

To: Business/Finance Editors

CHINA UNICOM ANNOUNCES 2020 INTERIM RESULTS

Highlights:

- Sustainably enhanced growth quality and profitability through active transformation and in-depth mixed-ownership reform
- Adjustments in mobile development priority delivered initial success
- Fixed-line business re-ignited rapid growth by empowering government and enterprise customers
- Innovative businesses continued to grow robustly with huge value embedded
- Successfully achieved 5G network “co-build co-share”, effectively enhancing edges and return
- To push forward comprehensive digital transformation to firmly promote high-quality development

Financial Highlights (RMB millions)	1H2019	1H2020	Change YoY
Operating Revenue	144,954	150,397	3.8%
Service Revenue ¹	132,957	138,335	4.0%
Of which: Industry Internet Revenue	16,718	22,673	35.6%
EBITDA²	49,507	49,452	-0.1%
<i>EBITDA as % of Service Revenue</i>	37.2%	35.7%	-1.5pp
Net Profit³	6,877	7,569	10.1%
Basic EPS (RMB)	0.225	0.247	10.1%

Hong Kong, 12 August 2020 – China Unicom (Hong Kong) Limited and its subsidiaries (“China Unicom” or “the Company” and “the Group”) (HKEx: 0762; NYSE: CHU) is pleased to announce today its 2020 interim results.

In the first half of 2020, facing the abrupt outbreak of COVID-19, the Company proactively responded to the challenges and took precise measures to prevent and control the pandemic. Through pushing forward the comprehensive digital transformation and innovating

¹ Service revenue = operating revenue – sales of telecommunications products.

² EBITDA = profit for the period before finance costs, interest income, share of net profit of associates, share of net profit of joint ventures, other income - net, income tax, depreciation and amortisation.

³ Net profit represented profit attributable to equity shareholders of the Company.

communications service offerings, the Company turned adversity into opportunities. Meanwhile, the Company continued to deepen the execution of the strategy of focus, innovation and cooperation, building on China Unicom's "Five New" establishment to advance the depth of mixed-ownership reform, consistently improving business development. With its significant efforts in enhancing quality and efficiency, the Company marked a solid step towards high-quality development.

In the first half of 2020, the Company registered an industry-leading growth momentum with service revenue amounted to RMB138.3 billion, representing an increase of 4.0% year-on-year, outperforming the industry average of 3.2%. The further optimised cost efficiency led to strengthened profitability. Profit attributable to equity shareholders of the Company amounted to RMB7.6 billion, representing a year-on-year increase of 10.1%. EBITDA amounted to RMB49.5 billion. The Company persisted in open cooperation and remained focused, successfully achieving the "co-build and co-share" of 5G network to achieve resources savings and win-win cooperation. In the first half of the year, with effective control, the capital expenditure amounted to RMB25.8 billion.

Taking into account the Company's profitability, debt obligations and cash flow level, capital requirements for future development, etc., the Board of Directors decided not to pay an interim dividend for the current year. The Board will submit a proposal in relation to final dividend payment based on the overall results for the year for consideration at the shareholders' general meeting.

Mr. Wang Xiaochu, Chairman and CEO of China Unicom said, "Looking ahead, the huge demand for intelligent and digital transformation in various industries will bring enormous potential for corporate development. The Company will continue to deepen the strategy of focus, innovation and cooperation. It will seize the historical opportunity of the unique group-level mixed-ownership reform to introduce new efficiency, new vitality and new edges, unlocking the maximum benefits from the reform. It will capitalise on the differentiated advantages to promote transformation and enhance capabilities in business, channel, network, IT support, and resources allocation. The Company will leverage comprehensive digitalisation to promote the modernisation of governance and strive to achieve the high-quality and healthy development of China Unicom."

Ongoing adjustments in mobile development priority saw initial success in value enhancement

In the first half of 2020, in face of new challenges in the industry development and led by value-oriented operation, the Company had proactively adjusted the development priority of mobile business since the second half of last year. Adhered to self-discipline on rational and orderly competition, customer acquisition cost was rigorously controlled, while the subscriber quality was improved. Leveraging content, privileges and financial tools to enhance product value, the Company vigorously promoted the penetration of pan-integration services. By sub-dividing the market and leveraging Big Data analytics, the Company was able to carry out precise marketing as well as existing customers' retention. Leveraging the centralised IT system of the entire network,

it promoted the synergetic operation of online-offline omni-channels to improve marketing efficiency.

Benefiting from the active and effective adjustment of the mobile business priority, the Company's mobile business development quality gradually improved, exemplified by the sequential rebound of both mobile billing subscriber ARPU and mobile service revenue in the second quarter as well as the year over year rebound in June and July this year. In the first half of the year, the Company's mobile service revenue recorded a decrease of 2.8% year-on-year, with the rate of decline significantly narrowed as compared with that for the full year of 2019. Mobile billing subscribers reached a total of 310 million and mobile billing subscribers ARPU increased by 0.2% year-on-year. The selling and marketing expenses decreased significantly, especially the customer acquisition cost, which fueled the continuous improvement of the Company's profitability.

Leveraging the unique edges to introduce an encouraging kick-off of 5G

In the first half of the year, the Company orderly promoted 5G business development. Facing the consumer market, the Company was committed to user experience and value enhancement. It promoted 5G package services in a paced and targeted manner to align with the progress of 5G network construction and handset supply. The Company built open platforms for 5G capability integration and introduced featured services such as HD/4K/8K video, AR/VR and cloud games. The Company deeply pushed forward industry cooperation and created a 5G pan-smart terminal ecosystem integrating "terminal + content + application", empowering the consumer Internet market development. Facing the government and enterprise market, the Company focused on areas such as industrial Internet, smart city, healthcare and others, establishing a number of 5G lighthouse projects and successfully commercialising 5G applications. The Company accelerated the incubation of industry products and drove the solid development of "China Unicom 5G Application Innovation Alliance", actively promoting the construction of the eco-system and the prosperity of the industry to foster the innovative growth in the future.

Rapid fixed-line business growth re-ignited and fueled by the acceleration and upgrade of innovative transformation

In the first half of the year, the "New Infrastructure" policy and the pandemic further boosted demand for digitisation, cyberisation and intelligent transformation of the economy and society. The Company seized the opportunity, especially by focusing on key areas such as smart city, digital government, smart healthcare and industrial Internet, to proactively create leading edges. By strengthening the proprietary capabilities and focusing on platform-based capabilities, product standardisation, research and development centralisation, and proprietary delivery capabilities, the Company accelerated the development of proprietary capabilities and promotion of proprietary products, enabling the digital transformation of government and enterprise customers. With "cloud + network + smart application" in place to push forward the integrated development of the innovative business and fundamental business, operational value was enhanced. Meanwhile, the Company consolidated the edges of its strategic partners and continued to carry out in-depth cooperation in key areas such as 5G, cloud computing, Big Data, IoT, artificial intelligence (AI)



and network security, which continuously enhanced the momentum of innovative development. In the first half of the year, the Company's revenue from industry Internet business increased by 36% year-on-year to RMB22.7 billion, as a percentage of the overall service revenue increased to 16%. Driven by the sound growth of innovative business and fixed-line broadband business, the Company's fixed-line service revenue reached RMB60.6 billion, up by 14% year-on-year.

Achieved rapid growth in broadband with focus on household market

In the first half of the year, the Company adhered to rational and disciplined competition. It actively leveraged the comprehensive advantages of high speed, rich content and top-notch service to roll out the "3 gigabit integrated products" (gigabit 5G, gigabit broadband and gigabit Wi-Fi) in the incumbent regions in Northern China and key cities in Southern China. While focusing on the household Internet market, the Company advanced the promotion of smart home products to drive the growth in broadband access and other businesses. In the first half of the year, the Company's fixed-line broadband access revenue amounted to RMB21.9 billion, representing an increase of 5.9% year-on-year. Fixed-line broadband subscribers registered a net addition of 2.40 million, reaching a total of 85.88 million subscribers.

"Co-build and co-share" of 5G network progressed successfully and effectively enhanced edges and return

In the first half of 2020, the Company maintained focused deployment while closely collaborating with China Telecom to advance "co-build co-share" of 5G network. It successfully doubled the 5G network deployment pace and capability, achieving 5G network scale, coverage, and quality as comparable with the leading operator. In the first half of the year, China Unicom and China Telecom together added approximately 150,000 5G base stations. Currently, the Company deployed a total of approximately 210,000 5G base stations in service, of which China Unicom built more than 100,000 base stations, providing contiguous coverage in more than 50 major cities. Meanwhile, the Company has expanded the "co-build co-share" with China Telecom in 4G and other areas, in order to further improve resource utilisation efficiency.

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Certain statements contained in this press release 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. In addition, we do not intend to update these forward-looking statements. Further information regarding these risks, uncertainties and other factors is included in the Company's most recent Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission (the "SEC") and in the Company's other filings with the SEC.



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