

INTERIM RESULTS

2019

14 August 2019

Forward-looking Statements



Certain statements contained in this presentation 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.

OVERALL RESULTS

OPERATING
PERFORMANCE

FINANCIAL
PERFORMANCE

Highlights

1

Deepened execution of the Strategy of Focus, Innovation & Cooperation to actively transform and overcome new challenges faced by the industry

2

Implemented mixed-ownership reform in depth bringing notable enhancement in growth quality & return

3

Innovative businesses registered robust growth & became the key revenue driver

4

To capture new opportunities & create new value by nurturing & consolidating China Unicom's 5Gⁿ unique edges

5

Accelerate "Five New" establishment, striving for a new paradigm of high-quality development

Profit Continued to Grow Remarkably

Actively transform to overcome the short-term pain of industry (revenue decline)

Focus, Innovation & Cooperation

Control Cost & Raise Return

(RMB Mil)	1H2018	1H2019	Change YoY
Service Revenue ¹	134,423	132,957	-1.1%
Industry Internet Revenue	11,703	16,718	42.9%
EBITDA ²	45,673	49,507	8.4%
<i>As % of Service Revenue</i>	34.0%	37.2%	3.2pp
Net Profit ³	5,912	6,877	16.3%
Basic EPS (RMB)	0.193	0.225	16.3%

Note: Unless otherwise stated in this presentation,

1. Service revenue = operating revenue – sales of telecommunications products.
2. EBITDA = profit for the period before finance costs, interest income, shares of net profit of associates, share of net profit of joint ventures, other income - net, income tax, depreciation & amortisation.
3. Net profit represented profit attributable to equity shareholders of the Company.

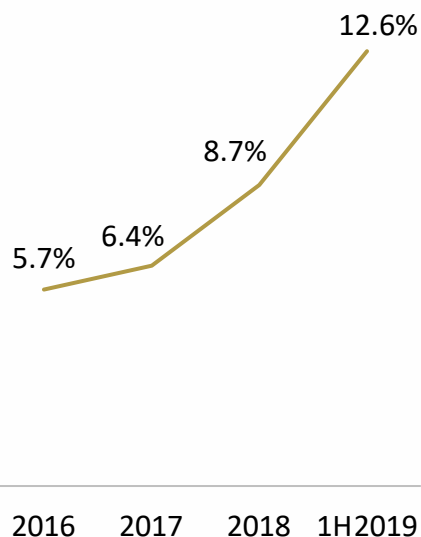
Sustained Enhancement in Growth Quality & Return

Service revenue mix
further optimised

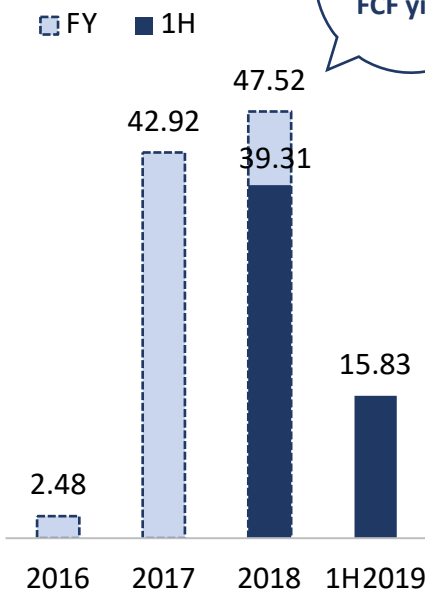
Strong FCF maintained

Net profit continued to
grow remarkably

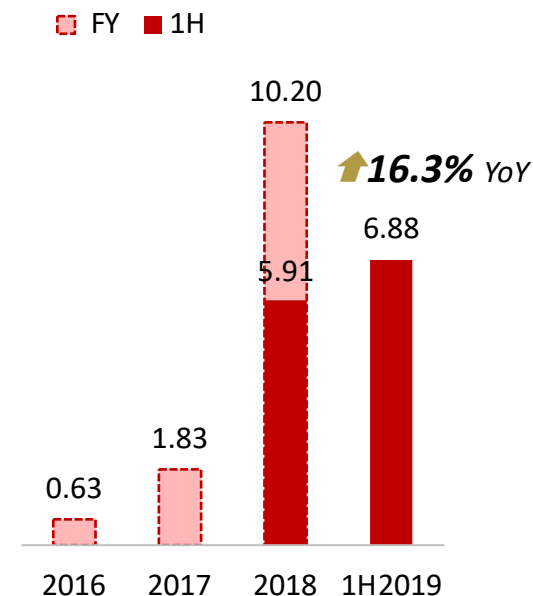
Industry Internet Revenue
as % of Service Revenue



Free Cash Flow¹
(RMB Bil)



Net Profit
(RMB Bil)



Note:

1. Excluded the impact of the adoption of IFRS 16 on free cash flow in 1H2019, i.e. free cash flow = operating cash flow – CAPEX – capital element of lease rentals paid
2. FCF yield = free cash flow / average market capitalisation of the Company

Actively Addressed New Challenges in Mobile Business

Facing speed upgrade & tariff reduction, market saturation, keen market competition & diminishing 4G data bonus, the Company persisted in differentiated development & avoided simple price competition to maximise corporate value

1H2019

↓ **6.6%** YoY

Mobile Service Revenue

↑ **9.32** mil

Mobile Billing Subscribers

↑ **19.01** mil

4G Subscribers

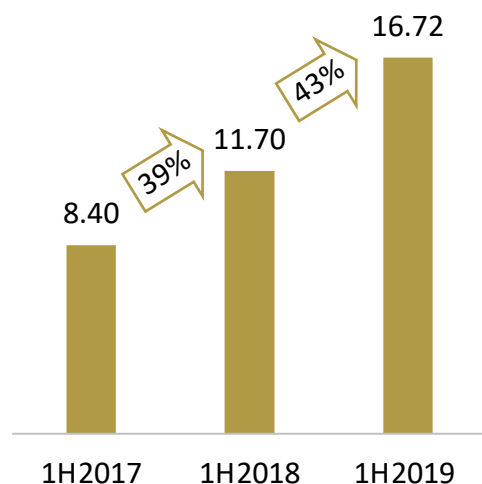
To drive mobile service revenue steady-to-rising in 2H2019 while expecting more rational & disciplined competition brought by the industry revenue decline in 1H2019

(Mobile service revenue in July 2019: ↑ **1.6%** vs June 2019)

- Rigorous control of customer acquisition cost & ultra-low tariff plans
- Gradually leverage the in-depth coverage & wide coverage in rural area of the new LTE 900MHz network to explore new customers & revenue
- Strengthen Internet-oriented transformation & differentiated operations to raise efficiency
- Deepen cooperation with strategic investors (e.g. 2I2C, privilege enrichment, consumer credit, etc.) & advance integrated offerings
- Enhance customer value & retention with Big Data analytics
- The carryover effect of cancellation of mobile data roaming fee to subside

Strong Growth Momentum of Innovative Businesses

Industry Internet Revenue
(RMB Bil)



- 2018/2019: Focus on capability development & scale
2020: Leverage scale benefits to progressively expand margin
- Promoted the new integrated sales model (“cloud + smart networks + smart applications”), focusing on key application products in key industries
- Established innovative mechanism segregated from fundamental service, strengthened incremental return sharing mechanism, piloted core employee stock ownership scheme & profit sharing incentive for tech positions
- Strengthened innovative talent development with over 6k talents introduced to the special zone
- Deepened business cooperation with strategic investors & industry leaders, with a number of JVs established, creating powerful alliance & synergising edges

Mixed-ownership Reform Continued to Deliver

Notable enhancement in growth quality & return

Create Powerful Alliance

Deepen synergetic cooperation
with strategic investors



**Strengthen
new energy for innovative
development concurrently
lifting fundamental business**

Reform System & Mechanism

Ongoing promotion of well-coordinated
governance system & market-oriented incentive
mechanism with effective checks-and-balances



**Enhance
vibrancy & efficiency
to drive returns for
shareholders & employees**

Ongoing Effort on System & Mechanism Reform

Lift vibrancy, promote growth & control cost

Streamlining & Re-organisation 2.0

- Number of institutions at provincial & city branches ↓ 11% & ↓ 25% respectively
- Raise staff productivity to reduce outsourcing
- 4,340 employees migrated to sub-divided units
- Better achieved “staff in & out”, “post up & down” & “compensation up & down”

Market-oriented Incentive Mechanism

- Established remuneration system with differentiated compensation based on returns & efficiency
- Issued ≈810 mil restrictive shares of Unicom A Share Company to ≈8,000 key managerial staff & core talents
- Established long-term incentive & governance mechanism in China Unicom Smart Connection Technology & Yunlizhihui Technology

Sub-division Reform in All Production Units

- Shared incremental return with revenue & gross profit as KPIs
- Aligned responsibilities with authorities & rewards, and enhanced the top-down business support
- Strengthened exchange of reform experience & promoted frontline innovation
- Established 24k sub-divided units nationwide with 22k mini-CEOs

Expanded Mixed-ownership Reform to Subordinate Companies



▲ **Vibrancy**

▲ **Efficiency**

▲ **New Energy for Innovative Development**

▲ **Competitiveness**



Smart Steps Digital Technology

(a Big Data service provider jointly developed with Telefonica)

Introduced JD Digits as strategic investor



Smart Connection Technology

(China Unicom's IoV subsidiary)

Introduced 9 strategic investors, including the largest automobile OEMs in China such as FAW, Dongfeng, GAC, etc.



Yunnan Branch

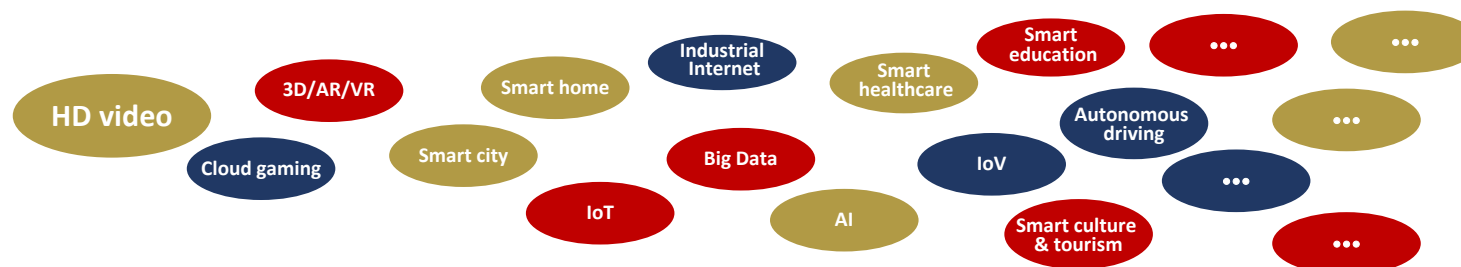
Expanded contract-out reform to the whole province in 2019

- Delegated management of access network assets, network deployment & maintenance, overall business dealing to privately-owned operating companies, in compliance with the applicable laws & regulations
- Contracted out operation with profit target set
- >90% of the Company's employees migrated to the operating companies
- Stock ownership to key employees to better align staff & operating companies' interests

Initial reform results in 7 local networks of Yunnan branch

	2018
Investment drawn	RMB1.2 bil
Revenue growth	↑ 17.7%
Loss reduction in Yunnan branch	RMB250 mil

Focused, precise, effective & paced investment to enhance value



Consumer Market

- Focus network deployment in Beijing-Tianjian-Hebei, Yangtze River Delta, Pearl River Delta & other major city clusters & all other provincial capital cities with scale & quality, elevating the 5G brand influence & competitiveness
- 2020 & onward: nationwide commercialisation with network architecture migrating toward SA (standalone)
- Focus on terminals showcasing 5G featured service & products to enhance value – 5G terminal + 5G speed-up package + content/ privilege + consumer credit

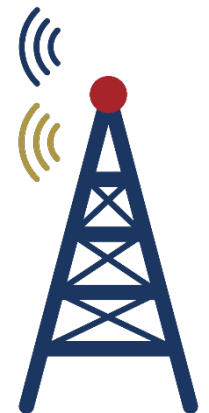
Vertical Market

- Advance industry participation with open & win-win cooperation to explore new 5G applications for vertical markets & create new revenues
- 5G Application Innovation Alliance formed with over 500 members & 5G industry cooperation agreement signed with 180 key industry customers
- Established 5G Joint Innovation Lab with strategic partners to explore & showcase applications in 10 key industries with >40 5G industry applications launched

Strive for 5G Network "Co-build Co-share"

To enhance industry value

- Strive for network "co-build co-share" & synergy to speed up 5G deployment
- "Co-build co-share" could deliver material savings in CAPEX, tower usage fee, network maintenance expense & power charge
- Customer could experience seamless service upgrade in the regions of "co-build co-share" without replacing SIM & mobile number for 5G service
- Resources sharing could allow customers to enjoy compelling experience & raise subscriber quality
- Will timely disclose once a cooperation agreement is reached



Prosperity of 5G applications rooted on eco-system cooperation

Potential collaboration with 14 strategic investors & benefits from market-oriented system & mechanism reform, leveraging mixed-ownership reform

Well-established Internet-oriented mindset & operation (2I2C, marketing, network operation...)

Rich experience in open cooperation

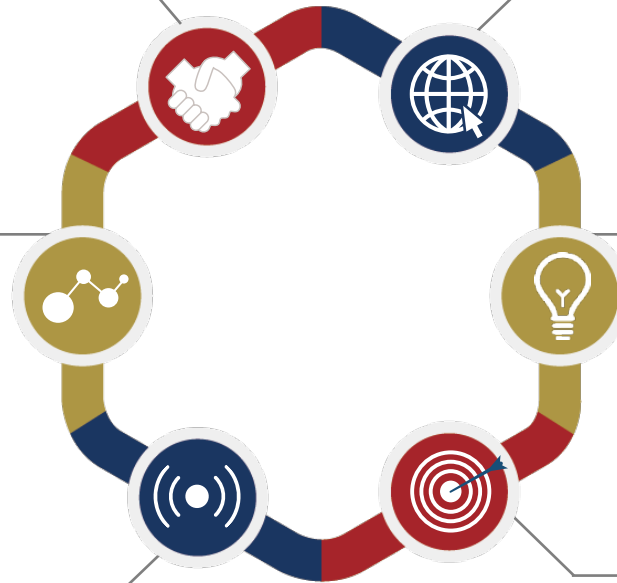
- Established JVs & strategic business cooperation with strategic investors & vertical market leaders, among others
- Experienced in 4G network & fibre transmission sharing with China Telecom in selected areas

Fast growth of innovative businesses underpinning future 5G application development & roll-out

Leverage the value chain advantages of 3.5GHz to drive coordinated development of terminals, network & business, followed by the dual-band (3.5GHz & 2.1GHz) synergy, assuring leading experience & comprehensive coverage

Track record of highly-efficient & precise investment

- Achieved industry lowest capex-to-sales ratio with network quality in focused regions in par with the industry & attained the industry-leading profit growth in the past 3 years



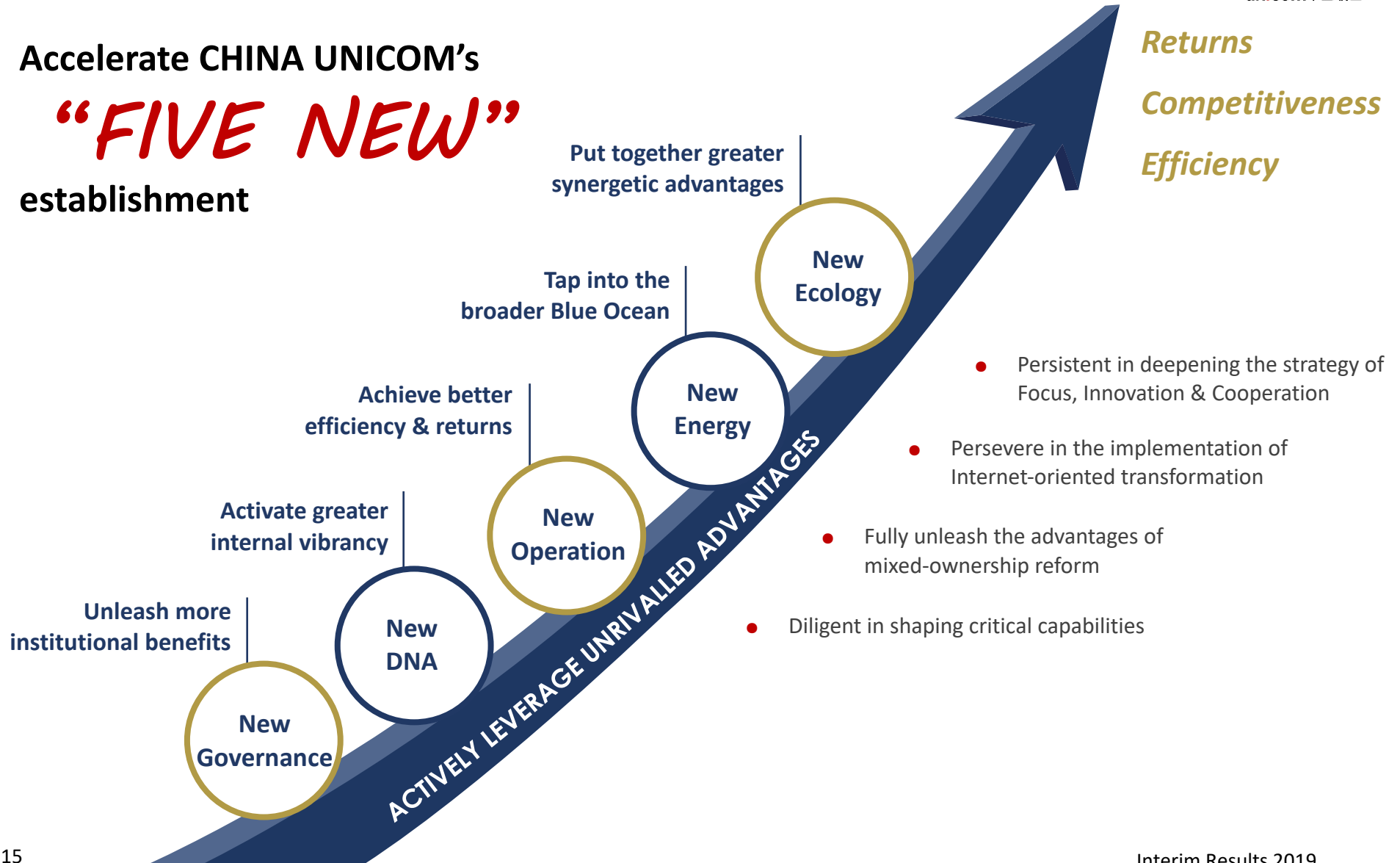
Drive High-quality Sustainable Growth



Accelerate CHINA UNICOM's

"FIVE NEW"

establishment





OVERALL
RESULTS

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Revenue Breakdown

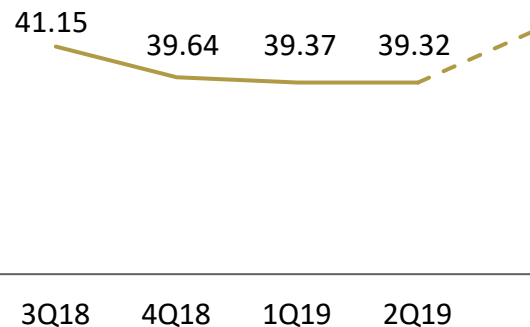
(RMB Mil)	1H2018	1H2019	Change YoY
Mobile Service Revenue	84,278	78,691	-6.6%
Voice	18,530	15,403	-16.9%
Data Traffic	53,873	51,341	-4.7%
Others	11,875	11,947	0.6%
Fixed-line Service Revenue	49,117	53,134	8.2%
Voice	5,472	5,011	-8.4%
Broadband Access	21,525	20,646	-4.1%
Others ¹	22,120	27,477	24.2%
Other Service Revenue	1,028	1,132	10.1%
Sales of Telecommunications Products	14,682	11,997	-18.3%
Total	149,105	144,954	-2.8%

Note:

1. Mainly included revenue from IDC, IT services & leased line services & others.

Strive to Drive Mobile Service Revenue Steady-to-Rising

Mobile Service Revenue (RMB Bil)



- Step up promotion of new product “telecommunication capability + smart hardware + content & applications”, shifting toward high quality growth
- Simplify & optimise product packages tilting towards high ARPU user acquisition
- Leverage customer segmentation & targeted marketing to provide customers with customised products, highlighting our differentiated advantages of membership privileges & consumer credit
- Leverage Big Data analytics to enhance customer value & retention
- To build a premium "5G+4G" network to support business development

Prepare Ahead for Mobile Number Portability

Offer differentiated products & services to enhance user experience for better customer acquisition & retention

- **Deepen fixed-line & mobile integration:**

Focused development in Northern China & flexible cooperation in Southern China



- **Step up LTE 900MHz network deployment & optimisation to vastly improve network experience of customers**



- **Widen the scope of bundling:**

Multiple SIMs package, handset contract, pan smart hardware contract, consumer credit & etc.



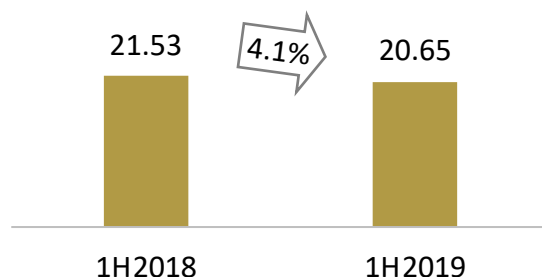
- **Strengthen Big Data analytics to precisely identify high/medium/low-risk users & carry out targeted retention measures**



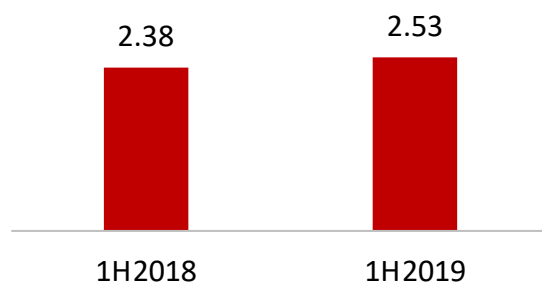
Actively Counter Exceptionally Intense Broadband Competition

Highlighting quality, high-speed & smart home products advantages

Fixed-line Broadband Access Revenue
(RMB Bil)



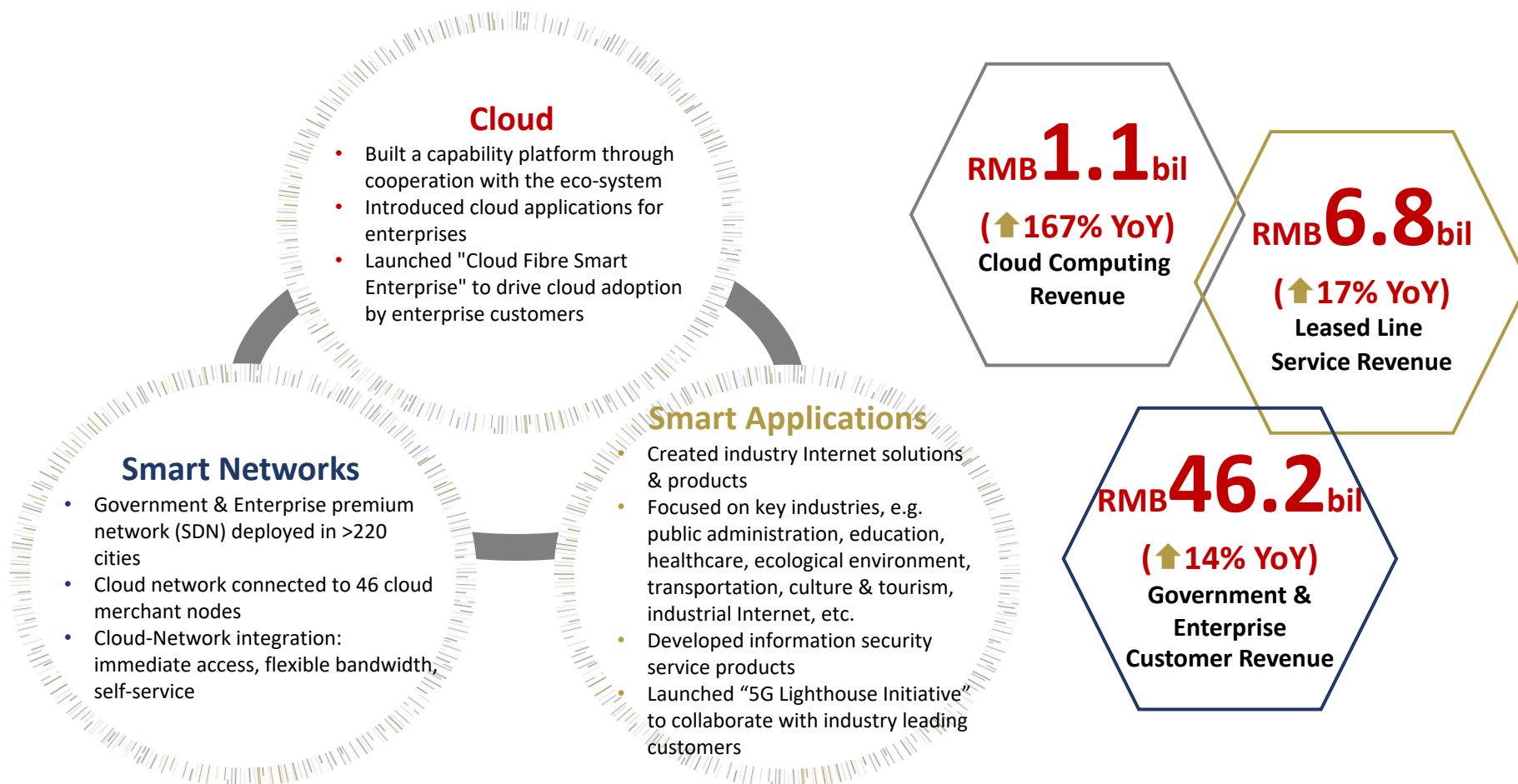
Fixed-line Broadband Sub Net Add
(Mil)



- Promote Gbps-level high-quality broadband products in key cities in Northern China & provincial capitals in Southern China
- Further raise network utilisation, deeply push forward broadband cooperation in Southern China & accelerate the consolidation of small & medium-sized broadband operators
- Build new 2I2H & 2B2H broadband marketing model & roll out online marketing cooperation with iQiyi & Alibaba
- Advance the promotion of smart home products: WO Family “fixed-line”, “smart surveillance”, “video platform” & “home network deployment”
- Focus on the integrated development of “fixed-line broadband + mobile number + smart hardware”

Government & Enterprise Business Achieved Scale Breakthrough

Integrated business model of "cloud + smart networks + smart applications" promoted the mutual development of innovative business & fundamental business



Kick Off the Comprehensive Internet-oriented Transformation 2.0

Create new experience & value for customers

Continuously improve operational efficiency

Frontline Operation

Internet-oriented Product

- Develop “ice-cream package”, “data king plan”, 2I2C & integrated products, launching customised products for sub-divided markets

Internet-oriented Marketing

- Leverage Big Data analytics to strengthen customer retention & targeted marketing

Internet-oriented Channel

- Step up the cooperation with Internet & cross-industry light touchpoints to enhance online business development capability

Internet-oriented Platform & Ecology

Support & Empowerment

Internet-oriented Network

- Expedite the construction of smart network featuring cloud-network integration & promote smart maintenance, e.g. automatic configuration, automatic inspection & self-recovery

Internet-oriented IT

- Advance the proprietary research & application of new technologies including AI & Big Data and strengthen the IT talent pipeline

Internet-oriented Management

- Continue “streamlining & re-organisation” to promote a flat & centralised organisational structure; to optimise the business & management processes

Deepened Cooperation with Strategic Investors (1)

*Leverage partners' strengths to boost new energy
for innovative development*

Touchpoint

- Further expanded Internet touchpoints & privilege cooperation with Tencent, Alibaba, Baidu, JD.com & Didi, etc.
- Made use of e-vouchers to launch cross-sector cooperation with Alibaba, JD.com & Suning.com
- As of June 2019, 2I2C subs reached nearly 100 mil

Content Aggregation

- Deeply cooperated with Baidu's iQiyi on IPTV content & with Tencent Video, etc. on mobile video
- Cooperated with Baidu to launch "Baidu Yun Sheng Card", rapidly transforming online products

Payment & Finance

- WO Wallet forged online cooperation with e-commerce platforms of JD.com, Alibaba & Suning, etc
- Jointly promoted credit instalment services with Ant Financial
- Jointly launched financial anti-fraud products with Tencent
- Cooperated with JD.com to jointly launch credit score products

Smart Home

- Fundamental telecommunication capabilities deeply integrated with the smart hardware & content applications of Internet companies such as Baidu, Alibaba & Tencent, creating new & competitive products

Deepened Cooperation with Strategic Investors (2)

Cloud Computing

- Continued to co-operate with Alibaba & Tencent on public cloud & hybrid cloud, while propelling further cooperation through “Cloud Fibre Smart Enterprise”. Generated revenue of ≈RMB 500 mil since cooperation

IoT

- The launch of secure SIM card products in cooperation with Alibaba & Tencent formed the basis to develop product like smart door lock & smart watch
- Connectivity management platform linked with the operation platform of JD.com

Big Data

- Established a JV (Yunjing Wenlv) with Tencent to develop smart culture & tourism products
- JD Digits completed the strategic investment in China Unicom's JV (Smart Steps) and kicked off business cooperation in digital science, logistics, real estate & trading platform
- Cooperated with Didi on traffic analytics reporting

Industry Internet, AI & Telecommunications

- Established a JV (Yunlizhihui) with Alibaba & achieved rapid development in intelligent product R&D (brain of city, environmental protection, smart public administration, smart perception hotline, etc.)
- Baidu's AI-based customer services application upgraded to enhance customer perception & operating efficiency
- Maintained extensive cooperation in fundamental telecom services with strategic investors, e.g. China Life, Alibaba, Tencent, Baidu & JD.com

5G Commercial Service Poised to Roll Out

Enhanced Mobile Broadband (eMBB)

Massive Machine Type Communication (mMTC)

Ultra-Reliable-Low- Latency Communication (URLLC)

- 5G commercial service poised to officially roll out in key cities in September, with regard to the supply of terminals
- eMBB is the key service at the initial stage, showcasing the high-speed edge, while simultaneously enhancing other service scenario
- Create 5G capability aggregation & open platform; introduce featured services including VR/AR, HD video, cloud games
- Actively expand 5G industry applications



“China Unicom 5G Application Innovation Alliance” was established



China Unicom & CCTV successfully achieved the first 5G network VR real-time production transmission test



China Unicom & Zhenhua Port Machinery Company (ZPMC) set up the world's first 5G+ smart port at Qingdao



China Unicom & BMW Group signed "BMW Connected Car Next Generation Mobile Communication Business Cooperation Agreement"

Accelerate Development of 5G New Applications & New Revenues



Focus on innovating 5G applications to create test beds of new blue ocean & incubate unicorns

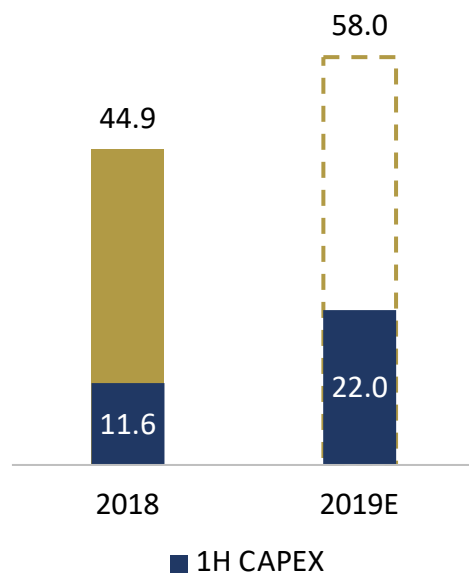
- Focusing on key industries e.g. new media, industrial Internet, transportation, education, medical care & cultural tourism, in collaboration with industry-leading customers, to create typical 5G showcase applications
- Accelerating industry products incubation - "smart connection + data traffic" products, "integration + operation" products, "open platform + application" products
- Promoting industry eco-system with solid development of "China Unicom 5G Application Innovation Alliance"
- Incorporating 5G+ABC elements into industry solutions to create competitive advantages

In 2019, **30** showcasing projects, **20** innovative applications,
15 open laboratories & **5** 5G application standards will be created,
with more than **600** alliance members

Precise Investment with Focus & Cooperation

Prioritise investment to satisfy “5G+4G” premium network & innovative business, etc., facilitating effective & sustainable business growth

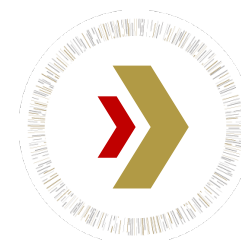
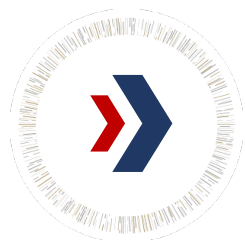
CAPEX
(RMB Bil)



- **Network quality & customers’ perception on the rise in focused regions**
 - NPS for mobile & broadband up by 7.7 & 7.1 points respectively from last year
 - Industry-leading 4G downlink & uplink average speed
 - Industry-best network latency performance
- **5G: Precise & efficient demand-driven investment to increase value**
 - Strive for 5G network “co-build co-share”
 - Future deployment on focused, precise & dynamic basis with regard to technology advancement, market & business demand, etc., keeping in pace with the industry deployment
 - 2019E: 40-50 cities & >40k 5G BTS; demand-driven investment for 2B market with sound business models
- **Control of investment projects of no production urgency or of relatively lower return**

Devote to “Five New” establishment & high-quality development

- To uphold cooperation & actively deploy 5G
- To effectively penetrate in sub-divided markets assuring steady development of fundamental business
- To create innovative capabilities & strengthen innovative business
- To regulate business practices & maintain healthy ecology
- To persist in building a comprehensive & customer-first servicing system
- To strengthen network & IT support capabilities
- To fully unleash the system & mechanism advantages of reforms



OVERALL
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Key Financial Information



(RMB Mil)	1H2018	1H2019	Change YoY
Operating Revenue	149,105	144,954	-2.8%
Operating Expenses	(142,078)	(137,238)	-3.4%
Operating Profit	7,027	7,716	9.8%
Finance Costs	(1,122)	(1,180)	5.2%
Interest Income	908	645	-28.9%
Share of Net Profit of Associates ¹	554	689	24.4%
Share of Net Profit of Joint Ventures ²	291	326	12.3%
Other Income – Net	161	543	236.5%
Income Tax	(1,870)	(1,849)	-1.2%
Net Profit	5,912	6,877	16.3%

Note:

1. Share of net profit of associates mainly included share of net profit of China Tower.
2. Share of net profit of joint ventures mainly included share of net profit of Merchants Union Consumer Finance.

Effective Cost Control



(RMB Mil)	1H2018	1H2019	Change YoY	
Operating Expenses	(142,078)	(137,238)	-3.4%	
Interconnection Charges	(6,685)	(5,779)	-13.6%	• Mainly due to decline in interconnection traffic
Depreciation & Amortisation	(38,646)	(41,791)	8.1%	• Mainly due to the impact of the adoption of IFRS 16 (see slide 33)
Network, Operation & Support	(27,744)	(20,800)	-25.0%	• Mainly due to the impact of the adoption of IFRS 16 (see slide 33)
Employee Benefit	(24,410)	(25,192)	3.2%	
Costs of Telecommunications Products Sold	(14,696)	(12,391)	-15.7%	• Mainly due to lower sales of telecommunications products
- Handset Subsidy ¹	(380)	(615)	61.9%	• Appropriately increased handset subsidy to cope with market competition
Selling & Marketing	(16,485)	(17,458)	5.9%	• Appropriately stepped up marketing initiatives for innovative businesses
G&A & Others	(13,412)	(13,826)	3.1%	• Mainly due to increasing service costs associated with the rapid growth of ICT business & more technical support spending for innovative businesses

Note:

1. Costs of telecommunications products sold in 1H2019 was RMB12,391 mil, down by 15.7% YoY. Sales of telecommunications products was RMB11,997 mil, down by 18.3% YoY. Loss on telecommunications products sales was RMB394 mil, among which RMB615 mil was handset subsidy.

Key Financial Data Impacted by IFRS 16

The Company has adopted IFRS/HKFRS 16, “Leases” since 1 January 2019. Subject to practical expedients allowed by the standard, the Company recognised a lease liability and a corresponding “right-of-use” asset for all applicable leases, and recognised interest expense accrued on the outstanding balance of the lease liability and depreciation of the “right-of-use” assets. The Company has elected to use the modified retrospective approach for the adoption of the standard, i.e. it will not restate the comparative figures for years/periods prior to its initial application, and will recognise the cumulative effect of initial application as adjustments to the opening balances of total assets, total liabilities and retained earnings in the current period.

(RMB Mil)	1H2018	1H2019 (comparable basis ¹)	Change YoY	
Depreciation & Amortisation	(38,646)	(36,608)	-5.3%	• Mainly benefited from good control of CAPEX in recent years
Network, Operation & Support	(27,744)	(26,400)	-4.8%	• Mainly benefited from the effective control of maintenance costs & lower utility charges
- Tower Usage Fee	(7,923)	(8,800)	11.1%	• Mainly due to the increased tower usage brought by newly added 4G and 5G base stations
Finance Costs	(1,122)	(492)	-56.1%	• Mainly due to the lower average interest-bearing debts during the period backed by healthy FCF
EBITDA	45,673	43,844	-4.0%	• Mainly due to service revenue decline
Free Cash Flow	39,314	15,826	-59.7%	• Mainly due to the change in working capital & higher CAPEX
Liabilities-to-Assets Ratio	43.8%	40.3%	-3.5pp	• Mainly due to the decrease in liabilities

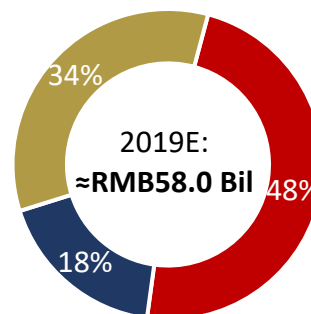
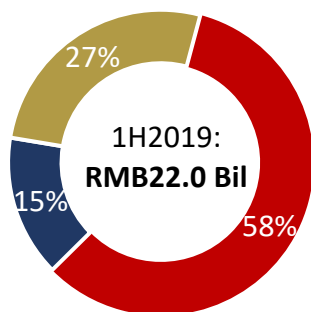
Note:

1. Excluded the impact of the adoption of IFRS 16 in 1H2019. Comparable data are for illustration purpose only and investors are cautioned not to rely on the above data.

Network Edges Further Strengthened

Network capability & customer perception enhanced collectively

CAPEX Structure



- Mobile network
- Fixed-line broadband & data
- Infrastructure, transmission & others

- Network competitiveness sharpened with customer reputation enhanced
 - 4G BTS¹ reached 1.35 mil, including a net addition of 180k LTE 900MHz BTS, significantly improving the depth of coverage & wide coverage in rural area
- 200k NB-IoT BTS under operation, laying a foundation for IoT network upgrade
- VoLTE ready nationwide
- 17k 5G BTS deployed in 40 cities nationwide & friendly users trial kicked off; preparing for an accelerated 5G commercialisation in 2H2019
- Expedited intelligent network upgrade by advancing SDN, NFV & network cloudification deployment

Note:

1. Included both outdoor macro sites and indoor DASs

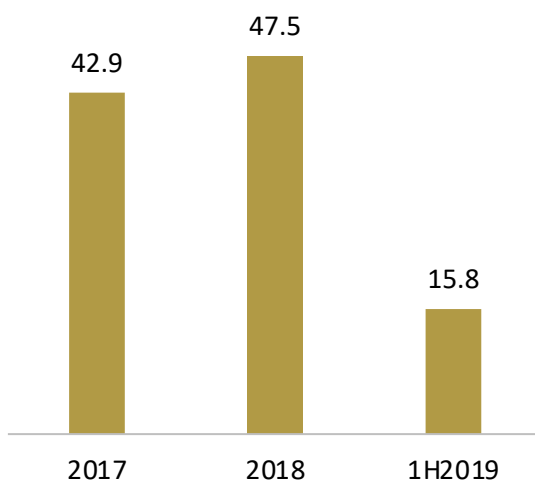
Strengthened Financial Position to Support New Value Creation in Future

Robust free cash flow
+
Strengthened financial position

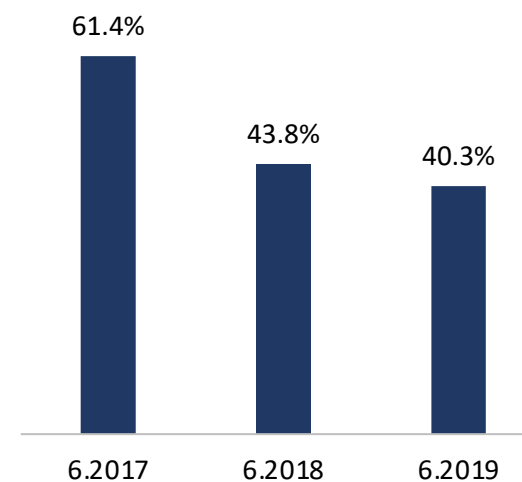
Huge room for debt financing
+
To capture 5G new opportunity to create new value in future

Free Cash Flow¹

(RMB Bil)



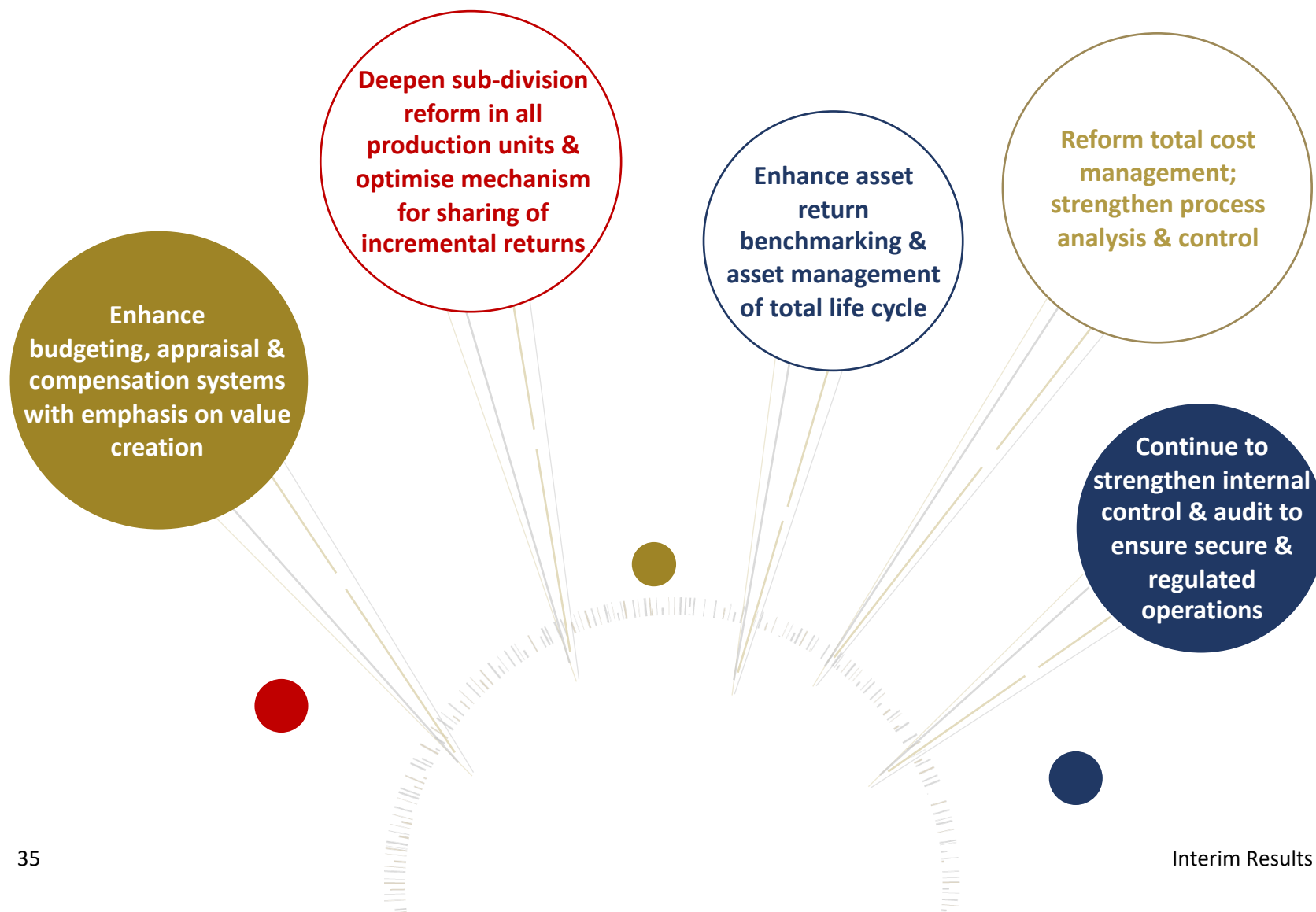
Liabilities-to-Assets Ratio¹



Note:

1. 1H2019/6.2019 data excluded the impact of the adoption of IFRS 16

To Elevate Shareholder Value through Quality & Efficiency Enhancement



Thank You!



Appendix I: Extracts from Unaudited Condensed Consolidated Interim Statement of Financial Position as at 30 Jun 2019



(RMB Mil)	2018.12.31	2019.6.30
Current Assets	75,909	81,276
Non-current Assets	464,411	483,851
Total Assets	540,320	565,127
Current Liabilities	214,910	211,166
Non-current Liabilities	11,124	37,274
Total Liabilities	226,034	248,440
Total Equity	314,286	316,687

Appendix II: Key Operating Metrics

		Unit	1H2018	1H2019
	Billing Subscribers	Mil	302.018	324.353
	Billing Subscriber ARPU	RMB	47.9	40.8
Mobile Business	Handset User MOU	Mins	233.9	193.9
	Total Handset Data Traffic	Bil MB	9,038.7	14,602.7
	Handset User DOU	GB	5.1	7.4
Incl.: 4G	Subscribers	Mil	203.109	238.939
	ARPU	RMB	56.6	45.9
	DOU	GB	7.6	10.3
Fixed-line Broadband Business	Subscribers	Mil	78.916	83.413
	Access ARPU	RMB	46.1	41.8
Fixed-line Local Access Business	Subscribers	Mil	57.873	54.319
	ARPU	RMB	14.9	13.1

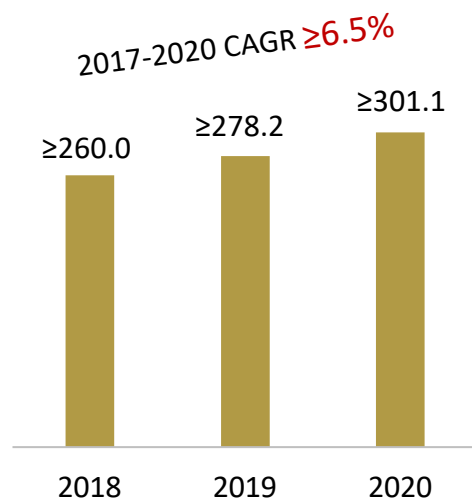
Appendix III: Industry Internet Revenue Breakdown

(RMB Bil)	1H2018	1H2019	Change YoY
IDC	6.95	8.24	18.7%
IT Services	3.14	5.45	73.7%
Internet of Things	0.98	1.40	43.3%
Cloud Computing	0.41	1.10	166.8%
Big Data	0.23	0.53	128.2%
Total	11.70	16.72	42.9%

Appendix IV: Key Unlocking Conditions under Unicom A Share Company's Employee Share Incentive Scheme¹

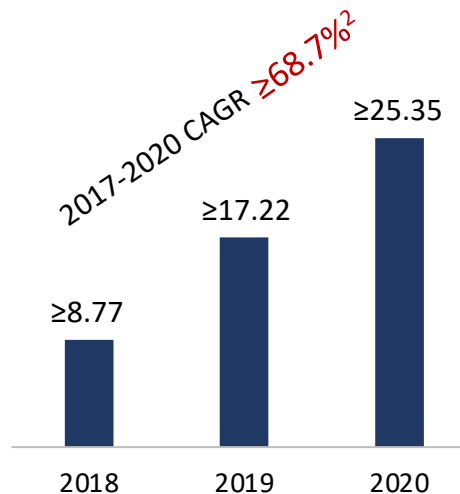


**Service Revenue Target -
Unicom A Share Company**
(RMB Bil)



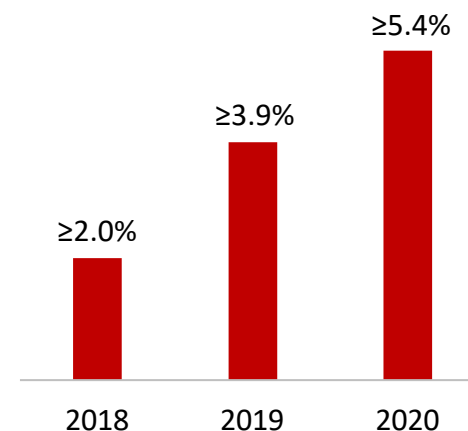
Service revenue growth in 2018-2020 vs 2017 basis shall not be less than the average of industry peers respectively

**Pre-Tax Profit Target -
Unicom A Share Company**
(RMB Bil)



Pre-tax profit growth in 2018-2020 vs 2017 basis shall not be less than 75th percentile of industry peers respectively

**ROE Target -
Unicom A Share Company**



Note:

- For the details of Unicom A Share Company's employee share incentive scheme, please refer to the related Unicom A Share Company's public announcements filed with The Shanghai Stock Exchange on 11 February 2018.
- Pre-tax profit of Unicom A Share Company in 2017 of RMB5.3 bil excluded net loss on asset disposal related to fibre network upgrade.

