

To: Business/Finance Editors

CHINA UNICOM ANNOUNCES 2021 INTERIM RESULTS

Highlights:

- Revenue and profit growth accelerated, backed by determined innovative transformation and in-depth mixed-ownership reform
- Accelerated increase in shareholder returns and strived to unlock the potential investment value of the Company
- 5G-led mobile business transformation and innovative development delivered remarkable success
- Digital transformation empowered continuous robust growth in innovative businesses
- Deepened network “co-build co-share” and effectively enhanced edges and returns
- To seize new opportunities of the industry and endeavour to achieve high-quality development
- To distribute an inaugural interim dividend in 2021 and planned to raise 2021 full year dividend payout ratio

Financial Highlights (RMB millions)	1H2020	1H2021	Change YoY
Operating Revenue	150,397	164,174	9.2%
Service Revenue ¹	138,335	148,674	7.5%
Of which: Industry Internet Revenue	22,673	28,030	23.6%
EBITDA²	49,452	49,489	0.1%
<i>EBITDA as % of Service Revenue</i>	35.7%	33.3%	-2.4pp
Net Profit³	7,569	9,167	21.1%
Basic EPS (RMB)	0.247	0.300	21.1%
Interim Dividend per Share (RMB)	-	0.120	N/A

Hong Kong, 19 August 2021 – China Unicom (Hong Kong) Limited and its subsidiaries (“China Unicom” or “the Company” and “the Group”) (HKEx: 0762) is pleased to announce today its 2021 interim results.

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

² 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 expense, depreciation and amortisation.

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

In the first half of 2021, the Company fully implemented the new development philosophy and deepened the execution of the “Focus, Innovation and Cooperation” strategy. Through consistently pushing forward comprehensive digital transformation, the Company focused on building the “Five High” development edges — high-quality services, high-quality development, highly-efficient governance, high-tech engines and high-vitality operation, constantly improved the quality and efficiency of business development. Stable and favourable momentum was achieved in overall operation.

In the first half of 2021, the Company’s operating revenue amounted to RMB164.2 billion, representing a year-on-year increase of 9.2%, while service revenue reached RMB148.7 billion, representing a year-on-year increase of 7.5%. Profit before income tax amounted to RMB11.3 billion in the first half of the year, exceeding RMB10 billion for the first time in recent years. Profit attributable to equity holders of the Company amounted to RMB9.17 billion, representing a year-on-year increase of 21.1%. EBITDA reached RMB49.5 billion. The Company thoroughly practised green and low-carbon development, and achieved remarkable results in the network “co-build and co-share”. In the first half of 2021, the capital expenditure amounted to RMB14.3 billion. Investment and operation efficiency were greatly improved while network competitiveness was ensured. The Company also achieved significant results in energy conservation and carbon reduction. The Company maintained strong free cash flow⁴, reaching RMB36.4 billion during the first half of the year, further consolidating the financial strength.

The Company attached great importance to shareholders’ return. With due regard to the Company’s robust business development and strong free cash flow, the Board resolved to distribute an inaugural interim dividend (RMB0.120 per share) in 2021 and planned to raise 2021 full year dividend payout ratio, with the magnitude to be decided in the first half of 2022 considering such factors as the Company’s profitability, cash flow, future capital requirements and dividend payout in the industry, etc.

Mr. Wang Xiaochu, Chairman and CEO of China Unicom said, “Backed by the determined innovative transformation and in-depth mixed-ownership reform, the Company’s revenue and profit growth accelerated, bringing significant enhancement in the quality and efficiency of business development. Looking ahead, through the two-flywheel superimposing of the growing “digital” productivity and the new production function under mixed-ownership reform, the Company will further improve market-oriented operation, further enhance the systemic innovation abilities and further accelerate the pace of digital transformation. China Unicom will further its efforts to comprehensively shape the new edges of differentiated development, strive to make a new leap in high-quality development and dedicate to building an exceptional, a smarter and a brighter China Unicom, creating greater values for shareholders, customers, and society.”

⁴ 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.

Firmly deepening 5G-led transformation and innovative development of mobile business

The Company continued to deepen its 5G-led strategy and firmly adhered to rational and orderly competition, effectively balancing value-oriented operation and scale development, enhancing both market share and value contribution of mobile subscribers, thus promoting high-quality and coordinated industry development. In consumer market, aggregating various data traffic platforms, the Company launched the industry-leading innovative China Unicom APP, with monthly active users exceeding 100 million, forming a new smart living ecology integrating communication, lifestyle, entertainment and finance. In the government and enterprise market, the Company actively explored business models to flexibly meet the demand of 5G industry customers. In the key areas including industrial Internet, smart mining, smart medical, smart cities, etc., it successfully commercialised a range of influential 5G lighthouse projects such as the first in global fully 5G-connected factory and the global first underneath-mine-5G private network.

In the first half of 2021, mobile service revenue reached RMB82.1 billion, representing a year-on-year increase of 7.3%. Mobile billing subscribers significantly improved to a net increase of 4.65 million from a decline of 8.95 million for the same period last year, making the total number of mobile billing subscriber increase to 310 million. Subscriber value continued to optimise, with mobile billing subscribers ARPU reaching RMB44.4, representing a year-on-year increase of 8.5%. The Company's 5G package subscribers reached 113 million and the penetration rate of 5G package subscribers reached 36.5%, leading the industry. The Company continued to provide 5G high-quality services and ranked No.1 in the industry on 5G customer satisfaction.

Digital transformation drove sustained rapid growth in innovative businesses

Led by digital innovation, the Company actively explored market space in key areas such as smart cities, digital government and industrial Internet, thoroughly deepening the development of application products for major industries. Unicom Digital Technology Co., Ltd. was formed to create integrated innovation and differentiated edges of 5G + ABCDE (artificial intelligence, blockchain, cloud computing, Big Data, edge computing). The Company built an innovative business capability system, focusing on the platform-based capability, research and development centralisation, product standardisation and delivery of proprietary integration. By enhancing proprietary capabilities, the Company created unique innovative edges in the digital economy era. In the first half of 2021, the Company's revenue from industry Internet business increased by 23.6% year-on-year to RMB28.03 billion, as a percentage of the overall service revenue increased by 2.5 percentage points year-on-year to 18.9%. Driven by the sound growth of innovative business, the Company's fixed-line service revenue reached RMB65.3 billion, up by 7.9% year-on-year.

Continuous implementation of new development philosophy to raise network “co-build and co-share” to a new level

The Company adhered to low-carbon and innovative operation by actively implementing the requirements of new infrastructure. The efficiency of resource utilisation significantly increased as network “co-build and co-share” was facilitated further in depth. The 5G network “co-build and co-share” continued to advance steadily. In the first half of the year, the Company continued to cooperate closely with China Telecom to add 80,000 5G base stations in service, with the total scale of 5G base stations of more than 460,000, achieving a leading position in both coverage and network perception in first-tier cities. The scale of 4G “co-share” achieved a further breakthrough

as both parties shared 460,000 4G base stations, representing an increase of 240,000 stations as compared to the end of last year. 4G/5G network “co-build and co-share” enabled the two operators combined to generate cumulative savings of over RMB100 billion in capital expenditure, as well as substantial savings in network costs including tower usage fee, network maintenance costs and electricity charges for both parties, while contributing significantly to the target of “Peak Carbon-emission and Carbon-neutrality”. In addition, the Company actively expanded the new network sharing model and engaged in multi-dimensional “co-build and co-share” cooperation with cable, power, high-speed railway, oil industries and others to maximise investment efficiency.

Unlocking the reform bonus consistently and further strengthening the development momentum

The Company continued to expand the dimension, width and depth of cooperation with strategic investors through promoting the research and development, iterative upgrade of products of joint ventures. By focusing on multiple areas with strong synergetic and complementary advantages, new energy was added to the Company’s innovative development. The Company accelerated the market-oriented reform of the subordinate companies in a structured manner. It strengthened and further optimised the core platform business. China Unicom Smart Connection Technology Limited completed the shareholding reform and was aimed to be spun off to accelerate development and enhance values.

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Certain statements contained in this press release 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.

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