly adhered to the Company's "1+9+3" strategic planning, total revenue was RMB176.26 billion, up by 7.4% year-on-year. Service revenue reached RMB160.97 billion in the first half of 2022, up by 8.3% year-on-year. Net profit<sup>1</sup> was RMB10.96 billion in the first half of 2022, up by RMB1.79 billion year-on-year.

In the first half of 2022, the Company's net cash flow from operating activities was RMB42.17 billion. Capital expenditure was RMB28.35 billion in the first half of 2022. Liabilities-to-assets ratio was 43.3% as at 30 June 2022.

### II. REVENUE

In the first half of 2022, the Company's revenue was RMB176.26 billion, up by 7.4% year-on-year, of which, service revenue was RMB160.97 billion, up by 8.3% year-on-year with continuous optimisation of the revenue mix.

The table below sets forth the composition of service revenue, and the percentage contribution of each service to total service revenue for the first half of 2022 and 2021:

(RMB in billions)	First half of 2022		First half of 2021	
	Total amount	As a percentage of service revenue	Total amount	As a percentage of service revenue
<b>Service revenue</b>	160.97	100.00%	148.67	100.00%
Include: Voice service	16.94	10.52%	17.51	11.78%
Non-voice service	144.03	89.48%	131.16	88.22%

#### 1. Voice Service

In the first half of 2022, service revenue from the voice service was RMB16.94 billion, down by 3.3% year-on-year.

#### 2. Non-Voice Service

In the first half of 2022, service revenue from the non-voice service was RMB144.03 billion, up by 9.8% year-on-year.

### III. COSTS AND EXPENSES

In the first half of 2022, total costs and expenses were RMB162.84 billion, up by 6.5% year-on-year.

The table below sets forth the items of the costs and expenses and their respective percentage of the revenue for the first half of 2022 and 2021:

(RMB in billions)	First half of 2022		First half of 2021	
	Total amount	As a percentage of revenue	Total amount	As a percentage of revenue
<b>Total costs and expenses</b>	162.84	92.39%	152.88	93.12%
Operating costs	166.75	94.61%	156.06	95.06%
Include: Interconnection charges	5.31	3.01%	5.25	3.20%
Depreciation and amortisation	41.90	23.77%	41.38	25.20%
Network, operation and support expenses	26.84	15.23%	25.11	15.29%
Employee benefit expenses	32.48	18.43%	30.99	18.88%
Costs of telecommunications products sold	14.57	8.27%	14.81	9.02%
Selling and marketing expenses	16.06	9.11%	15.56	9.48%
General, administrative and other operating expenses	29.59	16.79%	22.96	13.99%
Finance costs, net of interest income	-0.21	-0.12%	0.17	0.10%
Share of net profit of associates	-1.04	-0.59%	-1.10	-0.67%
Share of net profit of joint ventures	-0.92	-0.52%	-0.72	-0.44%
Other income-net	-1.74	-0.99%	-1.53	-0.93%

#### 1. Interconnection charges

Interconnection charges were RMB5.31 billion in the first half of 2022, up by 1.3% year-on-year and, as a percentage of revenue, decreased from 3.20% in the first half of 2021 to 3.01% in the first half of 2022.

#### 2. Depreciation and amortisation

Depreciation and amortisation charges were RMB41.90 billion in the first half of 2022, up by 1.3% year-on-year and, as a percentage of revenue, decreased from 25.20% in the first half of 2021 to 23.77% in the first half of 2022.

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

The Company deeply promoted co-build co-share full resources to support the innovation business development, network, operation and support expenses were RMB26.84 billion in the first half of 2022, up by 6.9% year-on-year and, as a percentage of revenue, changed from 15.29% in the first half of 2021 to 15.23% in the first half of 2022.

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

The Company continued to optimise the operating results assessment to strengthen performance, effectiveness and the recruitment of innovative talents, employee benefit expenses were RMB32.48 billion in the first half of 2022, up by 4.8% year-on-year and, as a percentage of revenue, changed from 18.88% in the first half of 2021 to 18.43% in the first half of 2022.

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

Costs of telecommunications products sold were RMB14.57 billion and revenue from sales of telecommunications products were RMB15.29 billion in the first half of 2022. Gross profits on sales of telecommunications products were RMB0.72 billion.

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

The Company fully strengthened digital empowerment and accelerated O2O integrated operation development, selling and marketing expenses were RMB16.06 billion in the first half of 2022, up by 3.2% year-on-year and, as a percentage of revenue, decreased from 9.48% in the first half of 2021 to 9.11% in the first half of 2022.

### **7. General, administrative and other operating expenses**

General, administrative and other operating expenses were RMB29.59 billion in the first half of 2022, up by 28.8% year-on-year, mainly due to the rapid growth of ICT emerging services leading to increased related service costs and increased expenditure in technical support for ICT emerging services.

### **8. Finance costs, net of interest income**

Finance costs, net of interest income, was RMB-0.21 billion in the first half of 2022, down by RMB0.38 billion year-on-year.

### **9. Other income-net**

Other income-net was RMB1.74 billion in the first half of 2022, up by RMB0.21 billion year-on-year.

## IV. EARNINGS

### 1. Profit before income tax

In the first half of 2022, the Company benefited from continuous enhancement in growth quality and profitability, and the Company's profit before income tax was RMB13.42 billion, up by 18.8% year-on-year.

### 2. Income tax expenses

In the first half of 2022, the Company's income tax expenses were RMB2.42 billion and the effective tax rate was 18.0%.

### 3. Profit for the period

In the first half of 2022, the Company's net profit<sup>1</sup> was RMB10.96 billion, up by RMB1.79 billion year-on-year. Basic earnings per share was RMB0.358, up by 19.5% year-on-year.

## V. EBITDA<sup>2</sup>

In the first half of 2022, the Company's EBITDA was RMB51.41 billion, up by 3.9% year-on-year. EBITDA as a percentage of service revenue was 31.9%, down by 1.4 percentage points year-on-year.

## VI. CAPITAL EXPENDITURE AND CASH FLOW

In the first half of 2022, capital expenditure of the Company totaled RMB28.35 billion, which mainly consisted of investments in mobile network, household internet and fixed-line voice, government, enterprise and innovative business and transmission network and infrastructure etc. In the first half of 2022, the Company's net cash flow from operating activities was RMB42.17 billion. Free cash flow<sup>3</sup> was RMB13.82 billion after the deduction of the capital expenditure.

The table below sets forth the major items of the capital expenditure in the first half of 2022:

(RMB in billions)	First half of 2022	
	Total amount	As percentage
<b>Total</b>	28.35	100.00%
Include: Mobile network	10.39	36.65%
Household internet and fixed-line voice	3.46	12.21%
Government, enterprise and innovative business	5.37	18.94%
Transmission network, infrastructure and others	9.13	32.20%



## **VII. BALANCE SHEET**

The Company's total assets changed from RMB591.08 billion as at 31 December 2021 to RMB603.62 billion as at 30 June 2022. Total liabilities changed from RMB257.64 billion as at 31 December 2021 to RMB261.53 billion as at 30 June 2022. The liabilities-to-assets ratio changed from 43.6% as at 31 December 2021 to 43.3% as at 30 June 2022. The debt-to-capitalisation ratio decreased from 9.7% as at 31 December 2021 to 8.2% as at 30 June 2022. The net debt-to-capitalisation ratio was -3.8% as at 30 June 2022.

*Note 1:* Net profit represented profit attributable to equity shareholders of the Company.

*Note 2:* EBITDA represents profit for the period before finance costs, interest income, shares 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 3:* 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.

## **COMPLIANCE WITH APPENDIX 16 OF THE LISTING RULES**

According to paragraph 40 of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), save as disclosed herein, the Company confirmed that the current company information in relation to those matters set out in paragraph 32 of Appendix 16 has not changed materially from the information disclosed in the Company's 2021 Annual Report.

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

For the six months ended 30 June 2022, neither the Company nor any of its subsidiaries had repurchased, sold or redeemed any of the Company's listed shares.

## **AUDIT COMMITTEE**

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 interim financial information for the six months ended 30 June 2022.

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

The Company is committed to maintaining 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 code provisions in the Corporate Governance Code as set out in Part 2 of Appendix 14 to the Listing Rules for the six months ended 30 June 2022 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 the six months ended 30 June 2022. 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" ("Model Code"), as set out in Appendix 10 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 six months ended 30 June 2022.

## **CLOSURE OF REGISTER OF MEMBERS**

The Board of Directors of the Company declared an interim dividend for 2022 (pre-tax) (the "2022 Interim Dividend") of RMB0.165 per share (equivalent to HK\$0.19149 per share, the relevant exchange rate was the mid-rate of RMB to Hong Kong dollars (RMB0.86168 equivalent to HK\$1.00) as announced by the People's Bank of China on 4 August 2022 (being the second business day prior to the Board declared the 2022 Interim Dividend) to shareholders of the Company (the "Shareholders").

For the purpose of ascertaining the Shareholders' rights to be entitled to the 2022 Interim Dividend, the register of members of the Company will be closed. Details of such closures are set out below:

Latest time to lodge transfer documents for registration	4:30 p.m. of 2 September 2022
Closure of register of members	5 September 2022
Interim Dividend Record date	5 September 2022

During the above closure period, no transfer of shares of the Company will be registered. In order to be entitled to the 2022 Interim Dividend, Shareholders who have not registered the transfer documents are required that 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 time. The 2022 Interim Dividend is expected to be paid in Hong Kong dollars on or about 29 September 2022 to those members registered in the Company's register of members as at 5 September 2022 (the "Interim Dividend Record Date").

## **WITHHOLDING AND PAYMENT OF ENTERPRISE INCOME TAX FOR NON-RESIDENT ENTERPRISES IN RESPECT OF 2022 INTERIM 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 Administration of Taxation of the People’s Republic of China (the “SAT”); (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 SAT, the Company is required to withhold and pay enterprise income tax when it pays the 2022 Interim 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 Interim 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 2022 Interim 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 Stock Exchange of Hong Kong Limited 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 2022 Interim 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 Interim 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 2022 Interim 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 2 September 2022, 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 Interim 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 INTERIM REPORT**

The 2022 interim results announcement is 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). The 2022 interim report will be available on the websites of the Hong Kong Stock Exchange and the Company, and 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 of  
**China Unicom (Hong Kong) Limited**  
**Liu Liehong**  
*Chairman and Chief Executive Officer*

Hong Kong, 8 August 2022

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

Executive directors:	Liu Liehong, 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