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**ACQUISITION OF 51% EQUITY INTEREST
IN FAW COMMUNICATION SCIENCE AND TECHNOLOGY
FROM UNICOM GROUP**

The Board is pleased to announce that on 6 November 2020, CUCL, a wholly-owned subsidiary of the Company, entered into the FAW Communication Science and Technology Acquisition Agreement with Unicom Group, pursuant to which CUCL has agreed to acquire 51% equity interest in FAW Communication Science and Technology from Unicom Group, for a purchase price of RMB131,227,590 (approximately HK\$150,732,357).

LISTING RULES IMPLICATIONS

Unicom Group is the ultimate parent company of the Company and, as at the date of this announcement, indirectly controls approximately 79.9% of the issued share capital of the Company through its shareholdings in Unicom BVI and Unicom Group BVI, which directly hold 53.5% and 26.4% of the issued share capital of the Company, respectively. Accordingly, Unicom Group is a connected person of the Company and the transaction under the FAW Communication Science and Technology Acquisition Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the transaction under the FAW Communication Science and Technology Acquisition Agreement exceeds 0.1% but is less than 5%, such connected transaction is only subject to the reporting and announcement requirements under Rule 14A.76(2) of the Listing Rules but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. Particulars of the transaction will be included in the relevant annual report of the Company in accordance with Rules 14A.49 and 14A.71 of the Listing Rules.

The Board (including the independent non-executive Directors but excluding the Directors who have voluntarily abstained from voting) is of the view that the FAW Communication Science and Technology Acquisition Agreement was entered into in the ordinary and usual course of business of the Company and the terms of the FAW Communication Science and Technology Acquisition Agreement are on normal commercial terms or better. The terms of the FAW Communication Science and Technology Acquisition Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

1. INTRODUCTION

The Board is pleased to announce that on 6 November 2020, CUCL and Unicom Group entered into the FAW Communication Science and Technology Acquisition Agreement, pursuant to which CUCL has agreed to acquire 51% equity interest in FAW Communication Science and Technology from Unicom Group.

2. FAW COMMUNICATION SCIENCE AND TECHNOLOGY ACQUISITION AGREEMENT

The principal terms of the FAW Communication Science and Technology Acquisition Agreement are set out below:

Date: 6 November 2020

Parties: (a) CUCL (as the buyer); and
(b) Unicom Group (as the seller)

The consideration is RMB131,227,590 (approximately HK\$150,732,357) (“the **Purchase Price**”). The Purchase Price will be paid by CUCL to Unicom Group within 60 days from the signing date of the FAW Communication Science and Technology Acquisition Agreement. The Purchase Price will be satisfied by the Group’s internal funds.

The above Purchase Price was determined after arm’s length negotiations between CUCL and Unicom Group, are on normal commercial terms, and with reference to various factors including, but not limited to, the financial and operating performance, development prospect of FAW Communication Science and Technology, the appraised value of total shareholders’ equity of FAW Communication Science and Technology as at 31 December 2019 of approximately RMB260 million (approximately HK\$300 million) as set out in the valuation report prepared by an independent appraisal company, and the reasons and benefits as described below.

As advised by Unicom Group, the 51% equity interest in FAW Communication Science and Technology held by it was transferred to it from China FAW Group Co., Ltd., a state-owned enterprise, at nil consideration pursuant to the Interim Measures for the Administration of Gratuitous Transfer of State-owned Property Rights of Enterprises (《企業國有產權無償劃轉管理暫行辦法》) and other relevant laws and regulations.

3. REASONS FOR, AND BENEFITS OF, THE ACQUISITION OF 51% EQUITY INTEREST IN FAW COMMUNICATION SCIENCE AND TECHNOLOGY

The acquisition of the 51% equity interest in FAW Communication Science and Technology will strengthen the cooperation between the Group and China FAW Group Co., Ltd., which holds the remaining 49% equity interest in FAW Communication Science and Technology as at the date of this announcement, creating strong alliance so as to complement each other's advantages, and leverage synergistic benefits, which in turn could help promote the development and improve competitiveness and operation efficiency of FAW Communication Science and Technology, thus further drive the growth of revenue and profit of the Group in future.

4. CONNECTION BETWEEN THE PARTIES AND HONG KONG LISTING RULES IMPLICATIONS

Unicom Group is the ultimate parent company of the Company and, as at the date of this announcement, indirectly controls approximately 79.9% of the issued share capital of the Company through its shareholdings in Unicom BVI and Unicom Group BVI, which directly hold 53.5% and 26.4% of the issued share capital of the Company, respectively. Accordingly, Unicom Group is a connected person of the Company and the transaction contemplated under the FAW Communication Science and Technology Acquisition Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the transaction under the FAW Communication Science and Technology Acquisition Agreement exceeds 0.1% but is less than 5%, such connected transaction is only subject to the reporting and announcement requirements under Rule 14A.76(2) of the Listing Rules but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. Particulars of the transaction will be included in the relevant annual report of the Company in accordance with Rules 14A.49 and 14A.71 of the Listing Rules.

5. OPINION OF THE BOARD

The Board has passed a resolution to approve the FAW Communication Science and Technology Acquisition Agreement and the transaction thereunder. The executive Directors, being Mr. Wang Xiaochu, Mr. Li Fushen, Mr. Zhu Keping and Mr. Fan Yunjun, who also hold executive positions with Unicom Group, have voluntarily abstained from voting on the relevant resolutions of the Board. Save as disclosed in this announcement, the other Directors do not have material interest in the transaction contemplated under the FAW Communication Science and Technology Acquisition Agreement nor have they abstained from voting in respect of the relevant Board resolution.

The Board (including the independent non-executive Directors but excluding the Directors who have voluntarily abstained from voting) is of the view that the FAW Communication Science and Technology Acquisition Agreement is entered into in the ordinary and usual course of business of the Company and the terms of the FAW Communication Science and Technology Acquisition Agreement are on normal commercial terms or better. The terms of the FAW Communication Science and Technology Acquisition Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

6. GENERAL INFORMATION

The Company was incorporated in Hong Kong on 8 February 2000. CUCL is a limited liability company incorporated on 21 April 2000 under the laws of the PRC and is a wholly-owned subsidiary of the Company. Through CUCL and its other subsidiaries, the Group provides full range and high quality information and telecommunications services in the PRC, including mobile broadband, fixed-line broadband, mobile access, fixed-line access, ICT, data communications and other related value-added services.

Unicom Group is a state-owned enterprise incorporated under the laws of the PRC and is the ultimate parent company of the Company. Unicom Group is principally engaged in telecommunications and related businesses in the PRC, including providing fixed-lined telephone, mobile, broadband and Internet-based services across the PRC.

FAW Communication Science and Technology is an enterprise incorporated on 27 September 2002 under the laws of the PRC, in which Unicom Group and China FAW Group Co., Ltd. currently hold 51% and 49% equity interest respectively. The main business scope of FAW Communication Science and Technology includes software development, information technology services, system integration, Internet access, Internet content services, broadband networks and value-added services, etc.

For the year ended 31 December 2018, net profits before taxation and net profits after taxation for FAW Communication Science and Technology were RMB61 million (approximately HK\$70 million) and RMB45 million (approximately HK\$52 million) respectively. For the year ended 31 December 2019, net profits before taxation and net profits after taxation for FAW Communication Science and Technology were RMB40 million (approximately HK\$46 million) and RMB33 million (approximately HK\$38 million) respectively. As at 31 December 2019, the audited net asset value of the FAW Communication Science and Technology was approximately RMB152 million (approximately HK\$175 million). The above financial information of FAW Communication Science and Technology were prepared in accordance with the generally accepted accounting principles of the PRC.

7. DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the meanings set out below:

“Board”	the board of directors of the Company
“Company”	中國聯合網絡通信(香港)股份有限公司 (China Unicom (Hong Kong) Limited), a company incorporated under the laws of Hong Kong with limited liability and whose Shares and ADSs are listed on The Stock Exchange of Hong Kong Limited and the New York Stock Exchange, respectively
“connected person”	has the meaning ascribed to it in the Listing Rules
“controlling shareholder”	has the meaning ascribed to it in the Listing Rules
“CUCL”	中國聯合網絡通信有限公司 (China United Network Communications Corporation Limited), a foreign-invested enterprise established under the laws of the PRC and a wholly-owned subsidiary of the Company
“Director(s)”	the director(s) of the Company
“FAW Communication Science and Technology”	Communication Science and Technology Co., Ltd. of Changchun FAW, an enterprise established under the laws of the PRC
“FAW Communication Science and Technology Acquisition Agreement”	The equity acquisition agreement dated 6 November 2020 entered into between CUCL and Unicom Group for the acquisition of 51% equity interest in FAW Communication Science and Technology from Unicom Group

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“percentage ratio”	has the meaning ascribed to it in Chapter 14 of the Listing Rules
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	the shareholders of the Company
“Unicom BVI”	China Unicom (BVI) Limited, a company incorporated under the laws of the British Virgin Islands in which Unicom Group directly holds a 17.9% equity interest and 中國聯合網絡通信股份有限公司 (China United Network Communications Limited) holds a 82.1% equity interest as at the date of the announcement, and an immediate controlling shareholder of the Company
“Unicom Group”	中國聯合網絡通信集團有限公司 (China United Network Communications Group Company Limited), a state-owned enterprise established under the laws of the PRC and the ultimate parent company of the Company
“Unicom Group BVI”	China Unicom Group Corporation (BVI) Limited, a company incorporated in the British Virgin Islands in which Unicom Group holds a 100% equity interest, and an immediate controlling shareholder of the Company

This announcement contains translations between Renminbi and Hong Kong dollar amounts at RMB0.8706= HK\$1. The translations should not be taken as a representation that the Renminbi could actually be converted into Hong Kong dollars at that rate or at all.

By Order of the Board
CHINA UNICOM (HONG KONG) LIMITED
YUNG SHUN LOY JACKY
Company Secretary

Hong Kong, 6 November 2020

FORWARD-LOOKING STATEMENTS

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 and other filings with the U.S. Securities and Exchange Commission.

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

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