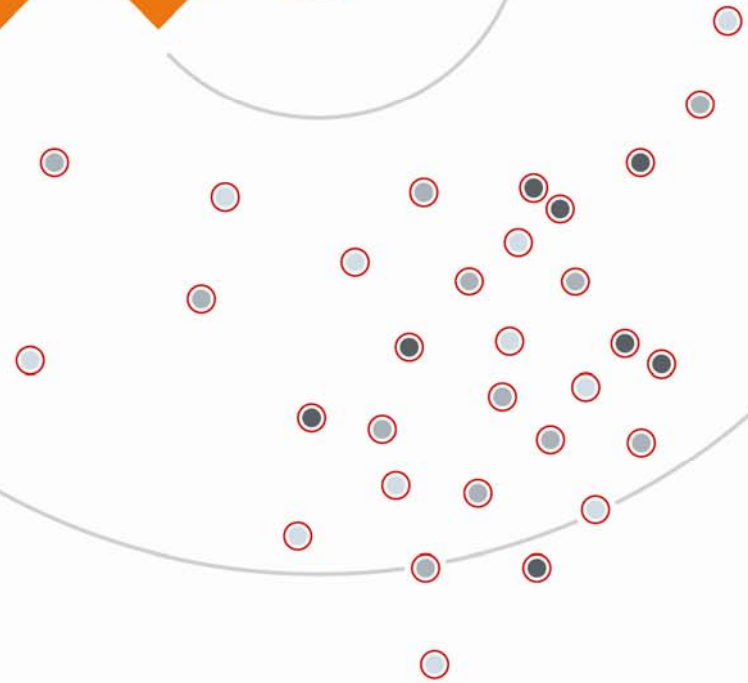


2010

Interim Results
26 August 2010



www.chinaunicom.com.hk



Management

Mr. Chang Xiaobing
Chairman & CEO

Mr. Lu Yimin
Executive Director & President

Mr. Zuo Xunsheng
Executive Director & Senior Vice President

Mr. Tong Jilu
Executive Director & CFO

Agenda

● Overall Performance

● Operating Performance

● Financial Results

Overall Performance

(RMB millions)	1H2009	2H2009	1H2010	YoY%	HoH%
Operating Revenue	76,319	77,627	82,113	7.6%	5.8%
of which: Mobile ⁽¹⁾	34,879	37,112	41,046	17.7%	10.6%
Fixed-line ⁽¹⁾	41,084	40,269	40,109	-2.4%	-0.4%
Adjusted Service Revenue ⁽²⁾	74,230	74,874	79,103	6.6%	5.6%
of which: Mobile	34,194	35,575	39,090	14.3%	9.9%
Fixed-line	39,908	39,151	39,476	-1.1%	0.8%
Adjusted EBITDA ⁽²⁾	31,685	26,432	30,195	-4.7%	14.2%
Net Profit	6,616	2,940	2,526	-61.8%	-14.1%
Adjusted Net Profit ⁽³⁾	6,333	1,805	2,395	-62.2%	32.7%
EPS (RMB)	0.278	0.124	0.107	-61.5%	-13.5%

(1) Operating revenue from company external sources, total operating revenue not equals to the sum of mobile and fixed-line operating revenue due to non-allocated revenue items;

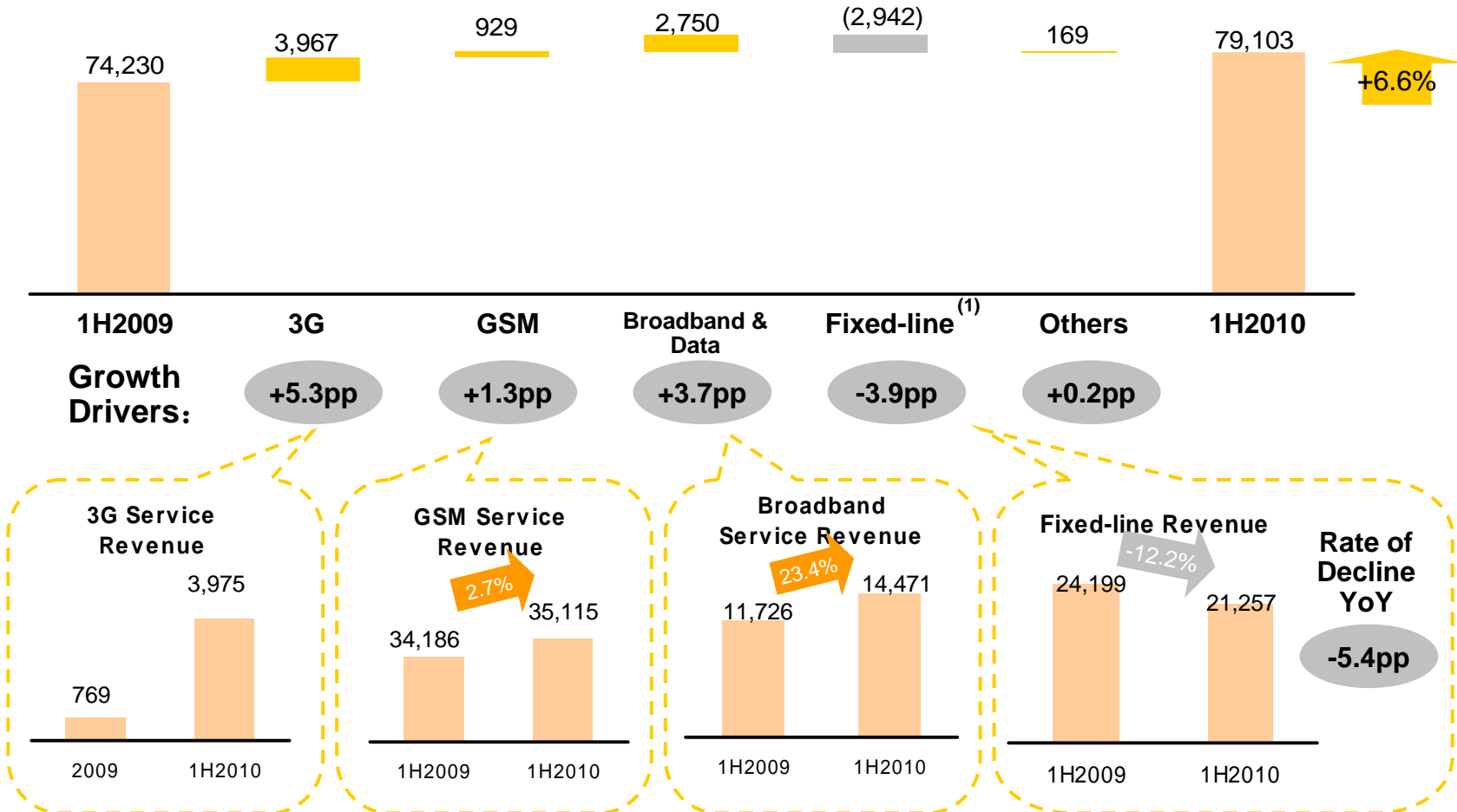
(2) Excludes the effects of deferred fixed-line upfront connection fees (130 million in 1H10, 283 million in 1H09 and 206 million in 2H09); except otherwise, the service revenue used in this document refers to the adjusted service revenue and service revenue refers to the telecommunication service revenue;

(3) Excludes the effects of deferred fixed-line upfront connection fees and the realized gain of 1.239 billion on changes in fair value of derivative financial instrument in 2H2009

Fast Growth of Telecom Service Revenue

Key businesses driving the fast growth of service revenue

(RMB millions)



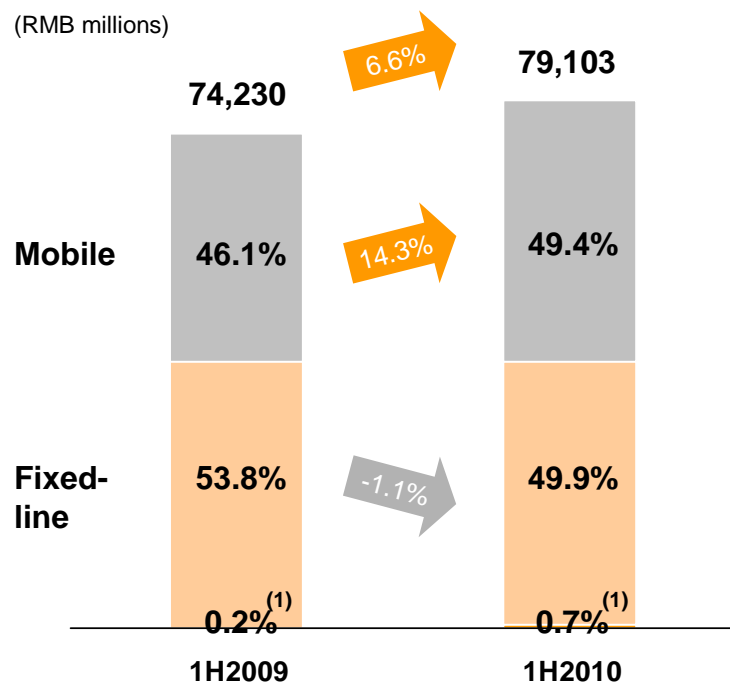
(1) Includes local voice, long distance, fixed-line VAS, interconnection and other revenues

Revenue Structure Continued to Optimize

- Service revenue grew 6.6%, of which mobile service revenue grew 14.3% and fixed-line service revenue declined 1.1%
- Non-voice revenues of GSM and Fixed-line business account for 29.3% and 53.5% of respective service revenue, with 2.1 and 6.3 percentage points increase yoy respectively

Service Revenue and Mix

(RMB millions)

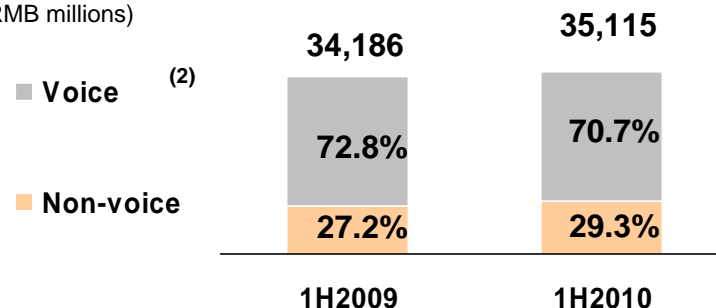


(1) Non-allocated revenue

(2) Includes voice usage, monthly rental and interconnection revenues

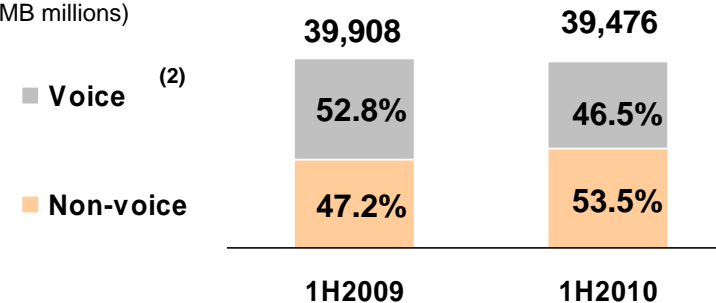
GSM Service Revenue

(RMB millions)



Fixed-line Service Revenue

(RMB millions)



Rapid Growth of 3G Business

Actively adapting to market changes

Adjusted sales & marketing policy:

- Expanded target customers
- Optimized tariff structure

Optimized channel management & partnership model:

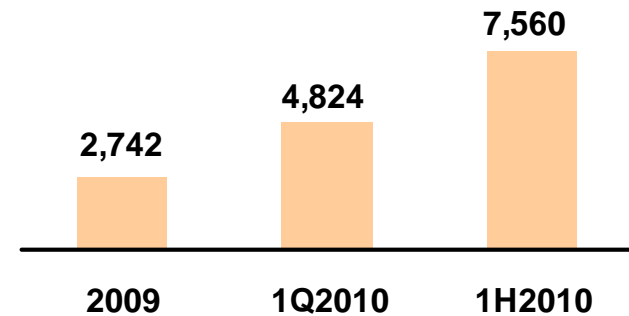
- Improved sales capability of self-owned channels
- Accelerated e-channel development
- Enhanced cooperation with premium 3rd party channels

Enriched smart phone offerings:

- Tiered smart phone product offerings that can meet different level of consumer affordability

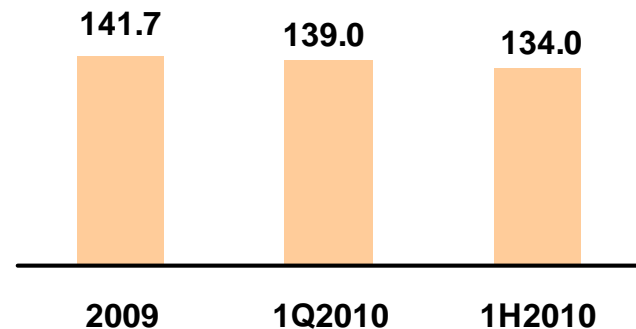
Rapid Growing Subscribers

('000 subs)



ARPU Remained at High Level

(RMB)



Network Capabilities Improved Significantly

Continuing to Deploy 3G Network

# of 3G base stations	153K	+127.8%
# of carrier sectors	442K	+92.7%
% of county covered	95%	

Continuing to Deploy BB Network

# of IP access ports	58.75million	+38.9%
Trunk bandwidth of IP backbone	16.48Tbps	+56.6%
% of ports with 4Mbps & above	75%	

Improving 2G Network Coverage

# of 2G base stations	306K	+24.1%
# of carrier sectors	1,528K	+22.7%

Improving Core Network Capability

Core Network Capacity	6,337Gbps	+89.9%
10G WDM (Wavelength.Km)	3.64million	+68.0%

Improving network capability to support continuous growth

Fundamental Management and Execution Capability Further Enhanced

**Rationalize
internal
systems to
strengthen
execution
capability**

Org. Structure

- Created a Sales Department, optimized org. structure of Corporate Customer Department and focused on improving channel capabilities
- Restructured the Network subsidiary to achieve integrated deployment and operations across mobile & fixed-line networks

Team & Incentive

- Optimized work force with 10% management personnel reduction and high performing personnel moving to front line
- Explored to establish a more dynamic compensation & incentive system

Customer Cares

- Actively pushed for customer care innovation, developed a 3G-dedicated customer care model
- Improved tiered full-service customer care system
- Established customer care quality monitoring systems covering all services and all processes

IT Support Capability

- Continuously optimizing Operational Support Systems
- Pushed forward Electronic Sales & Service (ESS) management system
- ERP core systems were put online

“Innovation and Service Leader for Information Lifestyle”

Focus on key services to drive market position improvement and business structure optimization

- ① Accelerate 3G business development, keep 2G business stable and continue to improve revenue structure
- ② Continue to grow broadband business and further slow down the decline of fixed-line revenue
- ③ Push for innovation breakthrough in service convergence and value-added service business to further improve non-voice revenue contribution
- ④ Increase R&D of vertical applications to achieve scale adoption of vertical applications in key industries
- ⑤ Continue to improve mobile network coverage and increase broadband network speed
- ⑥ Optimize cost structure and steadily increase enterprise value

2H2010 Outlook (Continue)

“Innovation and Service Leader for Information Lifestyle”

Further innovation and transformation in key areas to inject new vitality into development

Optimize resource allocation surrounding local networks to stimulate operational vitality

Push for management innovation to improve product R&D, operation and sales management processes

Drive innovation in customer care models and realize leadership in 3G customer services to improve customer perception

Further improve IT capabilities to effectively support operational and management transformation

Enhance performance evaluation and establish a dynamic compensation & incentive system

- **A more dynamic System**
- **More effective resource allocation**
- **More supportive to strategy execution**

Agenda

● Overall Performance

● **Operating Performance**

● Financial Results

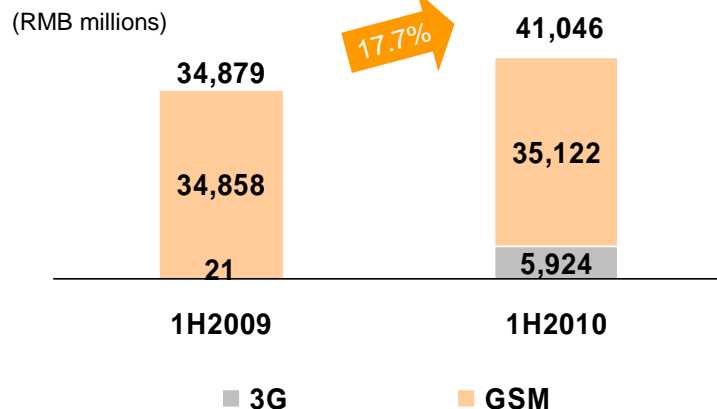
Key Operating Metrics

Business	Operational Data	1H2010	1H2009	Change
Mobile	Subscribers ('000)	156,962	140,498	11.8%
	Including: 2G	149,402	140,377	6.4%
	3G	7,560	121	-
	ARPU (RMB)	42.9	41.7	2.9%
	Including: 2G	39.8	41.7	-4.6%
	3G	134.0	-	-
Fixed-line	Subscribers ('000)	100,852	108,452	-7.0%
	Including: Fixed lines	84,606	85,558	-1.1%
	PHS	16,246	22,895	-29.0%
	ARPU (RMB)	29.6	32.0	-7.5%
	Including: Fixed lines	32.0	35.1	-8.8%
	PHS	18.1	20.7	-12.6%
Broadband	Subscribers ('000)	43,759	34,913	25.3%
	ARPU (RMB)	58.5	60.2	-2.8%

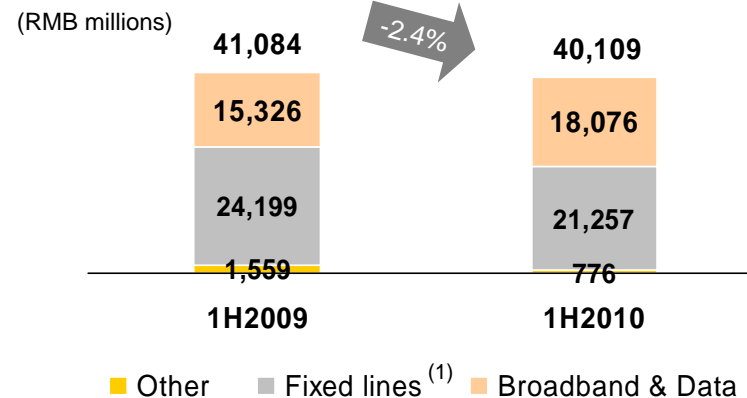
Overall Business Trend

Mobile growth accelerating, Fixed-line decline slowing down

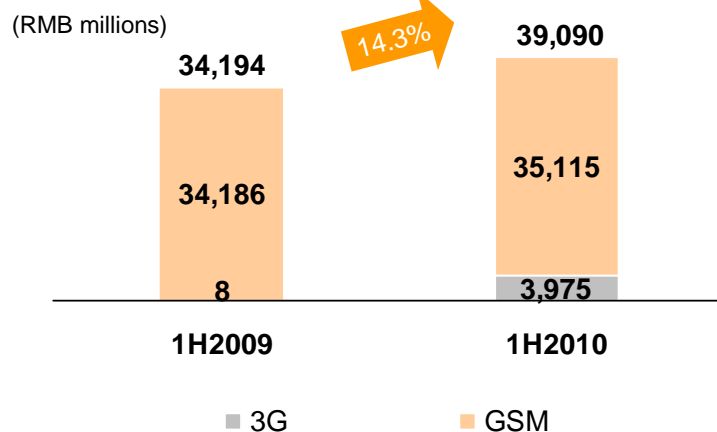
Mobile Business Operating Revenue



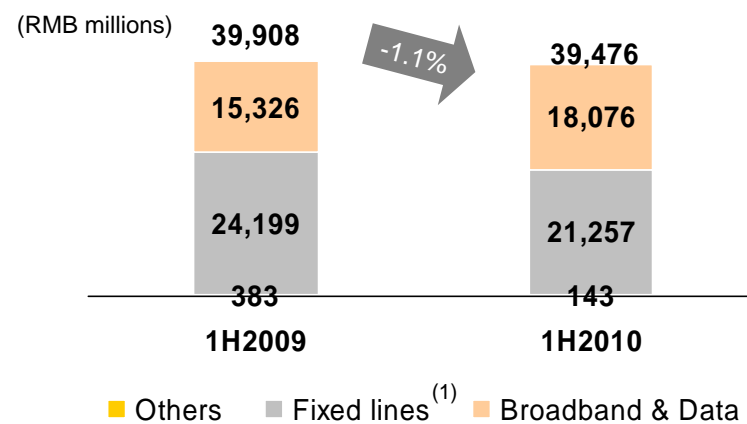
Fixed-line Business Operating Revenue



Mobile Business Service Revenue



Fixed-line Business Service Revenue



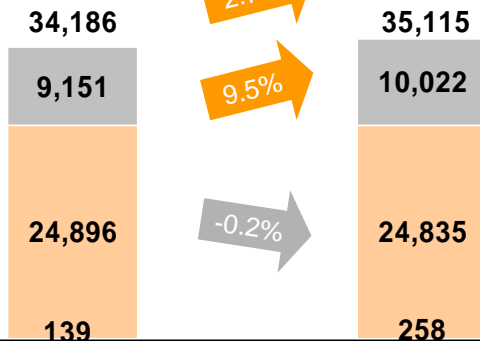
(1) Includes local voice, long distance, fixed line VAS, interconnection and other revenues

Mobile Business

GSM business remained stable

GSM Service Revenue

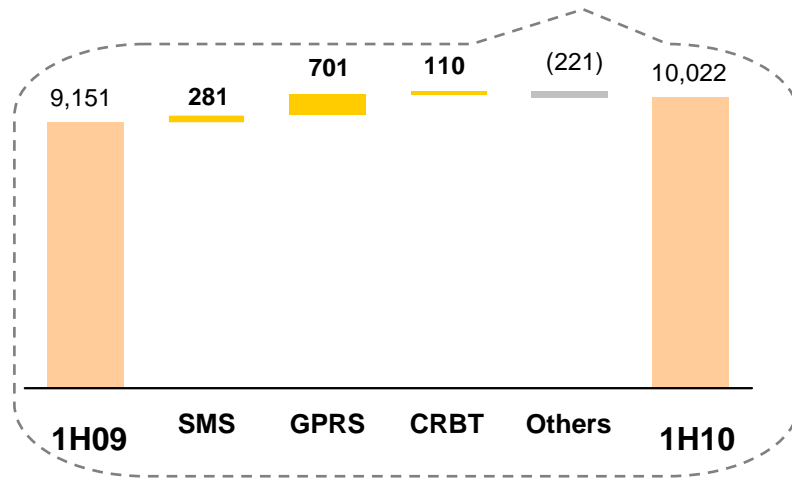
(RMB millions)



1H2009

1H2010

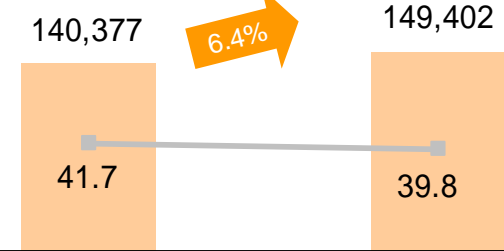
Others Voice⁽¹⁾ VAS



(1) Includes monthly rental and interconnection revenues

GSM Subscriber & ARPU

('000 / RMB)



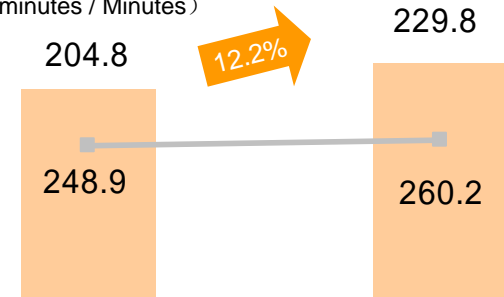
1H2009

1H2010

Subs (K) ARPU

GSM Usage & MOU

(Billion minutes / Minutes)



1H2009

1H2010

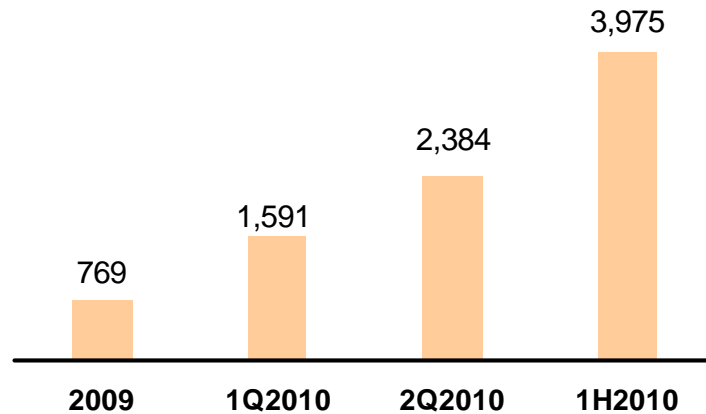
Usage MOU

Mobile Business

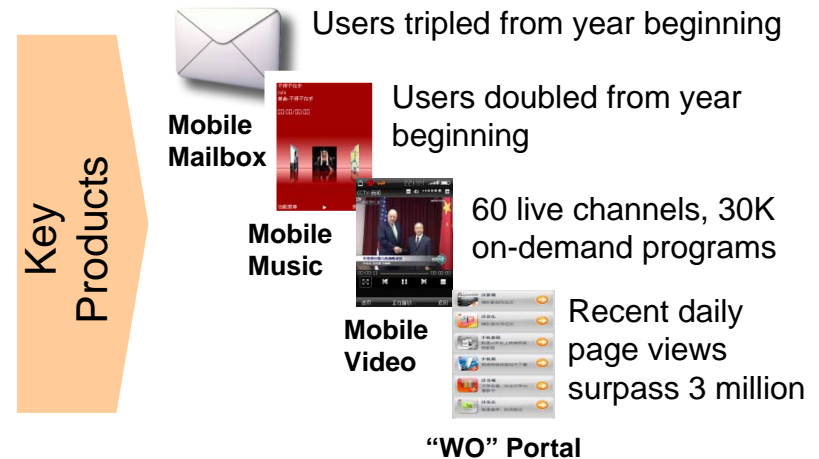
3G business grew rapidly

3G Service Revenue

(RMB millions)



3G Value-added Services



3G Subscriber & Usage

Subscribers (K)

7,560

% of Handset Users

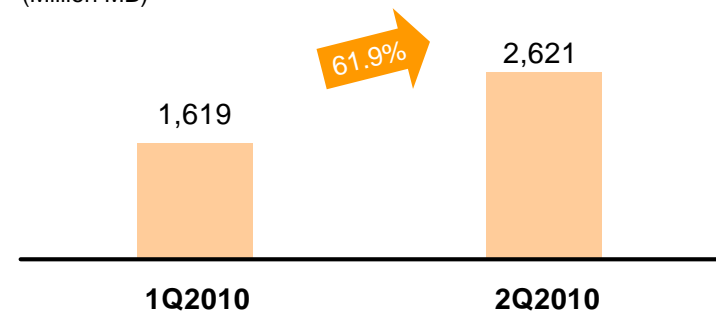
91.9%

MOU (Minutes)

638.5

3G Data Usage

(Million MB)



Leverage on value chain advantage and enrich smart phone offers

- Over 90 customized 3G terminal models
- Tiered smart phone offerings that meet different level of consumer affordability



iPhone

+



LePhone

+

Multiple
mass-market
smart phone
models

- On August 9th, started to sell iPhone 3GS 8GB model with WAPI/WiFi
- Plan to launch multiple mid to high-end smart phone models and mass-market strategic models

Improve channel capability

Improve sales capability of self-owned channels

- Transforming self-owned channels, nearly 10K outlets selling 3G services
- 366 3G-branded stores
- Rapidly growing e-channels with monthly transaction over RMB 1 billion

Optimize channel mgmt & partnership model

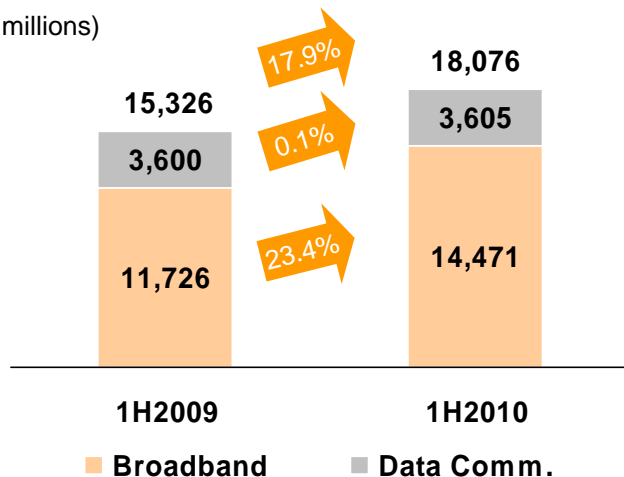
- Increasing partnership with premium 3rd party channels
- 17K total 3G 3rd party channels
- Optimize commission structure and payment process

Fixed-line Business

Broadband business grew rapidly, fixed-line declined more slowly

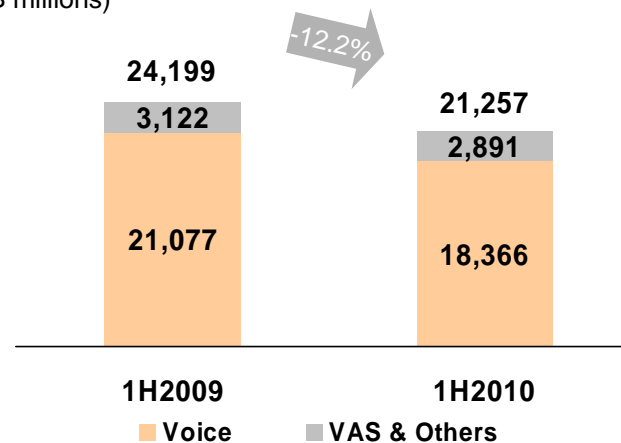
Broadband & Data Service Revenue

(RMB millions)



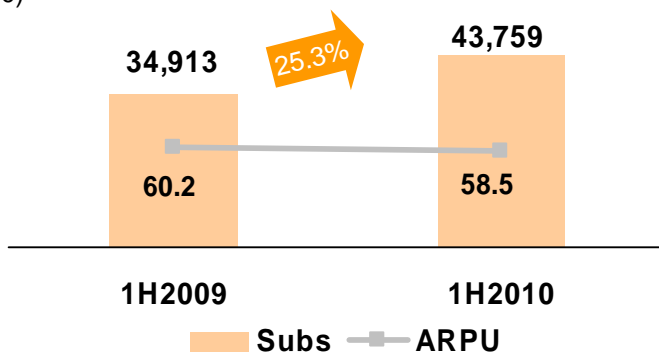
Fixed-line Voice Service Revenue⁽¹⁾

(RMB millions)



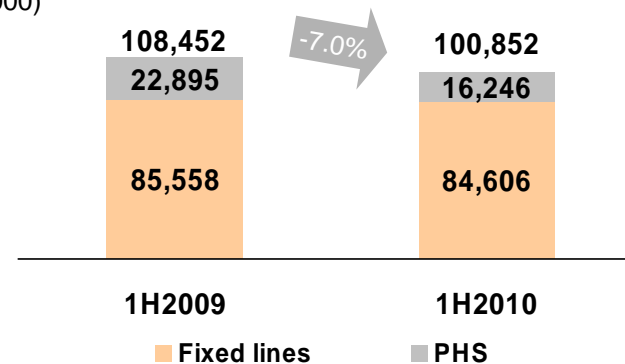
Broadband Subs & ARPU

('000)



Local Access Subscribers

('000)



(1) Includes local voice, long distance, fixed-line VAS, interconnection and other revenues

Integrated Business Gradually Moved Forward

Integrate “Voice+Data+Terminal+Application” service extension capability to meet customer’s comprehensive information service needs and gradually transform from a communication service provider to an information service provider

Corporate Customers / Vertical Applications

Expand corporate customer market

- Corporate customer+3G +ICT
- Strategic partnerships with leading corporations in various industries, mobile users under corporate accounts increased 20.3%
- Increased penetration of commercial buildings to expand SME market

Increase vertical application development

- **Showcase projects:** 3G Video Intelligent Public Transport Dispatch System, Drug Administration Mobile Supervision Program etc.
- **Breakthrough fields:** Banking & Security, Auto manufacturing, Government etc.
- **Launched applications:** Mobile stocks, Mobile office, Intelligent public transportation

Household / Individual Customers

Service bundles

- Take rate of bundled services for mobile users continued to rise
- The churn rate of bundled mobile users significantly lower than that of non-bundled users

Integrated services

- Promote broadband-centric integrated services with shared minutes and unified billing features
- Actively push for unified accounts across Wifi, Femto, wireline and wireless broadband services
- Plan to launch “WO.Household” integrated products in 2H10

Improving Brand Image and Customer Perception

Innovation and Service Leader for Information Lifestyle

- Excellent customer perception
- Leading customer services
- Improved brand value
- Innovation capability breakthrough

Brand

- Improving brand perception of “Wo.3G”
- Expanding user base who use “Wo.3G” as first choice



Network Quality

- Network capability continues to improve significantly
- Broadband access speed upgrade project
- Call drop rates of 3G and 2G networks drop to 0.38% and 0.39% respectively

Sales Channels

- Breakthrough in acquiring mainstream independent channels
- % of sales from e-channel increasing rapidly

Customer Care

- Differentiated 3G-dedicated customer care model
- Tiered full-service customer care system

**Improve
Customer
Perception**

**Elevate
Corporate
Brand
Image**

Strategies for 2H2010

Achieve rapid 3G growth to drive mobile business growth

- Accelerate 3G network deployment and continue to improve 2G network
- Further optimize 3G sales & marketing strategies
- Develop 3G applications to stimulate mobile data consumption
- Enrich 3G smart phone offerings
- Transform 2G business model to improve stability of customer base
- Expand & optimize 3rd party channels and transform self-owned channels

Accelerate broadband development to optimize fixed-line revenue structure

- Continue to deploy high performance broadband and core transport networks
- Use “3-network convergence” as an opportunity to drive rapid growth of broadband business
- Leverage on full-service advantage to slow down revenue decline of fixed line voice services

Increase integrated business and new business development

- Launch “Wo.Household” products to promote tightly bundled products
- Increase development of vertical applications and promotion for corporate customers

Agenda

● Overall Performance

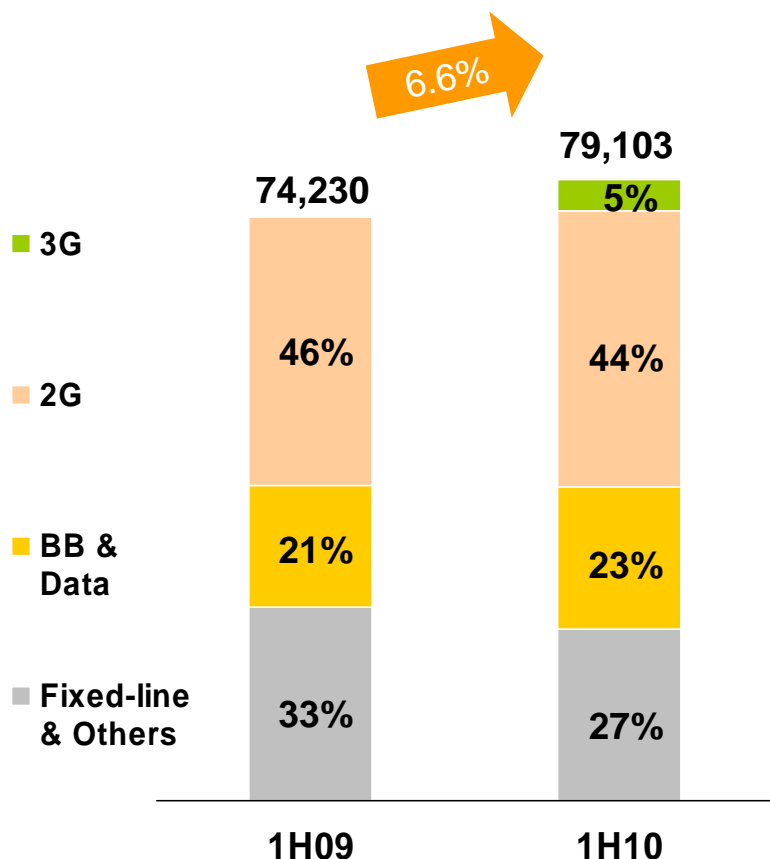
● Operating Performance

● **Financial Results**

Revenue and Breakdown

Telecom Service Revenue ⁽¹⁾

(RMB millions)



Revenue and Growth

(RMB millions)

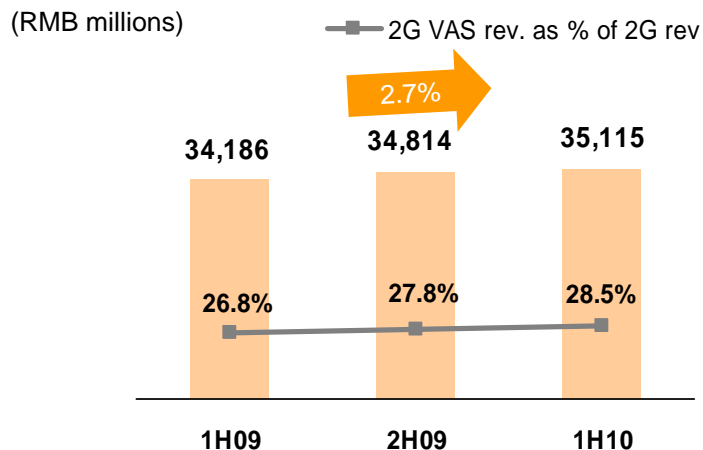
	1H10	YoY %	HoH %
Operating Rev.	82,113	7.6%	5.8%
Of which:			
Mobile ⁽¹⁾	41,046	17.7%	10.6%
Fixed-line ⁽¹⁾	40,109	-2.4%	-0.4%
Service Rev. ⁽²⁾	79,103	6.6%	5.6%
Of which:			
3G	3,975		422%
2G	35,115	2.7%	0.9%
BB & Data	18,076	17.9%	15.0%
Fixed-line Voice	21,257	-12.2%	-7.9%

(1) Operating revenue from external sources, total operating revenue not equal to the sum of mobile and fixed-line operating revenue due to non-allocated revenue items

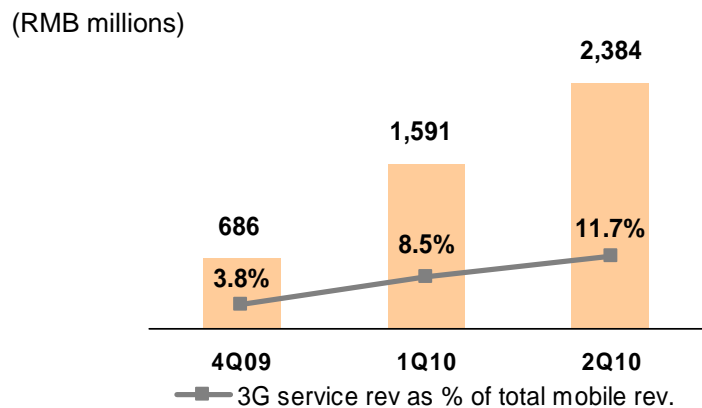
(2) To ensure the comparability, excludes the effects of deferred fixed-line upfront connection fees (130 million in 1H10, 283 million in 1H09 and 206 million in 2H09)

Mobile Revenue

2G Service Revenue



3G Service Revenue



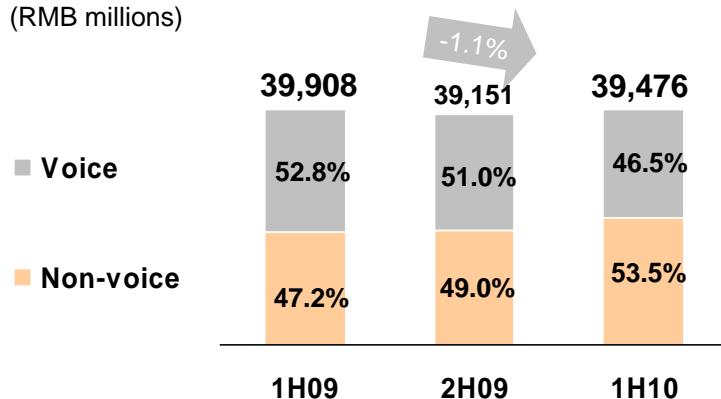
(RMB millions)	1H10	YoY%	HoH%
Operating Revenue	41,046	17.7%	10.6%
Service Revenue	39,090	14.3%	9.9%
Usage & monthly rental fee	23,773	13.2%	11.7%
VAS	10,839	18.4%	9.3%
Interconnection	4,209	8.1%	-2.7%
Others	269	93.8%	535%
Sales of telco prod.	1,905	250%	33.6%
Of which: *2G	35,115	2.7%	0.9%
*3G	3,975		422%

* Telecom service revenue

Fixed-line Revenue

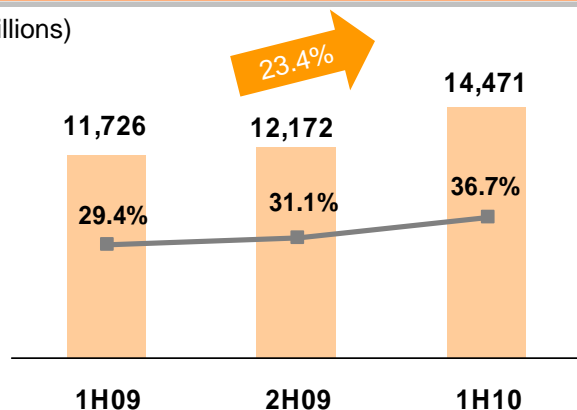
Fixed-line Service Revenue ⁽¹⁾

(RMB millions)



Broadband Service Revenue

(RMB millions)



—■— BB rev. as % of total fixed-line

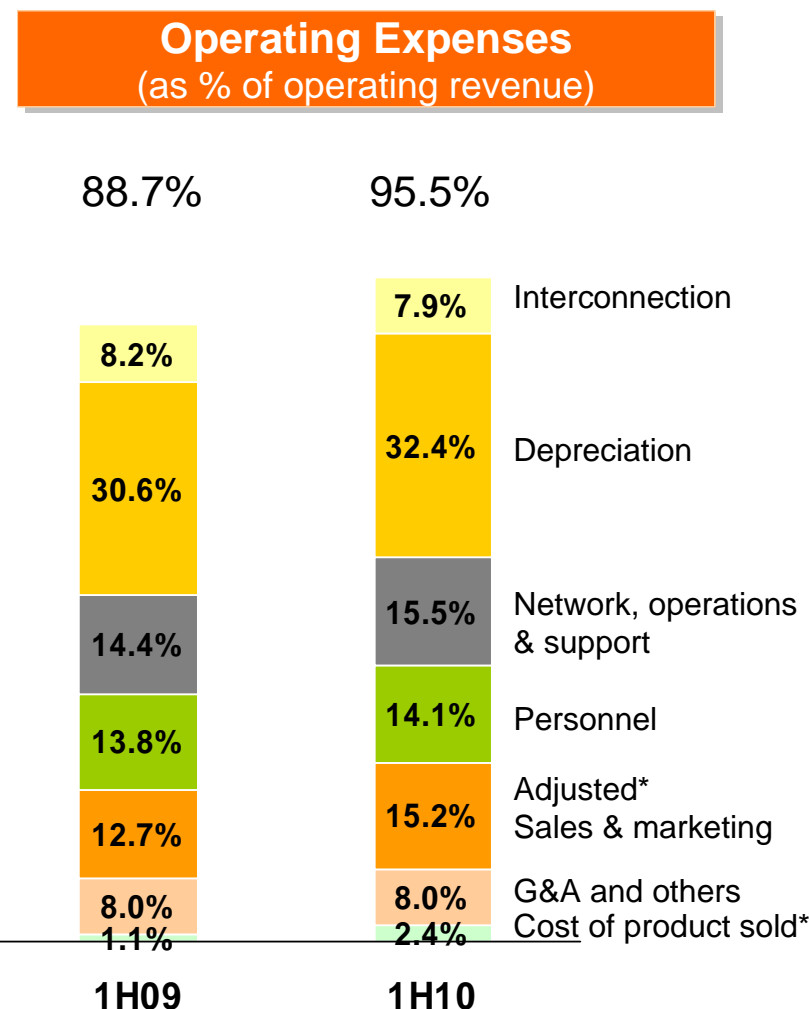
(RMB millions)

	1H10	YoY%	HoH%
Operating Revenue	40,109	-2.4%	-0.4%
Service Revenue ⁽¹⁾	39,476	-1.1%	0.8%
Voice	18,367	-12.9%	-8.0%
Voice VAS	2,421	-11.1%	-3.8%
Broadband	14,471	23.4%	18.9%
Data Comm.	3,605	0.1%	1.7%
Others	612	-21.6%	-35.4%
Sales of telco prod.	66	-42.9%	-15.0%

(1) excludes the effects of deferred fixed-line upfront connection fees (130 million in 1H10, 283 million in 1H09 and 206 million in 2H09)

Expenses

(RMB millions)	1H10	YoY%	HoH%
Operating expenses	(78,428)	15.8%	4.3%
Interconnection charges	(6,479)	3.8%	-3.5%
Depreciation & amortization	(26,641)	14.1%	10.0%
Network, operations & support	(12,759)	15.9%	0.4%
Personnel	(11,572)	9.7%	1.6%
Adjusted selling & marketing *	(12,510)	29.5%	6.9%
G&A and others	(6,535)	7.6%	-5.9%
Cost of telecom prod. sold (adjusted) *	(1,932)	136.6%	26.9%
Finance costs	(824)	163.9%	30.3%
Net other income	408	23.0%	-35.3%
Total Cost& Expenses	(78,844)	16.5%	4.8%

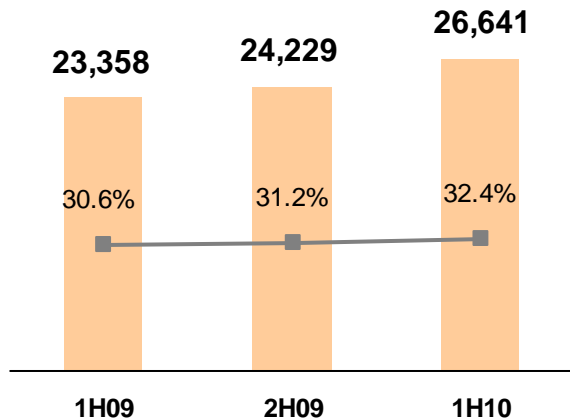


*In financial report, the 3G handset subsidy of RMB 1,170 million was recorded in the telecom product sales loss (telecom product revenue – cost of telecom product sold). For analysis purpose, the 3G handset subsidy cost was added to the Selling & Marketing expense and deducted from Cost of telecom product sold as adjusted items.

Analyses of Key Expense Items

Depreciation & Amortization

(RMB millions)

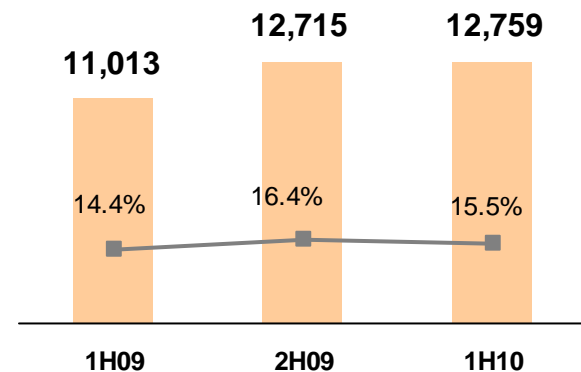


■ As % of operating revenue

- 3G assets started to depreciate in 4Q09 after commercial launch
- New assets arisen from 2G expansion and broadband speed upgrade projects continuing to enter depreciation

Network, Operation & Support

(RMB millions)

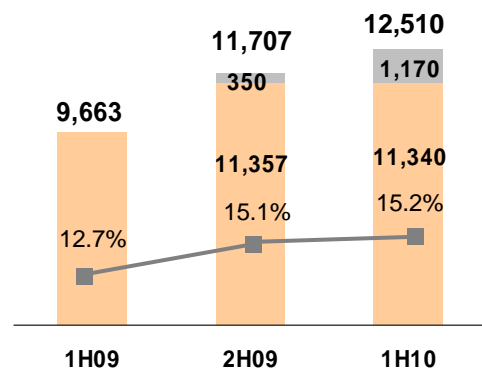


- Increasing mobile & broadband network scale led to increase in cost of utilities, fuel & power and site rental
- Active cost reduction efforts in 1H09 resulted in energy cost savings and slower cost increase

Analysis of Sales & Marketing Expenses

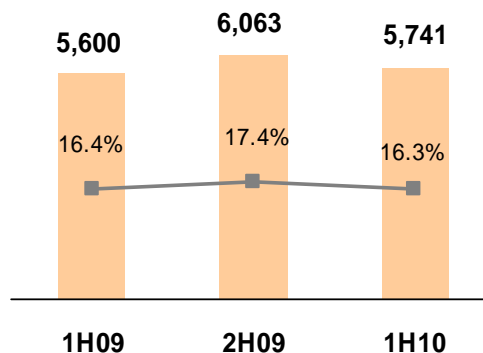
Total S&M +3G subsidy*

(RMB millions) —■ as % of operating rev



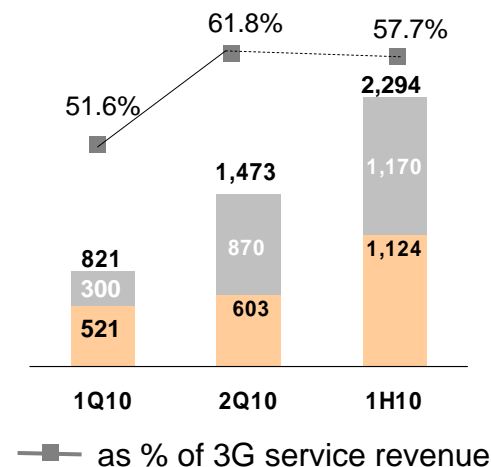
2G S&M Expenses

(RMB millions) —■ as % of 2G service rev



3G S&M + 3G subsidy*

(RMB millions)



■ 3G handset subsidy
■ Sales & Marketing expenses

- Total expense increased 29.5% due to increased marketing & promotion of key services i.e. 3G & broadband
- Total expense as % of revenue increased mainly due to 3G business

- 2G S&M expense as % of 2G revenue remained stable
- Fixed-line business S&M expense as % of fixed-line revenue was 11.3%, also remained stable from last year

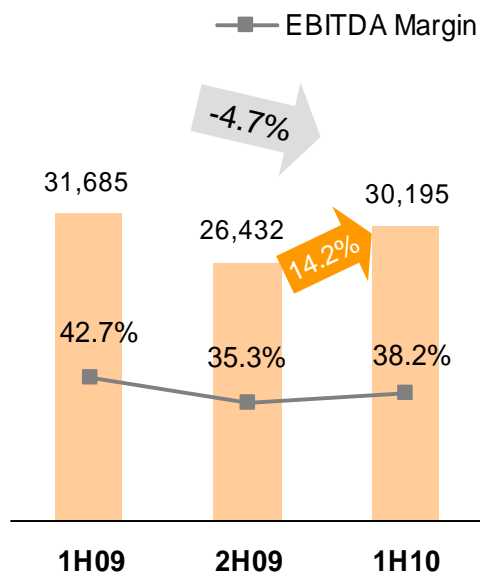
- 3G handset subsidy all expensed upfront
- 3G subsidy in May/June were RMB 340/440 million after optimized 3G handset subsidy program in May

* 3G handset subsidy was not included in sales & marketing expense item of the financial report, but recorded in 3G handset sales loss

EBITDA and Profit

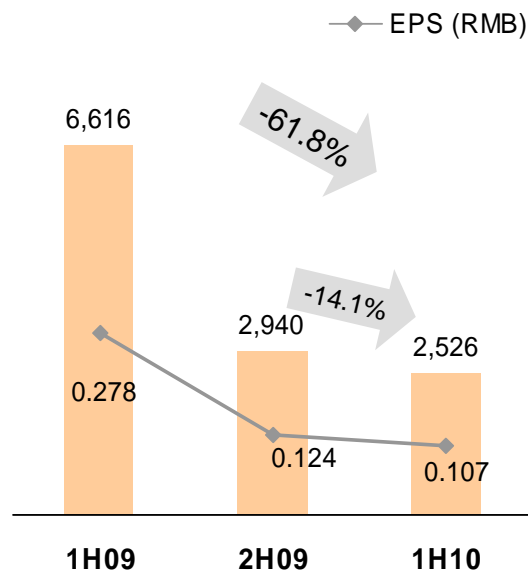
Adjusted EBITDA⁽¹⁾

(RMB millions)



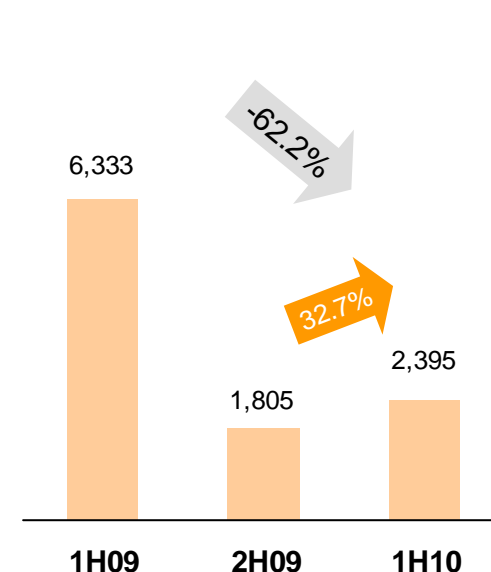
Net Profit

(RMB millions)



Adjusted Net Profit⁽¹⁾

(RMB millions)



(1) excludes the effects of deferred fixed-line upfront connection fees (130 million in 1H10, 283 million in 1H09 and 206 million in 2H09) and realized gain of 1.239 billion on changes in fair value of derivative financial instrument in 2H2009

(2) EBITDA margin as the ratio between EBITDA and total telecom service revenue

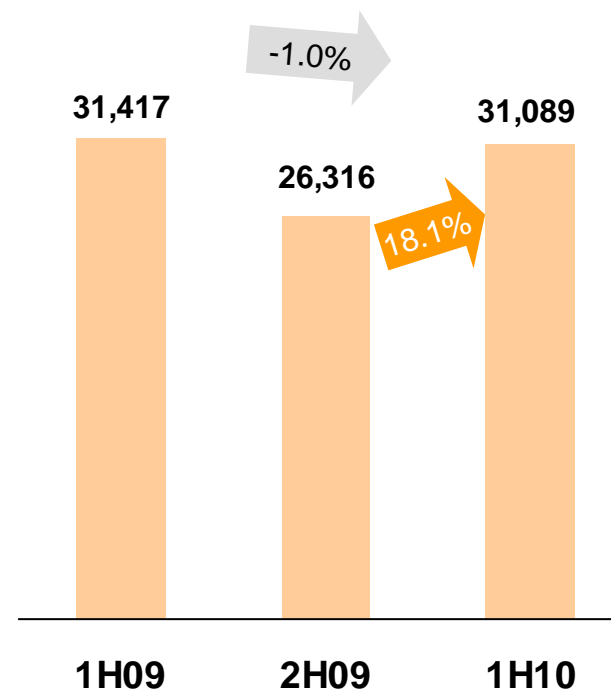
CAPEX and Cash Flows

CAPEX

(RMB billions)	1H2010	2010 Budget
Mobile Networks	11.01	31.0
Of which: 3G	6.03	23.0
2G	4.98	8.0
Broadband & Data	11.86	15.3
Fixed-line	0.24	0.6
Infrastructure & Transport Networks	5.87	17.4
VAS Platforms	1.05	2.7
IT Systems	1.13	4.3
Others	2.16	2.2
Total CAPEX	33.32	73.5

Operating Cash Flow

(RMB millions)



Healthy Balance Sheet

Key Balance Sheet Data

(RMB millions)	2010.6.30	2009.12.31
Assets	416,687	417,045
Cash & bank deposit	7,923	8,816
Liabilities	213,467	210,578
Interest-bearing debt	77,034	74,463
Net Assets	203,220	206,467
Liabilities-to-assets ratio	51.2%	50.5%
Debt-to-capitalization ratio	27.5%	26.5%
Net Debt-to-capitalization ratio	25.0%	23.7%

Prudent Capital Management


- Improved the "zero balance, automated" revenue and expenditure separate lines of cash management model, strengthened the unified operation of capital
- Optimized the debt structure and reduced financing costs:
 - ✓ Successfully issued RMB15 billion of commercial paper and RMB 3.0 billion of promissory note, saved financial cost RMB 350 million
- In 1H10, advance payment from customers increased RMB 3.25 billion with total amounting to 22.97 billion, which enabled an effective control of customer credit risk and helped reduce borrowing and interest expense

Active Measures for Cost Control and Financial Management

- Actively implementing cost reduction and efficiency improvement programs and increased the efficiency of resource utilization
 - ✓ Focused cost reduction efforts in the areas of network & operation, marketing and administrative activities, rationalized the resource utilization to improve cost efficiency

- Strengthening the internal control systems and consolidating the financial fundamental management
 - ✓ Improving the internal control system & standards and strengthened the implementation to prevent operational risks
 - ✓ Optimizing financial management processes to provide rapid response and services for business operations
 - ✓ ERP system fully online and operational
 - ✓ Strengthening the accounting information system to improve the quality of accounting information

- Enhancing the value management concept and optimizing resource allocation mechanism
 - ✓ Implementing EVA assessment to effectively control the scale of invested capital, optimize resource allocation structure, improve operational efficiency and profitability, and to enhance the company value creation capabilities



**Continuously
enhancing
shareholder
value**

Thank you!

Appendix I: Income Statement

(RMB millions)	1H2010	1H2009		1H2010	1H2009
Revenue:			Including: Sales & Marketing	(11,340)	(9,663)
Service Revenue	79,233	74,513	Cost of comm. Product sold	(3,102)	(817)
Other Revenue	909	1,146	Total Operating Expenses	(78,428)	(67,708)
Sales of Comm. Products	1,971	660	Operating Profit:	3,685	8,611
Total Operating Revenue	82,113	76,319	Finance Cost	(864)	(363)
Operating Expenses:			Interest Income	40	51
Interconnection Charges	(6,479)	(6,240)	Net Other Income (Expenses)	408	332
Depreciation & Amortization	(26,641)	(23,358)			
Network, Operations & Support	(12,759)	(11,013)	Profit Before Tax	3,269	8,630
Personnel Cost	(11,572)	(10,546)	Taxation	(743)	(2,014)
G&A and Others	(20,977)	(16,551)	Net Profit	2,526	6,616

Appendix 2: Balance Sheet (selected)

(RMB millions)	2010.6.30	2009.12.31	(RMB millions)	2010.6.30	2009.12.31
Non-current Assets:			Non-current Liabilities:		
PPE, net	357,654	351,157	Long-term Bank Loans	687	759
Prepaid Leasing Payment	7,669	7,729	Bonds	10,000	7,000
Deferred Tax Assets	5,732	5,202	Total Non-current Liabilities:	13,322	10,753
Other Assets	11,611	11,596	Current Liabilities:		
Total Non-current Assets:	390,717	386,432	Payables & Provisions	101,000	104,072
Current Assets:			Tax Payables	1,012	912
Inventories	2,330	2,412	Short-term Bonds	15,000	0
Account Receivable, net	9,583	8,825	Short-term Loans	49,089	63,909
Prepayments & Others	4,816	4,252	Advances from Customers	22,970	19,719
Receivables from CDMA Business Disposal	0	5,121	Total Current Liabilities:	200,145	199,825
Cash and Cash Equivalent	7,923	8,816	Total Liabilities	213,467	210,578
Total Current Assets	25,970	30,613	Shareholders' Equity	203,220	206,467
Total Assets	416,687	417,045	Total Liabilities and Equity	416,687	417,045

Forward-looking Statements

Certain statements contained in this announcement may be viewed as “forward-looking statements” within the meaning of Section 27A of the U.S. Securities Act of 1933 (as amended) and Section 21E of the U.S. Securities Exchange Act of 1934 (as amended). 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. These risks, uncertainties and other factors include: the uncertainties in the development of telecommunication industry and technology in the PRC; future growth of the market demand for telecommunication services; changes in the competitive environment, regulatory environment and the PRC government’s regulatory and/or industry policy, the effects of tariff reduction initiatives; the availability, terms and deployment of capital; changes in assumptions upon which the Company has prepared its projected financial information and capital expenditure plans; the effect of the Company’s proposed adjustment in its business strategies relating to the PHS business; changes in political, economic, legal and social conditions in the PRC; the potential continued slowdown of economic activities at home and abroad, and other factors that will affect the execution of our business plans and strategies as well as our business condition and financial results.