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CHINA UNICOM (HONG KONG) LIMITED

中國聯合網絡通信(香港)股份有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 762)

UPDATE ON THE PROPOSED SPIN-OFF AND SEPARATE LISTING OF SMART CONNECTION TECHNOLOGY

Reference is made to the announcement of China Unicom (Hong Kong) Limited (the “**Company**”) dated 19 August 2021 (the “**Announcement**”), in relation to the proposed spin-off and separate listing of China Unicom Smart Connection Technology Limited (聯通智網科技股份有限公司) (“**SMART Connection Technology**”) on a stock exchange within Mainland of the PRC (the “**Proposed Spin-off**”). Unless otherwise defined, terms used herein shall have the same meaning as those defined in the Announcement.

APPROVAL IN RESPECT OF THE PROPOSED SPIN-OFF

The Company has applied for, and The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) has confirmed, that the Company may proceed with the Proposed Spin-off under Practice Note 15 of the Rules Governing the Listing of Securities on The Stock Exchange (the “**Listing Rules**”).

In connection with the Proposed Spin-off, it is intended that SMART Connection Technology will issue new shares and proceed with the listing on the Science and Technology Innovation Board (the “**STAR Market**”) of the Shanghai Stock Exchange (the “**SSE**”). The Proposed Spin-off is subject to the approval at the shareholders’ general meeting of China United Network Communications Limited, the controlling shareholder of the Company, and is also subject to, among other things, the approval(s) from the China Securities Regulatory Commission (the “**CSRC**”) and the SSE.

WAIVER IN RESPECT OF ASSURED ENTITLEMENT

Paragraph 3(f) of Practice Note 15 of the Listing Rules requires a listed company contemplating a spin-off to have due regard to the interests of its existing shareholders by providing them with an assured entitlement to shares in the spun-off entity, either by way of a distribution in specie of existing shares in the spun-off entity or by way of preferred application in any offering of existing or new shares in the spun-off entity.

However, as advised by the PRC counsel of SMART Connection Technology (the “**PRC Counsel**”), according to the relevant laws and regulations of the PRC, the provision of the assured entitlement is legally restricted under the applicable laws and regulations of the PRC. In accordance with the prevailing laws, regulations and normative documents in the PRC, only specific foreign investors can set up an A share account in the China Securities Depository and Clearing Corporation Limited and invest in A shares of PRC companies listed on a stock exchange within the Mainland of the PRC (the “**Specified Foreign Investors**”).

As advised by the PRC Counsel, the following person qualifies as a Specified Foreign Investor:

- (1) a resident of Hong Kong, Macao or Taiwan working or living within the territory of the Mainland of the PRC;
- (2) foreigner who works within the territory of the Mainland of the PRC and the securities regulatory agencies of whose home countries (regions) have established a regulatory cooperation mechanism with the CSRC;
- (3) foreign employee who works outside the Mainland of the PRC and participates in the equity incentive plans of listed companies within the territory of the PRC;
- (4) foreigner who has obtained permanent residency in the Mainland of the PRC;
- (5) institutional investor established within the territory of the Mainland of the PRC;
- (6) qualified foreign institutional investors (i.e. QFIIs) approved by the CSRC;
- (7) Renminbi qualified foreign institutional investors (i.e. RQFIIs) approved by the CSRC;
- (8) foreign investor who holds the equity or shares of the company prior to the listing of the company on the SSE or Shenzhen Stock Exchange;
- (9) foreign investor approved by the Ministry of Commerce of the PRC to conduct strategic investment in listed companies within the territory of the Mainland of the PRC; and
- (10) foreign institutional investor who has completed filing at the People's Bank of China or its Shanghai head office.

If an existing shareholder of the Company does not fall within either of the above categories of the Specified Foreign Investor, he/she will not be able to set up an A share account and therefore cannot invest in the shares listed on the STAR Market of the SSE, and with respect to existing shareholders of the Company who hold shares through HKSCC Nominee Limited, it would not be practicable for the Company to ascertain if each of them qualifies as a Specified Foreign Investor under the current system in Hong Kong.

As advised by the PRC Counsel, in accordance with the provisions under the Securities Law of the PRC (《中華人民共和國證券法》), the Administrative Measures for Securities Issuance and Underwriting (《證券發行與承銷管理辦法》) and other relevant laws and regulations of the PRC, for any entity that publicly offers shares, preferential allocation may be allowed under certain exceptional circumstances such as allocation to certain securities investment funds and social security funds. Apart from that, no preferential allocations of the shares shall be made to any specific persons on the ground that all investors shall be treated equally.

Given the above PRC legal impediments, it is not feasible for the Company to comply with Paragraph 3(f) of Practice Note 15 of the Listing Rules in connection with the Proposed Spin-off. Moreover, shares of SMART Connection Technology are currently not stocks that are available for trading under the Stock Connect programmes between the Stock Exchange and the SSE. As such, shareholders of the Company cannot participate in the Proposed Spin-off through the Stock Connect programmes. In addition, the Company expected the highest applicable percentage ratio in respect of the Proposed Spin-off will be less than 5%. As such, the Proposed Spin-off does not constitute a notifiable transaction of the Company and does not require shareholders' approval under the Listing Rules. Based on the reasons above, the Board of the Company is of the view that the Proposed Spin-off and non-provision of an assured entitlement to the shareholders of the Company in relation to the Proposed Spin-off are fair and reasonable, and in the interest of the Company and its shareholders as a whole. Accordingly, the Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirement of Paragraph 3(f) of Practice Note 15 of the Listing Rules.

Shareholders and potential investors of the Company are reminded that the Proposed Spin-off is subject to, among other things, the approval of the relevant regulatory authorities and the prevailing market conditions. There is no assurance as to whether, and if so when, the Proposed Spin-off will take place. The Company will make further announcements on the Proposed Spin-off when appropriate or in accordance with the requirements of the Listing Rules. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board of
China Unicom (Hong Kong) Limited
Liu Liehong
Chairman & Chief Executive Officer

Hong Kong, 4 May 2023

As at the date of this announcement, the Board of Directors of the Company comprises :

Executive directors	:	Liu Liehong, Chen Zhongyue, Wang Junzhi and Li Yuzhuo
Independent non-executive director	:	Cheung Wing Lam Linus, Wong Wai Ming, Chung Shui Ming Timpson and Law Fan Chiu Fun Fanny