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Key Financial and Performance Indicators for the First Quarter of 2017

In the first quarter of 2017, the Group's operation progressed steadily as planned. The key unaudited financial data in the period were as follows:

- Service revenue ^{note 1} amounted to RMB 61,426 million, up by 2.4% year-on-year and 6.6% quarter-on-quarter.
- Mobile service revenue amounted to RMB 37,197 million, up by 2.8% year-on-year and 5.1% quarter-on-quarter.
- EBITDA amounted to RMB 20,975 million, up by 5.0% year-on-year and 18.2% quarter-on-quarter.
- The profit attributable to the equity shareholders of the Company amounted to RMB 862 million, up by 79.3% year-on-year and showing significant improvement from the loss attributable to the equity shareholders of the Company of RMB 963 million in the fourth quarter of last year.

Going forward, the Company will continue to deepen the implementation of Focus Strategy, persist in scale and profitable development, and strive to enhance profitability.

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 quarter of 2017.

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 three months ended 31 March	
	2017	2016 ^{note 1}
Mobile service revenue	37,197	36,173
Fixed-line service revenue	23,813	23,242
Other service revenue	416	560
Total service revenue	61,426	59,975
Sales of telecommunications products	7,579	10,365
Revenue	69,005	70,340
Interconnection charges	(3,102)	(3,142)
Depreciation and amortisation	(19,024)	(18,772)
Network, operation and support expenses	(13,205)	(13,256)
Employee benefit expenses	(9,832)	(9,077)
Costs of telecommunications products sold	(7,900)	(11,394)
Other operating expenses	(13,991)	(13,499)
Finance costs	(1,537)	(1,331)
Interest income	286	233
Share of net profit of associates	234	358
Share of net profit of joint ventures	79	9
Other income – net	163	192
Profit before income tax	1,176	661
Income tax expenses	(311)	(181)
Profit for the period	865	480
Profit attributable to:		
Equity shareholders of the Company	862	480
Non-controlling interests	3	-
	As at	As at
	31 March 2017	31 December 2016
Total assets	600,881	614,154
Total liabilities	371,510	386,472
Total equity	229,371	227,682

Note 1: In order to better satisfy the needs of internal operation and management, from the first quarter of 2017 onwards, the sales of products associated with the ICT business of RMB 1,089 million included in fixed-line service revenue have been reclassified as sales of telecommunications products. The costs of products sold associated with the ICT business of RMB 967 million included in other operating expenses have also been correspondingly reclassified as costs of telecommunications products sold. Meanwhile, the sales of products associated with the ICT business of RMB 866 million in the first quarter of 2016 were restated as sales of telecommunications products, and the costs of products sold associated with the ICT business of RMB 737 million were restated as costs of telecommunications products sold.

Business Data

	As at 31 March 2017/ For the period from 1 January 2017 to 31 March 2017	As at 31 December 2016/ For the period from 1 October 2016 to 31 December 2016
Mobile billing subscribers (Million)	266.265	263.822
of which: 4G subscribers (Million)	122.726	104.551
Net addition of mobile billing subscribers (Million)	2.443	1.748
of which: net addition of 4G subscribers (Million)	18.175	15.645
Mobile handset data traffic (Billion MB)	951.86	609.32
Mobile voice usage (Billion Minutes)	195.46	208.04
Fixed-line broadband subscribers (Million)	76.589	75.236
Net addition of fixed-line broadband subscribers (Million)	1.353	0.186
Fixed-line local access subscribers (Million)	64.938	66.649
Net loss of fixed-line local access subscribers (Million)	(1.711)	(2.378)

In the first quarter of 2017, the Group's operation progressed steadily as planned. The Group focused on 4G business and stepped up the transformation of its marketing model. It accelerated migration of 2G/3G subscribers to 4G. Meanwhile, the Group also actively propelled the 2I2C business by collaborating with Internet companies on targeted marketing in order to expand the reach of customer touch points, strengthen market segmentation and data traffic operation, differentiate our products and development models, and drive 4G business development and revenue growth with low incremental costs. In the first quarter of 2017, the Group's mobile billing subscribers registered a net addition of 2.443 million, reaching a total of 266.265 million. Mobile billing subscriber ARPU was RMB 46.7, up slightly as compared to the full-year average of last year. Within that, 4G subscribers registered a net addition of 18.175 million, reaching a total of 122.726 million. 4G subscriber ARPU was RMB 73.9. Mobile service revenue amounted to RMB 37,197 million, up by 2.8% year-on-year and 5.1% quarter-on-quarter.

In the first quarter of 2017, the Group's fixed-line business maintained steady growth. Fast growth in innovative businesses like IDC/cloud computing, ICT, video and IoT, etc. effectively offset the decline in fixed-line voice revenue. Faced with fierce market competition in fixed-line broadband, the Group actively promoted subscriber consumption upgrade and integrated development leveraging high-bandwidth products and video applications. The number of fixed-line broadband subscribers reached 76.589 million, representing a net addition of 1.353 million as compared to the end of last year, but the fixed-line broadband access ARPU decreased compared with the same period of last year. Fixed-line service revenue was RMB 23,813 million, up by 2.5% year-on-year and 7.5% quarter-on-quarter. Overall service revenue amounted to RMB 61,426 million, up by 2.4% year-on-year and 6.6% quarter-on-quarter.

In the first quarter of 2017, the Group fully promoted the transformation of its marketing model to accelerate scale and profitable development. Selling and marketing expenses amounted to RMB 8,307 million in the period, down by 4.2% year-on-year. Tower-related expenses (including electricity charges) amounted to RMB 5,643 million, up by 17.6% year-on-year mainly due to the increase in tower-related expenses associated with a larger network scale. However, due to effective

control of other network, operation and support expenses, overall network, operation and support expenses decreased by 0.4% year-on-year. Employee benefit expenses increased by 8.3% year-on-year mainly because the Group deepened the reform in employment and distribution systems, and at the same time appropriately increased the compensation for front-line staff. During the period, costs of telecommunications products sold decreased substantially by 30.7% year-on-year mainly due to the significant year-on-year decrease in sales of telecommunication products. Finance costs increased by 15.5% year-on-year during the period as a result of the increase in interest-bearing debts. EBITDA amounted to RMB 20,975 million, up by 5.0% year-on-year and 18.2% quarter-on-quarter. EBITDA as a percentage of service revenue was 34.1%. In the first quarter of 2017, the profit attributable to the equity shareholders of the Company amounted to RMB 862 million, up by 79.3% year-on-year and showing significant improvement from the loss attributable to the equity shareholders of the Company of RMB 963 million in the fourth quarter of last year.

Going forward, the Group will grab development opportunities, deepen the implementation of Focus Strategy, persistently uphold scale and profitable development as the centre, promote growth, control costs and reform mechanism, thus pushing the Company to step onto the healthy development path. The Group will unswervingly promote the innovation and transformation of operating model and manage innovative use of resources, so as to deliver sustainable growth in revenue and gradual economic improvement. The Group is determined to improve quality and enhance efficiency, eliminate excess capacity and destock based on the practical situation. It will promote frequency band and capacity reduction of 2G/3G networks in an orderly manner to improve management, cost effectiveness and operational efficiency. The Group will also accelerate reform in various fields and build a more market-oriented mechanism in an effort to enhance corporate vibrancy and operating efficiency as well as striving to enhance profitability.

Caution Statement

The Board wishes to remind shareholders of the Company and investors that the above financial and business data were 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
Yung Shun Loy Jacky
Company Secretary

Hong Kong, 21 April 2017

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 filed with the U.S. Securities and Exchange Commission (the "SEC") and in the Company's other filings with the SEC.

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

Executive directors:	Wang Xiaochu, Lu Yimin, Li Fushen and Shao Guanglu
Non-executive director:	Cesareo Alierta Izuel
Independent non-executive directors:	Cheung Wing Lam Linus, Wong Wai Ming, Chung Shui Ming Timpson, and Law Fan Chiu Fun Fanny