

To: Business/Finance Editors (For Immediate Release)

21 August 2015

CHINA UNICOM (HONG KONG) LIMITED
ANNOUNCES INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

Highlights :

- **Proactively adapted to the new changes in industry policies and market environment, accelerated the transformation of development model, and achieved continuous improvement in its development structure and profitability.**
- **Continous improvement in development structure:** the number of its mobile broadband subscribers accounted for 54.5% of its total mobile subscribers, up by 6.8pp y-o-y; mobile broadband business accounted for 71.8% of its mobile service revenue, up by 4.9pp y-o-y; non-voice's share of service revenue up by 8.8pp y-o-y to 68.3%.
- **Continuous improvement in profitability:** EBITDA margin up by 4.4pp y-o-y, net profit as % of service revenue up by 0.5pp y-o-y.
- **Rapidly growing innovative businesses:** IDC and cloud computing service revenue increased by 36.0% y-o-y; CMB-Unicom Consumer Financing Company Limited and “Woego” are under operation, the big data service company is also under full preparation.
- **Further enhanced broadband network capabilities:** mobile broadband base stations increased by 272 thousand to 837 thousand, realising continuous 4G coverage in main areas.

Financial Summary

	For the Six Months Ended 30 June (RMB millions)		
	1H2015 ⁽²⁾	1H2014 ⁽²⁾	Change (%)
Operating Revenue	144,685	149,569	-3.3%
Service Revenue⁽¹⁾	120,267	126,973	-5.3%
Of which: Mobile	73,464	81,343	-9.7%
Fixed-line	46,187	45,207	2.2%
EBITDA	50,464	47,689	5.8%
EBITDA as % of Service Revenue	42.0%	37.6%	4.4pp
Net Profit	6,990	6,689	4.5%
Basic EPS (RMB)	0.292	0.281	3.9%

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”).

Hong Kong, 21 August 2015 – 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 2015.

In the first half of 2015, the Company proactively followed a series of key strategic deployments initiated by the government such as “Internet+”, raising network speed and lowering data tariffs, enhanced network capabilities, promoted subscriber migration and consumption upgrade,

explored innovative businesses, and further implemented unified operation. As a result, the Company achieved continuous improvement in its development structure and profitability, and further enhanced its differentiated competitive advantages and overall strength.

Although the Company's service revenue in the first half of 2015 decreased by 5.3% over the same period last year to RMB120.27 billion, its development quality and business structure showed the continuous improvement, with continuously rising contribution from mobile broadband and high-speed fixed-line broadband businesses driving non-voice's share of service revenue up by 8.8 percentage points over the same period last year to 68.3%. The Company's financial status remained solid. In the first half of 2015, the Company's EBITDA reached RMB50.46 billion, up by 5.8% year-on-year; EBITDA as a percentage of service revenue reached 42.0%, up by 4.4 percentage points year-on-year; net profit increased by 4.5% year-on-year to RMB6.99 billion; and free cash flow reached RMB8.45 billion.

Accelerating subscriber migration. In the first half of 2015, the Company sped up the transformation of its sales and marketing model which shifted the focus from quantity to quality, and accelerated the adjustment and optimisation of its subscriber structures by focusing on 4G and fiber optic fixed-line broadband businesses. The Company accelerated the integrated operation of its mobile business, fully opened its 4G network to all the users, promoted 4G smartphones, sped up the user migration from 2G/3G to 4G, and improved its product portfolio to address both existing customers and new subscribers. As a result, the Company's mobile user structure and revenue mix were further optimised. In the first half of 2015, the number of its mobile broadband subscribers increased by 8.68 million to 157.79 million, accounting for 54.5% of its total mobile subscribers, up by 6.8 percentage points over the same period last year. The Company's mobile service revenue reached RMB73.46 billion, of which 71.8% came from mobile broadband business, up by 4.9 percentage points year-on-year. Meanwhile, leveraging on the construction of all fiber optic network, the Company sped up the development of fiber optic broadband subscriber base and improved the related customer service system to ensure the rapid growth of its fixed-line broadband business. In the first half of 2015, the Company's fixed-line broadband service revenue increased by 8.5% year-on-year to RMB27.0 billion; fixed-line broadband subscribers increased by 4.7% year-on-year to 70.59 million. Driven by the growing fixed-line broadband business, the Company's fixed-line service revenue increased by 2.2% year-on-year to RMB46.19 billion, of which 58.4% was from its fixed-line broadband business, resulting in a further optimised fixed-line business structure. The Company also utilised its resources and launched an innovative service package -- "Smart Wo Family" -- to cater to the needs of family users, which provides total communication and information solutions across all networks, all terminals and all businesses. In the first half of 2015, the Company developed 2.13 million "Smart Wo Family" users.

Accelerating consumption upgrade. The Company firmly grasped the opportunities brought by the rapidly growing data demand, and accelerated the consumption upgrade from voice service to data service. The Company promoted data volume operation and application innovation, and proactively explored opportunities to cooperate with Internet companies to boost data traffic and data value. In the first half of 2015, the data usage of the Company's handset subscribers grew by 47.4% year-on-year and the average monthly data traffic for mobile broadband customers grew

by 34.1% year-on-year; non-voice's share of mobile service revenue and fixed-line service revenue reached 58.5% and 83.3%, respectively.

Accelerating business innovation. In the first half of 2015, leveraging on the implementation of national "Internet+" strategy and the fast growing demand for informatisation, the Company focused on key areas such as IDC, cloud computing, ICT and the Internet of Things, proactively pushed forward the specialised operation, and enhanced the promotion of industry applications in education, automobile as well as smart city. In the first half of 2015, IDC and cloud computing service revenue increased by 36.0% year-on-year to RMB3.43 billion and ICT service revenue increased by 18.9% to RMB2.44 billion. Meanwhile, the Company sped up its strategic deployments in emerging businesses. CMB-Unicom Consumer Financing Company Limited is under operation with a focus on Internet finance. "Woego", the Company's B2B platform, already generated the transaction of RMB10 billion in the first half of 2015. Partnered with Telefonica, the location-based big data service company is also under full preparation. The above innovative initiatives in emerging businesses such as Internet applications will provide the Company with new room to grow and new capability to develop.

In the first half of 2015, the Company continued to expand the broad coverage of its mobile broadband networks and optimised the in-depth coverage of its networks to provide quality experience in high-speed data services and maintain its mobile broadband network advantages. In the first half of 2015, the Company expanded its mobile broadband base stations by 272 thousand to 837 thousand, realising continuous 4G coverage in main areas. The Company accelerated the construction and upgrade of its fixed-line fiber optic broadband network, and the number of its fixed-line broadband access ports increased by 20.8% year-on-year, of which 83% is FTTX. The Company continued to increase its network load-carrying capability, and overall network capabilities were further enhanced. Moreover, the Company proactively conducted tests and trials in new evolving network technologies such as SDN and 1,000M fiber optic network so as to support the Company's sustainable development in the future.

In the first half of 2015, leveraged on its cBSS system and "Woego" platform, the Company further promoted the centralised and unified operation in products, system support and customer service, and enhanced the integration of online and off-line operations. The Company strengthened big data analysis and applications, and boosted the operational efficiency in sales and marketing response, customer service, resource allocation and network maintenance. As a result, the capability for the centralised and unified operation improved continuously, the integrated online and off-line operation became more efficient, and the Company's differentiated competitive advantages were further consolidated and enhanced. Benefitting from the differentiated advantage of unified operation, the Company's mobile service resale business has been leading the industry, with nearly 90% market share in terms of the number of subscribers.

In light of the macroeconomic transformation, the Chinese government is now paying unprecedented attention to the promotion of the information and telecommunications sectors, which has created new opportunities for the information and telecommunications industry. China Unicom will further pursue its strategy of "Leading Mobile Broadband and Innovating Operational Integration", consolidate and create differentiated service advantages, proactively adapt to market changes, firmly grasp opportunities, and accelerate subscriber migration,

consumption upgrade as well as business innovation, so as to ensure the Company's continuous and rapid development. The Company will step up its 4G-oriented integrated mobile operation as well as the penetration and development of its fixed-line fiber optic network and business to improve quality and efficiency through continuous development. The Company will further step up the innovation, focus on key areas such as cloud computing, the Internet of Things, big data and mobile Internet, promote China Unicom's own "Internet+" Plan and e-commerce across all businesses, and push forward the data volume operation and the innovation of application services, so as to create new differentiated service advantages and new growth drivers. The Company will also further accelerate the construction of high-quality broadband networks, expand the coverage of its 4G network in both breadth and depth, and speed up its fixed-line broadband network to support the Company's development. Moreover, the Company will further speed up the centralised and unified operation, push forward the reform in key areas such as sales and marketing system, investment and construction, labor and resources allocation, speed up integrated online and off-line operations, and explore the specialised and market-oriented operation, so as to constantly enhance corporate vitality and organic energy.

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

- End -

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. Summer Mo

Tel: (852) 2126 2018

Email: media@chinaunicom.com.hk