

To: Business/Finance Editors (For Immediate Release)

7 August 2014

**CHINA UNICOM (HONG KONG) LIMITED**  
**ANNOUNCES INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2014**

**Highlights :**

- **Service Revenue Growth Continued to Exceed Industry Average** by 3.4pp
- **Market Share in Service Revenue Increased Steadily** by 0.6pp to 21.9%
- **Further Improved Profitability:** EBITDA margin up 1.4pp, net profit margin up 0.7pp
- **Further Optimised Business Structure:** Non-voice's share of service revenue up 4.2pp to 59.5%, mobile broadband & fixed-line broadband's share of service revenue up 7.9pp to 62.4%
- **Continuing to Lead in User's Network Experience:** Downlink speed up to 150Mbps/42Mbps/21Mbps/100Mbps in LTE network area/DC HSPA+ network area/whole WCDMA network/fiber-optic broadband network

**Financial Summary**

	For the Six Months Ended 30 June (RMB millions)		
	1H2014 <sup>3</sup>	1H2013	Change (%)
<b>Operating Revenue<sup>1</sup></b>	<b>149,569</b>	<b>144,307</b>	<b>3.6%</b>
Of which: Mobile	103,920	100,648	3.3%
Fixed-line	45,227	43,291	4.5%
<b>Service Revenue<sup>2</sup></b>	<b>126,973</b>	<b>116,475</b>	<b>9.0%</b>
Of which: Mobile	81,343	72,853	11.7%
Fixed-line	45,207	43,253	4.5%
<b>EBITDA</b>	<b>47,689</b>	<b>42,177</b>	<b>13.1%</b>
EBITDA as % of Service Revenue	37.6%	36.2%	1.4pp
<b>Net Profit</b>	<b>6,689</b>	<b>5,317</b>	<b>25.8%</b>
<b>Basic EPS (RMB)</b>	<b>0.281</b>	<b>0.225</b>	<b>24.9%</b>

Note 1: Due to unallocated items, operating revenue is not equal to the sum of mobile and fixed-line operating revenues, both of which are external revenues.

Note 2: Due to unallocated items, service revenue is not equal to the sum of mobile and fixed-line service revenues.

Note 3: Since 1 June 2014, business tax was replaced with value-added tax in the telecom sector.

**Hong Kong, 7 August 2014 – China Unicom (Hong Kong) Limited (“China Unicom” or “the Company”)** (HKSE: 0762; NYSE: CHU) is pleased to announce today its interim results for the six months ended 30 June 2014 (the “Period”).

During the Period, with a changing market environment and a slowing-down industry, the Company steadily implemented the strategy of “Leading Mobile Broadband and Innovating Operational Integration”. As a result, the Company continued to expand its market share in service revenue, further optimised its business structure, and constantly improved its profitability.

During the Period, the Company's operating revenue reached RMB149.57 billion, representing an increase of 3.6% over the same period last year, of which, service revenue was RMB126.97 billion, up by 9.0% year-on-year. Due to the replacement of business tax with value-added tax as well as the changes in market environment, the Company's revenue growth slowed down. Nevertheless, its service revenue growth still outperformed the industry average by 3.4 percentage points. The Company's business structure was further optimised, with mobile business and non-voice business accounting for 64.1% and 59.5% of total service revenue, respectively.

With the continuous revenue growth and improvement in business structure, the Company achieved steady improvement in profitability. The Company's EBITDA increased by 13.1% year-on-year to RMB47.69 billion, and its net profit increased by 25.8% year-on-year to RMB6.69 billion. The Company's overall financial status turned more solid, with its operating cash flow up by 1.1% year-on-year and its free cash flow reaching RMB20.15 billion, laying a more solid foundation for its sustainable growth in the future.

Mobile business maintained robust development with integrated operation in mobile broadband off to a good start. During the Period, the Company took a series of measures to respond to a complex competitive environment, namely: further enhancing its leading position of user experience in mobile broadband service, proactively carrying out the integrated 4G/3G operation, fully optimising its product portfolio and tariff plans to tap data value, improving customer retention system, and fully improving all-round user experiences in purchase, consumption, customer service and network. During the Period, the Company's mobile service revenue increased by 11.7% year-on-year to RMB81.34 billion, of which, mobile broadband<sup>4</sup> service revenue was up by 32.9% year-on-year to RMB54.38 billion, accounting for 66.9% of total mobile service revenue. During the Period, the Company's mobile subscribers increased by 14.02 million to 295 million, of which, mobile broadband subscribers were up by 40.8% year-on-year, accounting for 47.7% of total mobile subscribers. Mobile broadband ARPU was RMB68.7. The Company further enhanced its data volume operation and total data usage by the Company's handset users grew by 82.1% year-on-year to 199.8 billion MB. In addition, the Company proactively pushed forward the trial of mobile service resale, and provided flexible cooperative models as well as standardised business support across the network to mobile service resellers, resulting in a smooth start of mobile service resale.

Fixed-line business recorded steady growth, supported by continuous solid growth in fixed-line broadband service. During the Period, to ensure steady fixed-line business growth, the Company accelerated the upgrade and speed-up of its broadband network, enhanced its customer service capability, and pushed forward bundled mobile and fixed-line broadband services by promoting the integrated telecom service package "Smart Wo Home" to household customers. The Company's fixed-line service revenue increased by 4.5% year-on-year to RMB45.21 billion, of which 77.7% was from non-voice business; fixed-line broadband service revenue increased by 10.2% year-on-year to RMB24.89 billion, accounting for 55.1% of fixed-line service revenue; fixed-line broadband subscribers increased by 7.7% year-on-year to 67.42 million.

During the Period, the Company continued the construction of its 3G network to enhance broad and in-depth coverage, and rapidly carried out 4G-related network deployment so as to build the

user experience-oriented 4G/3G-integrated high-quality mobile broadband network. The broad and in-depth coverage of its mobile broadband network was further enhanced, and the network quality was further improved through the enhanced end-to-end network optimisation. During the Period, the Company expanded its 4G and 3G base stations by 84 thousand to 491 thousand. The maximum downlink speed reaches 150 Mbps for its LTE network, 42 Mbps for its DC-HSPA+ network and 21 Mbps for the whole HSPA+ network. In addition, the Company accelerated the construction of fiber optic network, and its broadband access ports reached 124.896 million, of which 73.8% are FTTH/B. The Company further expanded the coverage of packet transport network, and the load-carrying capability for high-speed data services was further enhanced.

At present the information and communications technology is rapidly and fully penetrating into every part of our society at an unprecedented breadth and depth. As the key driving force of China's economic transformation, the information industry still enjoys important strategic opportunities with strong market demand. China Unicom will constantly consolidate and create differentiated service advantages, proactively adapt to market changes, and firmly grasp opportunities to ensure the Company's continuous and rapid development. Centering on market and customer needs, the Company will put greater effort in innovation, transform its development model, and accelerate the development of its key businesses such as mobile broadband and fixed-line broadband, so as to maintain its industry-leading growth rate and achieve continuous improvement in market share, profitability and overall strength. The Company will focus on its strategic development direction and carry out corporate reform pragmatically. The Company will accelerate the reform in its mobile Internet-oriented operational system and other key areas such as sales and marketing, investment and construction, recruitment and remuneration as well as resource allocation, and proactively explore the opportunities to transform and innovate in areas such as mixed ownership, Internet finance and mobile service resale, so as to constantly enhance its corporate vitality.

The Company is confident about its future development, and will strive to create more value for its shareholders through its persistent efforts.

Note 4: Mobile broadband business includes both 3G and 4G businesses.

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*The Company would like to caution readers about the forward-looking nature of some of the statements in this press release. These forward-looking statements are subject to various risks and uncertainties, including future changes in our competitive and regulatory environment, future growth rates of the Chinese economy and its telecommunications industry, changes in telecommunications-related technologies and applications, changes in the political, economic, legal, tax and social conditions in the PRC and other factors that will affect the execution of our business plans and strategies.*

For media enquiries, please contact:  
China Unicom (Hong Kong) Limited

Mr. Xiaoke Zhou / Ms. Joanna Rui

Tel: (852) 2126 2018

Email: [media@chinaunicom.com.hk](mailto:media@chinaunicom.com.hk)