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Key Financial and Performance Indicators for the First Three Quarters of 2020

In the first three quarters of 2020, facing challenges such as market saturation, keen market competition and the novel coronavirus outbreak, the Group proactively responded to the challenges and took precise measures to prevent and control the pandemic. Through pushing forward the comprehensive digital transformation and innovating communications service offerings, the Group turned adversity into opportunities. Meanwhile, the Group 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.

The key unaudited financial data in the period were as follows:

- Total service revenue amounted to RMB 207,349 million, up by 4.4% year-on-year.
- Mobile service revenue amounted to RMB 116,539 million, down by 1.0% year-on-year. The rate of decline substantially narrowed as compared to the full year of 2019. In the single third quarter of 2020, mobile service revenue further improved with an increase of 2.5% year-on-year.
- Industry Internet revenue amounted to RMB 32,656 million, up by 34.4% year-on-year.
- EBITDA¹ amounted to RMB 73,700 million, up by 0.8% year-on-year.
- The profit attributable to the equity shareholders of the Company amounted to RMB 10,824 million, up by 10.2% year-on-year.

To enable shareholders, investors and the general public to better appraise the operational performance of the Group, the board of directors (the "Board") of China Unicom (Hong Kong) Limited (the "Company", together with its subsidiaries, the "Group") announces certain selected unaudited key financial and performance indicators of the Group for the first three quarters of 2020.

Financial Data (Extracted from financial records prepared in accordance with International Financial Reporting Standards and Hong Kong Financial Reporting Standards)

Unit: RMB millions

	For the nine months ended 30 September	
	2020	2019
Total service revenue	207,349	198,532
Sales of telecommunications products	18,006	18,588
Revenue	225,355	217,120
Interconnection charges	(7,901)	(8,737)
Depreciation and amortisation	(62,436)	(62,504)
Network, operation and support expenses	(33,851)	(31,508)
Employee benefit expenses	(41,232)	(38,197)
Costs of telecommunications products sold	(17,429)	(19,154)
Selling and marketing expenses	(22,465)	(25,705)
General, administrative and other operating expenses	(28,778)	(20,674)
Finance costs	(1,286)	(1,615)
Interest income	1,033	933
Share of net profit of associates	1,120	1,007
Share of net profit of joint ventures	438	514
Other income – net	1,213	859
Profit before income tax	13,781	12,339
Income tax expenses	(2,904)	(2,497)
Profit for the period	10,877	9,842
Profit attributable to:		
Equity shareholders of the Company	10,824	9,823
Non-controlling interests	53	19
	As at	As at
	30 September 2020	31 December 2019
Total assets	570,624	562,499
Total liabilities	244,949	241,744
Total equity	325,675	320,755

Business Data

	As at 30 September 2020/ For the period from 1 January 2020 to 30 September 2020	As at 30 September 2019/ For the period from 1 January 2019 to 30 September 2019
Mobile billing subscribers (Million) ²	309.182	324.729
of which 4G subscribers (Million) ²	266.449	251.145
Net addition/(loss) of mobile billing subscribers (Million) ²	(9.293)	9.693
of which net addition/(loss) of 4G subscribers (Million) ²	12.683	31.220
Mobile handset data traffic (Billion MB)	27,288.8	22,857.6
Mobile voice usage (Billion Minutes)	459.7	562.2
Fixed-line broadband subscribers (Million)	86.558	84.445
Net addition/(loss) of fixed-line broadband subscribers (Million)	3.080	3.565
Fixed-line local access subscribers (Million)	48.234	54.247
Net addition/(loss) of fixed-line local access subscribers (Million)	(5.981)	(1.652)

In the first three quarters of 2020, facing challenges such as market saturation, keen market competition and the novel coronavirus outbreak, the Group proactively responded to the challenges and took precise measures to prevent and control the pandemic. Through pushing forward the comprehensive digital transformation and innovating communications service offerings, the Group turned adversity into opportunities. Meanwhile, the Group 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. In the first three quarters of 2020, the Group's total service revenue amounted to RMB 207,349 million, up by 4.4% year-on-year. The Group's EBITDA¹ amounted to RMB 73,700 million, up by 0.8% year-on-year. EBITDA as a percentage of service revenue was 35.5%. The profit attributable to the equity shareholders of the Company amounted to RMB 10,824 million, up by 10.2% year-on-year.

In mobile business, led by value-oriented operation, the Group 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 the centralised IT system of the entire network, the Group promoted the synergetic operation of online-offline omni-channels to improve marketing efficiency. It effectively achieved 5G network "co-build co-share" and stepped up 5G customer acquisition in a paced and targeted manner, introducing consumption upgrade through 5G innovative applications. In the first three quarters of 2020, mobile billing subscribers² registered a net loss of 9.29 million, reaching a total of 309 million. Mobile billing subscriber ARPU increased by 2.6% year-on-year to RMB 41.6. Mobile service revenue amounted to RMB 116,539 million, down by 1.0% year-on-year. The rate of decline substantially narrowed as compared to the full year of 2019. Benefiting from the active and effective adjustment of the mobile business priority, the Group's mobile business development quality gradually improved. In the single third quarter of 2020, mobile service revenue further improved with an increase of 2.5% year-on-year.

In fixed-line broadband business, the pandemic prompted a rising demand of broadband network deployment and speed upgrade. The Group adhered to rational and disciplined competition. It actively leveraged the comprehensive advantages of high speed, rich content and top-notch service, and advanced the promotion of smart home products to drive the growth in broadband access and other

related businesses. In the first three quarters of 2020, fixed-line broadband subscribers registered a net addition of 3.08 million, reaching a total of 86.56 million. Fixed-line broadband access revenue amounted to RMB 32,096 million, up by 3.7% year-on-year.

In innovative businesses, the “New Infrastructure” policy and the pandemic further boosted demand for digitisation, cyberisation and intelligent transformation of the economy and society. The Group seized the opportunity, especially by focusing on key areas such as smart city, digital government, smart healthcare and industrial Internet, to proactively leverage its resource advantages and deepen the promotion of industry cooperation, accelerating the cultivation of 5G+ vertical industry applications and the integrated innovative development. It deepened business cooperation with strategic investors and industry leaders, with a number of JVs established, creating powerful alliance and synergising edges. By strengthening the proprietary capabilities and focusing on platform-based capabilities, product standardisation, research and development centralisation, and proprietary delivery capabilities, the Group accelerated the development of proprietary capabilities and promotion of proprietary products, enabling the digital transformation of government and enterprise customers. In the first three quarters of 2020, revenue from industry Internet business amounted to RMB 32,656 million, up by 34.4% year-on-year. Driven by the rapid growth of the innovative businesses, the Group’s fixed-line service revenue reached RMB 89,057 million, up by 12.9% year-on-year.

In the first three quarters of 2020, interconnection charges decreased by 9.6% year-on-year mainly due to the decline in interconnection voice traffic. Network, operation and support expenses increased by 7.4% year-on-year mainly due to growth in charges for the use of premises and equipment as well as towers. The Group continued to deepen the reform of incentive systems and strengthen performance-linked incentives while at the same time stepping up recruitment of talents in innovative business to boost new energy for innovative development. Employee benefit expenses increased by 7.9% year-on-year. The costs of telecommunications products sold decreased by 9.0% year-on-year mainly benefitting from strengthened value management and lower sales of telecommunications products. During the period, the Group actively transformed its business model to rigorously control customer acquisition cost, driving selling and marketing expenses to decrease by 12.6% year-on-year to RMB 22,465 million. General, administrative and other operating expenses increased by 39.2% year-on-year mainly due to the increasing costs associated with the rapid growth of ICT business and more technical support spending for innovative businesses.

Going forward, the Group will continue to deepen the strategy of focus, innovation and cooperation. It will assure stable development of the fundamental businesses, strengthen the core capabilities of government and enterprise business, and enhance the momentum of innovative business, thereby ensuring steady corporate growth. Meanwhile, the Group will advance the depth of mixed-ownership reform, and capitalise on the differentiated advantages to promote transformation and enhance capabilities in business, channel, network, IT support, and resources allocation. The Group will also leverage comprehensive digitalisation to promote the modernisation of governance and strive to achieve the high-quality and healthy development.

Caution Statement

The Board wishes to remind shareholders of the Company and investors that the above financial and business data are based on the Group’s internal records and management accounts and have not been reviewed or audited by the auditors. The Company’s shareholders and investors are cautioned not to unduly rely on such data. In the meantime, the Company’s shareholders and investors are advised to exercise caution in dealing in the securities of the Company.

By order of the Board
China Unicom (Hong Kong) Limited
Wang Xiaochu
Chairman and Chief Executive Officer

Hong Kong, 21 October 2020

Note 1: 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 expenses, depreciation and amortisation. As the telecommunications business is a capital intensive industry, capital expenditure and finance costs may have a significant impact on the net profit of the companies with similar operating results. Therefore, the Company believes that EBITDA may be helpful in analysing the operating results of a telecommunications service operator like the Company. 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.

Note 2: Mobile business data includes 5G subscribers.

Certain statements contained in this announcement 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.

As at the date of this announcement, the board of directors of the Company comprises:

Executive Directors:	Wang Xiaochu, Li Fushen, Zhu Kebing and Fan Yunjun
Independent Non-executive Directors:	Cheung Wing Lam Linus, Wong Wai Ming, Chung Shui Ming Timpson and Law Fan Chiu Fun Fanny