

To: Business/Finance Editors (For Immediate Release)

3 March 2015

CHINA UNICOM (HONG KONG) LIMITED
ANNOUNCES ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

Highlights :

- **Continuous Increase in Revenue Market Share:** Service revenue growth rate exceeding industry average by 3.9pp
- **Accelerated Deployment in New Business Areas:** Non-voice's share of service revenue was 61.9%, up 5.7pp; mobile broadband and fixed-line broadband's share of service revenue was 63.7%, up 6.8pp
- **Continuous Improvement in Profitability:** EBITDA up 10.5%, EBITDA as % of service revenue up 2.7pp; Net profit up 15.8%, net profit as % of service revenue up 0.5pp
- **Network Construction for Future Development:** Newly added mobile broadband base stations 158 thousand

Financial Summary

	For the Year Ended 31 December (RMB millions)		
	2014 ⁽²⁾⁽³⁾	2013	Change (%)
Operating Revenue	284,681	295,038	-3.5%
Service Revenue⁽¹⁾	244,878	238,567	2.6%
Of which: Mobile	155,095	151,133	2.6%
Fixed-line	88,481	86,487	2.3%
EBITDA	92,771	83,963	10.5%
EBITDA as % of Service Revenue	37.9%	35.2%	2.7pp
Net Profit	12,055	10,408	15.8%
Net Profit as % of Service Revenue	4.9%	4.4%	0.5pp
Basic EPS (RMB)	0.505	0.440	14.8%
Proposed Final Dividend per Share (RMB)	0.20	0.16	25.0%

Notes: (1) Due to unallocated items, service revenue is not equal to the sum of mobile and fixed-line service revenues.

(2) Business tax was replaced with value-added tax in the telecom sector from 1 June 2014 ("VAT Reform").

(3) Public telecommunications network interconnection settlement standards of basic telecommunications operators were adjusted from 1 January 2014.

Hong Kong, 3 March 2015 – China Unicom (Hong Kong) Limited ("China Unicom" or "the Company") (HKSE: 0762; NYSE: CHU) is pleased to announce today its annual results for the year ended 31 December 2014.

In 2014, the Chinese telecommunications industry fully implemented the VAT Reform. Leveraging on the VAT Reform, the Company deepened the transformation of its operational model, and improved its business structure as well as the quality of its business development. During the year, the Company's service revenue reached RMB244.88 billion, an increase of 2.6% compared with the previous year, outpacing the industry average⁽⁴⁾ by 3.9 percentage

points. Revenues generated from mobile business and non-voice business accounted for 63.3% and 61.9% of its total service revenue respectively.

Due to the industry changes and its own transformation, the Company's revenue growth slowed down, but its utilisation efficiency of resources was considerably improved, resulting in the continuous improvement in its profitability. During the year, the Company's EBITDA reached RMB92.77 billion, up by 10.5% year-on-year. EBITDA as a percentage of service revenue reached 37.9%, up by 2.7 percentage points year-on-year. Net profit increased by 15.8% year-on-year to RMB12.06 billion. The Company's financial status became more solid, with operating cash flow up by 12.2% year-on-year and free cash flow at RMB3.21 billion.

Based on the Company's overall financial position in 2014 and taking into account the development needs of mobile and fixed-line broadband businesses in the future, the Board recommended a final dividend payout of RMB0.20 per share for the fiscal year ended 31 December 2014.

Promoting the transformation of its mobile business model, consolidating and enhancing the differentiated competitive advantages. In 2014, leveraging on its leading position in terms of network, business and service in the 3G market, the Company accelerated the construction of its 4G network, optimised the resource allocation and adjusted its business development model, so as to proactively build the new differentiated competitive advantages. The Company pushed forward the value creation from its existing customers, established the specific and professional customer retention system, and enhanced the utilisation efficiency of its sales and marketing resources such as handset subsidy, distribution commission and advertising fee. The Company implemented its "Dual 4G, Dual 100 MB Speed" strategy to enhance the advantage of its terminal supply and the effectiveness of its terminals to drive business and product development. By catering to the changes in the mobile Internet market and customer needs and leveraging on the launch of its centralised business support system (cBSS), the Company further pushed forward the centralised operation as well as the unified operation in products and services, system support and customer service, and established a newly structured and unified product portfolio which covers all businesses and all customer segments. The Company promoted the integrated on-line and off-line operations, carried out professional management at its sales outlets, and improved the sales capability of its self-owned distribution channels. Through the Internet-oriented and nationwide-run B2B platform "Woego", the Company established an efficient and transparent end-to-end operational support system along the whole value chain of terminals, businesses and channels. In 2014, the Company's mobile service revenue increased by 2.6% year-on-year to RMB155.10 billion and its mobile subscribers grew by 18.115 million to approximately 300 million. The revenue and user structures of its mobile business were further optimised, with mobile broadband⁽⁵⁾ service accounting for 68.2% of its total mobile service revenue and mobile broadband⁽⁵⁾ subscribers accounting for 49.9% of its total mobile subscribers. With saturating mobile voice business and rapidly growing mobile data business, the Company proactively promoted data volume operation and innovative applications so as to boost data volume and value. The data usage of the Company's handset subscribers grew by 61.1% year-on-year. The Company explored the open cooperation with Internet companies, and promoted the development and operation of its WO+ Platform. The Company proactively pushed forward the mobile service resale trial, and provided the flexible and convenient support to its

resellers through an innovative co-operation model in which one-stop access activates unified operations and centralised services, resulting in an industry-leading position in the mobile service resale business.

Accelerating the upgrade and speed-up of its fixed-line broadband network to drive the steady growth of its fixed-line business. In 2014, the regulatory changes intensified the competition in the fixed-line broadband market. The Company fully leveraged on its advantages in network and service, accelerated the upgrade and speed-up of its fixed-line broadband network, pushed forward the establishment of a professional operational system, proactively developed the bundled product portfolio for its family customers, and boosted its efforts in customer retention, so as to ensure the steady growth of its fixed-line business. In 2014, the Company's fixed-line broadband service revenue increased by 9.2% year-on-year to RMB50.20 billion, and its fixed-line broadband subscribers increased by 6.4% year-on-year to 68.79 million. Driven by its fixed-line broadband business, the full-year fixed-line service revenue increased by 2.3% year-on-year to RMB88.48 billion, of which 56.7% was from its fixed-line broadband business, resulting in a further optimised fixed-line business structure.

Accelerating the strategic deployment in innovative businesses and maintaining the rapid development in industry applications. In 2014, the Company focused on key areas such as IDC, cloud computing, ICT and the Internet of Things, accelerated the technological and strategic deployment, fully improved the capability of its professional operation, and cultivated the new growth drivers. Meanwhile, the Company continued to leverage on its leading advantages in key industry applications such as education informatisation, auto informatisation and smart city, and enhanced its development capabilities for total solutions to drive the market penetration of its applications. During the year, its key industry application users increased by 20.02 million to 59.29 million. The Company proactively explored the market-oriented reform in its emerging business units. The Company set up Unicom Innovation Investment Corporation Limited and CMB-Unicom Consumer Financing Corporation Limited, and tried to operate its apps store in a corporate manner, so as to expand and strengthen cross-industry co-operation and to boost its business development with a market-oriented mechanism.

In 2014, the Company further accelerated the construction of its mobile and fixed-line broadband networks with an aim to build the high-quality broadband networks with leading user experience. The Company leveraged on the advantages in its 3G network coverage and 3G supply chain, proactively carried out the LTE hybrid network trials, continued to expand the broad coverage of its networks, and optimised the in-depth coverage of its networks. During the year, the Company built 158 thousand mobile broadband base stations, and the number of total mobile broadband base stations reached 565 thousand. The Company accelerated the construction and upgrade of its fiber optic broadband network, and the number of its broadband access ports increased by 13.4% year-on-year, of which 77.8% are FTTX. The Company accelerated the expansion of its network load carrying capability. By adding 7 national Internet backbone nodes, the Company further increased its Internet bandwidth. The Company's overall network capabilities were further enhanced.

With the issue of LTE FDD license and the further implementation of real-name registration and other regulatory policies, the telecommunications industry is undergoing unprecedented changes

in 2015. With the mobile subscriber market saturating and the traditional voice business continuing to decline, the traditional subscriber-driven business growth is under pressure. As a result, the competition on traditional business is becoming more rational, the development focus is shifting from customer acquisition to putting equal weights on optimising existing customers and acquiring new customers in a quality way, and more attentions should be paid to balancing between quantity and quality and between business volume and revenue. Meanwhile, both the subscriber structure and the consumption structure are experiencing fast changes, with the subscribers upgrading from 2G and 3G to 4G and the consumption migrating from voice to data. The information consumption is fast spreading into every sector and every family, creating tremendous opportunities for operators' transformation and development.

Facing the new situation and new changes, the Company will further pursue its strategy of "Leading Mobile Broadband and Innovating Operational Integration" and seize new opportunities to realise new development. The Company will consolidate and enhance its broadband network advantages by fully leveraging on the integrated "mobile broadband + fixed-line broadband" network advantage, speeding up the construction of 3G+4G integrated high-quality mobile broadband network, and pushing forward the fiber optic upgrade of fixed-line broadband network. The company will proactively create differentiated service advantages through centralised operation, so as to improve operational efficiency and to enhance the capability to provide integrated and more convenient services to information consumers. The company will realise new development in the informatisation era by accelerating operational transformation and exploration in hot and emerging business areas such as Internet finance, industry applications, big data, Internet of Things and cloud computing.

The Company will seize new opportunities arising from the informatisation era, further accelerate its transformation and development, and achieve better and faster development so as to create greater value for its shareholders.

Notes: (4) The industry average growth rate is the year-on-year growth rate in key telecommunications business revenue released by MIIT (unadjusted). The unadjusted key telecommunications business revenue was RMB1,154.11 billion in 2014 and RMB1,168.91 billion in 2013, resulting in -1.3% year-on-year growth.

(5) Mobile broadband business includes 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