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Key Financial and Performance Indicators for the First Three Quarters of 2021

In the first three quarters of 2021, the Group firmly seized the new opportunities in the industry and insisted on innovative transformation and in-depth mixed-ownership reform. It deepened network “co-build co-share” and led the improvement of quality and efficiency of its full services with 5G. It accelerated comprehensive digital transformation, taking full advantage of its nationwide-centralised digital operation. It actively developed proprietary innovation platform capabilities and key products to enhance competitiveness and value. The Group’s overall businesses achieved high-quality and stable development.

The key unaudited financial data in the first three quarters of 2021 were as follows:

- Total revenue amounted to RMB 244.489 billion, up by 8.5% year-on-year.
- Service revenue amounted to RMB 222.384 billion, up by 7.3% year-on-year.
- Mobile service revenue amounted to RMB 123.324 billion, up by 5.8% year-on-year.
- Fixed-line service revenue amounted to RMB 97.146 billion, up by 9.1% year-on-year.
- Industry Internet revenue amounted to RMB 40.925 billion, up by 25.3% year-on-year.
- The profit attributable to the equity shareholders of the Company amounted to RMB 12.923 billion, up by 19.4% 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 2021.

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	
	2021	2020
Total service revenue	222,384	207,349
Sales of telecommunications products	22,105	18,006
Total revenue	244,489	225,355
Interconnection charges	(8,044)	(7,901)
Depreciation and amortisation	(64,502)	(62,436)
Network, operation and support expenses	(38,582)	(33,851)
Employee benefit expenses	(45,278)	(41,232)
Costs of telecommunications products sold	(21,403)	(17,429)
Selling and marketing expenses	(23,136)	(22,465)
General, administrative and other operating expenses	(32,709)	(28,778)
Finance costs	(898)	(1,286)
Interest income	754	1,033
Share of net profit of associates	1,382	1,120
Share of net profit of joint ventures	1,020	438
Other income – net	2,791	1,213
Profit before income tax	15,884	13,781
Income tax expenses	(2,893)	(2,904)
Profit for the period	12,991	10,877
Profit attributable to:		
Equity shareholders of the Company	12,923	10,824
Non-controlling interests	68	53
	As at	As at
	30 September 2021	31 December 2020
Total assets	589,264	580,616
Total liabilities	257,063	253,096
Total equity	332,201	327,520

Business Data

	As at 30 September 2021/ For the period from 1 January 2021 to 30 September 2021	As at 30 September 2020/ For the period from 1 January 2020 to 30 September 2020
Mobile billing subscribers (Million)	315.553	309.182
Net addition/(loss) of mobile billing subscribers (Million)	9.742	(9.293)
5G package subscribers (Million)	136.945	N/A
Net addition of 5G package subscribers (Million)	66.115	N/A
Mobile handset data traffic (Billion MB)	35,543.1	27,288.8
Fixed-line broadband subscribers (Million)	92.998	86.558
Net addition of fixed-line broadband subscribers (Million)	6.903	3.080
Fixed-line local access subscribers (Million)	47.103	48.234
Net loss of fixed-line local access subscribers (Million)	(0.236)	(5.981)

In the first three quarters of 2021, the Group firmly seized the new opportunities in the industry and insisted on innovative transformation and in-depth mixed-ownership reform. It deepened network “co-build co-share” and led the improvement of quality and efficiency of its full services with 5G. It accelerated comprehensive digital transformation, taking full advantage of its nationwide-centralised digital operation. It actively developed proprietary innovation platform capabilities and key products to enhance competitiveness and value. The Group’s overall businesses achieved high-quality and stable development. In the first three quarters of 2021, the Group’s total revenue amounted to RMB 244.489 billion, up by 8.5% year-on-year. Service revenue amounted to RMB 222.384 billion, up by 7.3% year-on-year. The Group’s EBITDA¹ amounted to RMB 75.337 billion, up by 2.2% year-on-year. EBITDA as a percentage of service revenue was 33.9%. The profit attributable to the equity shareholders of the Company amounted to RMB 12.923 billion, up by 19.4% year-on-year.

In mobile business, the Group continued to deepen its 5G-led strategy and firmly adhered to rational and orderly competition, effectively balancing value-oriented operation and scale development, enhancing both market share and value contribution of mobile subscribers. In consumer market, by aggregating various data traffic platforms, the Group launched the industry-leading innovative China Unicom APP. By utilising Big Data analytics models to power up total lifecycle management of customers, the Group continued to drive precise upgrade of existing customers and unlock 5G customers' value through coordinated development of terminals, network and business. In the government and enterprise market, the Group actively pushed forward the integrated and innovative development of 5G+ industry vertical applications and fully promoted the scale development of 5G applications. In the first three quarters of 2021, mobile billing subscribers registered a net addition of 9.74 million, reaching a total of 316 million. 5G package subscribers increased by 66.12 million to 137 million, effectively driving mobile billing subscriber ARPU to increase by 6.3% year-on-year to RMB 44.3. Mobile service revenue amounted to RMB 123.324 billion, up by 5.8% year-on-year.

In fixed-line broadband business, the Group grasped the boosted demand for digitisation, cyberisation, and intelligent transformation of the economy and society, and actively leveraged proprietary resources

and edges to empower the government, enterprises and household customers, pushing forward the pan-integration development of innovative and fundamental businesses. The Group continued to strengthen the core capabilities of Smart Community and Smart WoHome platforms, and promoted the Digital Village service cloud platform, continuously reinforcing the differentiated edges of broadband business. In the first three quarters of 2021, fixed-line broadband subscribers registered a net addition of 6.90 million, reaching a total of 93.00 million. Fixed-line broadband access revenue amounted to RMB 33.341 billion, up by 3.9% year-on-year.

In innovative businesses, led by digital innovation, the Group deepened the development of application products for major industries. Unicom Digital Technology Co., Ltd. was formed to create integrated innovation and differentiated edges of 5G + ABCDE (artificial intelligence, blockchain, cloud computing, Big Data, edge computing). The Group built an innovative business capability system, focusing on the platform-based capability, research and development centralisation, product standardisation and delivery of proprietary integration. By enhancing proprietary capabilities, the Group created unique innovative edges in the digital economy era. In the first three quarters of 2021, revenue from industry Internet business amounted to RMB 40.925 billion, up by 25.3% year-on-year. Driven by the rapid growth of the innovative businesses, the Group's fixed-line service revenue reached RMB 97.146 billion, up by 9.1% year-on-year.

In the first three quarters of 2021, network, operation and support expenses increased by 14.0% year-on-year mainly due to growth in the usage costs of premises and equipment, repairs and maintenance expenses and charges for energy as a result of network and business scale expansion. The Group continued to deepen the reform of incentive systems and strengthen performance-linked incentives while at the same time stepping up recruitment of innovative talents to boost new energy for innovative development. Employee benefit expenses increased by 9.8% year-on-year. The costs of telecommunications products sold increased by 22.8% year-on-year, in line with the 22.8% increase in sales of telecommunications products. General, administrative and other operating expenses increased by 13.7% year-on-year mainly due to the rapid growth of ICT services leading to an increase of the related service costs and the increased initiatives in technical support for innovative businesses.

Going forward, the Group will fully unlock the edges established by the ecology integration brought by the mixed-ownership reform and the pioneering digital transformation. Driven by the two flywheels of market and innovation, the Group will strengthen construction and service capabilities for the new generation information infrastructure while further improving market-oriented operation. It will accelerate the pace of digital transformation and comprehensively shape the new edges of differentiated development, striving to make a new leap in high-quality development and create greater values for shareholders, customers, and society.

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
Liu Liehong
Chairman and Chief Executive Officer

Hong Kong, 21 October 2021

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.

Certain statements contained in this announcement may be viewed as “forward-looking statements”. 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. Neither the Company nor the directors, employees or agents of the Company assume any liabilities in the event that any of the forward-looking statements does not materialise or turns out to be incorrect.

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

Executive Directors:	Liu Liehong and Chen Zhongyue
Independent Non-executive Directors:	Cheung Wing Lam Linus, Wong Wai Ming, Chung Shui Ming Timpson and Law Fan Chiu Fun Fanny