



CHINA UNICOM LIMITED

(Incorporated in Hong Kong with limited liability under Companies Ordinance)

2003 INTERIM RESULTS ANNOUNCEMENT

Highlights:

- Total revenue of RMB31.97 billion, up 77.7% compared with the same period last year

- EBITDA of RMB12.46 billion, up 41.8% compared with the same period last year

CHAIRMAN'S STATEMENT

I am pleased to report the operating and financial results of China Unicom Limited...

I. Financial Overview

The Group is pleased with its financial performance in the first half of 2003. Total operating revenue for the period was RMB 31.97 billion, up 77.7% from the same period last year...

In the first six months of 2003, the Group's EBITDA reached RMB 12.46 billion, up 41.8% over the same period last year...

In the first six months of 2003, the Group's capital expenditure was RMB 8.14 billion. The Group has continued to maintain a solid and healthy balance sheet...

On December 31, 2002, the Company completed its acquisition of Unicom New Century (BVI) Limited. On a pro forma combined basis, the Group's total revenue for the first half of 2003 increased 46.2% from the same period last year...

II. Business Development

During the first six months of 2003, faced with intensifying market competition and the challenges posed by the SARS outbreak, the Company continued to achieve satisfactory development in its businesses...

1. Continuation of the coordinated development of the GSM and CDMA businesses, preliminary success with the transformation of the sales model for the CDMA business and the accelerated introduction of new businesses helped maintain the rapid development of the cellular business.

During the first six months of 2003, subscriber growth for both networks remained steady. The Group recorded a net addition of 9,931 million GSM and CDMA cellular subscribers. As of June 30, 2003, the Group had a total of 69.641 million GSM and CDMA cellular subscribers...

As of June 30, 2003, on a pro forma combined basis, the total number of GSM cellular subscribers was 59,663 million, representing an increase of 6,198 million from 53,465 million at the end of 2002...

As of June 30, 2003, on a pro forma combined basis, the number of CDMA cellular subscribers was 9,978 million, representing an increase of 3,733 million subscribers from 6,245 million subscribers at the end of 2002...

2. International and domestic long distance, data and Internet businesses developed rapidly

In the first six months of 2003, total minutes of outgoing international and domestic long distance calls reached 8.68 billion minutes, up 52.0% from the same period last year. Market share increased from 11.6% at the end of 2002 to 13.2%...

As of June 30, 2003, the total bandwidth leased for our leased line business was 15,602 x 2Mbps. The total bandwidth leased for asynchronous transfer mode (ATM) and frame relay (FR) data carrier operations amounted to 4,797 x 2Mbps...

3. Actively pursued the transformation of the paging business

On the basis of its traditional wireless paging business, the Company introduced the "Unicom Paging Information Service" to offer a variety of information services to its subscribers. With the launch of services such as "Cellular-paging Bundled Service" and "Unicom Assistant", the Company integrated its wireless paging information and mobile SMS businesses...

4. Further strengthened network construction and steadily increasing the quality of communications

The nationwide optical fiber transmission network provided a guarantee in terms of network resources for the rapid development of the Company's businesses. The Company has placed emphasis on the expansion of its integrated business, and has established a unified network platform for its voice, data, Internet and video broadcasting businesses in the PRC...

5. Enhanced sales and marketing activities to facilitate the rapid growth of various businesses

The Company also placed emphasis on the research of customers' needs. Through the creation of renowned brands, such as "Unicom New Horizon", "U-Max", "Ruyi Tong", "Ruyi 133", "UNI-INFO" and "UNI-VIDEO", the Company fully capitalized on the advantages of being an integrated telecommunication services operator...

III. Business Outlook

We believe that the demand in the telecommunications market will remain strong through the second half of the year. This in turn will introduce more opportunities for the continuous growth of the Group's businesses.

With respect to cellular services, the Group will continue to sustain the coordinated development of both the GSM network and CDMA network. The network resources available for the GSM business will be fully capitalized. Steady growth of the business will be sustained by retaining existing subscribers and acquiring new subscribers through the strengthening of SMS services, development of new initiatives on GSM services and customer care activities...

With respect to long distance, data and Internet businesses, the Group will continue to capitalize on the technological advantages of its unified network platform and introduce new business initiatives to increase business revenue and market share. The data business will be adopted as part of our integrated businesses and marketing and promotion efforts will be devoted to broadband video conference and video phone services...

With respect to our wireless paging business, the Group will continue to reduce the operating cost through the bundling of wireless paging businesses with other business of the Group, and will seek to transform the wireless paging business to call center business by offering value-added services such as "Unicom Assistant", "Unicom Paging Information Services", and telemarketing.

The Company plans to acquire the GSM cellular assets and cellular businesses of the ten unlisted provincial branches from the parent Company at the appropriate time, in order to become a national cellular service operator. The Company also plans to sell the wireless paging business to the parent Company at the appropriate time, in order to optimize the Company's assets portfolio...

I am confident that through the concerted endeavors of the management and all staff, we will achieve even better results.

The Board of Directors resolved that no interim dividend be declared for 2003, and has the intention to pay annual dividend for the year when 2003 annual results are announced.

Finally, on behalf of the Board of Directors, I would like to express my sincere gratitude for the care and support from shareholders and the public at large, in particular, Mr. Yang Xian Zu, for his outstanding contribution to the Company during his tenure as the Chairman and Chief Executive Officer of the Company...

Wang Jianzhou Chairman and Chief Executive Officer

Hong Kong, August 28, 2003

GROUP RESULTS

China Unicom Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2003 extracted from the unaudited condensed consolidated interim accounts of the Group as set out in 2003 interim reports.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2003

Table with 4 columns: Description, Note, Unaudited 2003 (RMB'000), As restated 2002 (RMB'000). Rows include Operating Revenue (Turnover), Operating expenses, Operating profit, Interest income, Finance costs, Other (expense) income, net, Profit before taxation, Taxation, Profit after taxation, Minority interests, Profit attributable to shareholders, Basic earnings per share (RMB), Diluted earnings per share (RMB).

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET AS OF 30 JUNE 2003

Table with 4 columns: Description, Unaudited 30 June 2003 (RMB'000), As restated 31 December 2002 (RMB'000), Note. Rows include Non-current assets, Current assets, Current liabilities, and Total current assets.

Table with 4 columns: Description, Unaudited 30 June 2003 (RMB'000), As restated 31 December 2002 (RMB'000), Note. Rows include Current assets, Current liabilities, Net current liabilities, and Total assets less current liabilities.

Summary table with 4 columns: Description, Note, Unaudited 30 June 2003 (RMB'000), Audited 31 December 2002 (As restated RMB'000, Note 1). Rows include Shareholders' equity, Retained profits, Minority interests, Non-current liabilities.

Financed by:

Table with 4 columns: Description, Note, Unaudited 30 June 2003 (RMB'000), Audited 31 December 2002 (As restated RMB'000, Note 1). Rows include Shareholders' equity, Retained profits, Minority interests, Non-current liabilities.

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2003

Table with 4 columns: Description, Note, Unaudited 2003 (RMB'000), Unaudited 2002 (RMB'000). Rows include Net cash inflow from operations, Investing activities, Financing activities.

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(a) The reconciliation of profit before taxation to net cash inflow from operations is as follows:

Table with 4 columns: Description, Note, Unaudited 2003 (RMB'000), Unaudited 2002 (RMB'000). Rows include Profit before taxation, Adjustments for: Depreciation and amortisation, Amortisation of deferred customer acquisition costs of contractual CDMA subscribers, Interest income, Interest expense, Loss on disposal of property, plant and equipment, Impairment loss of property, plant and equipment, Provision for doubtful debts, Share of losses from associated companies, Dividends from investment securities, Realised gains on trading securities, Unrealised gains on trading securities, Realised gains on investment securities, Reversal of impairment loss of associated companies, Additional provision of impairment loss of investment securities, Operating profit before working capital changes, Increase in accounts receivable, Decrease/(increase) in inventories, Increase in other assets, Increase in prepayments and other current assets (Increase)/decrease in amounts due from domestic carriers, Decrease in amounts due from related parties, Decrease in payables and accrued liabilities (Decrease)/increase in advances from customers, Increase in amounts due to domestic carriers, Increase in amounts due to related parties, Net cash inflow from operations.

(b) Supplemental information: Payables to equipment suppliers for construction-in-progress during the six months ended 30 June 2003 decreased by approximately RMB2,603 million (2002: RMB1,023 million).

NOTES

1. Basis of presentation and accounting policies: The Company was incorporated in the Hong Kong Special Administrative Region ("Hong Kong"), the People's Republic of China ("PRC") on 8 February 2000. The principal activities of the Company are investment holding and the Company's subsidiaries are engaged in the provision of GSM and CDMA cellular, data, Internet, long distance and paging services in the PRC. These unaudited condensed consolidated interim accounts are prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") 25, "Interim Financial Reporting" issued by the Hong Kong Society of Accountants ("HKSA"). The condensed consolidated interim accounts are unaudited but have been reviewed by the Audit Committee of the Company. The unaudited condensed consolidated interim accounts include the financial information of the Company and its subsidiaries. These condensed consolidated interim accounts should be read in conjunction with the 2002 annual report. The details of the Company's subsidiaries are set out in Note 23 to the audited financial statements included in its 2002 annual report. In 2002, the Company acquired the entire interests of Unicom New Century Telecommunications Corporation Limited (a limited liability company established in the PRC, hereinafter referred to as "Unicom New Century"), from its ultimate parent company, China United Telecommunications Corporation (a state-owned enterprise established in the PRC, hereinafter referred to as "Unicom Group"). The Company has adopted the purchase method of accounting for this acquisition, and the identifiable assets and liabilities acquired were recorded based on their respective fair values as of 31 December 2002. The excess of the purchase consideration over the fair value of the net assets acquired has been recorded as goodwill, which is amortised using the straight-line method over a period of 20 years. The effective date of this acquisition was 31 December 2002, accordingly, the operating results of Unicom New Century have been included in the consolidated income statement of the Group for the six months ended 30 June 2003. Details of the acquisition have already been set forth in shareholder's circular "Connected Transactions and Renewal of Waiver for Existing Connected Transactions" of the Company issued on 29 November 2002 and the Company's 2002 annual report. The accounting policies and methods of computation used in the preparation of these condensed consolidated interim accounts are consistent with those used in the annual report for the year ended 31 December 2002 except the Group has changed its accounting policies following the adoption of SSAP 35 "Government Grants and Disclosure of Government Assistance" and SSAP 12 "Income Taxes" issued by the HKSA, which are effective for accounting periods commencing on or after 1 July 2002 and 1 January 2003, respectively.

