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## **Profit Alert**

This announcement is made by China Unicom (Hong Kong) Limited (the "Company", together with its subsidiaries, the "Group") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

In the first half of 2017, the Group fully deepened the implementation of Focus Strategy. The innovation in business model started to pay off and the Group maintained a robust overall development momentum. Service revenue for the first half of 2017 is expected to be approximately RMB 124.1 billion<sup>1</sup>, up by about 3.2% year-on-year. Within that, mobile service revenue is expected to be approximately RMB 76.8 billion, up by about 5.2% year-on-year. Due to the intense competition in the fixed-line broadband market, our broadband access revenue is expected to decline year-on-year, resulting in a flat fixed-line service revenue of approximately RMB 46.6 billion<sup>1</sup> as compared to the same period of last year. Including the sales of telecommunications products, the Group's total revenue for the first half of 2017 is expected to be approximately RMB 138.2 billion, down by about 1.5% year-on-year. Total operating cost is expected to be approximately RMB 133.5 billion for the first half of 2017, down by about 2.5% year-on-year. Among others, selling and marketing expense and handset subsidy were both lower as compared to the same period of last year. In the first half of 2017, the Group's profitability substantially improved as planned. Earnings before interest, tax, depreciation and amortisation ("EBITDA") is expected to be approximately RMB 43.6 billion, up by about 5.5% year-on-year, with EBITDA as a percentage of service revenue being about 35.1%. The profit attributable to the equity shareholders of the Company for the first half of 2017 is expected to be approximately RMB 2.4 billion, up by about 68.9% year-on-year.

Looking ahead to the second half of this year, as the Group will cease to charge mobile domestic long-distance and roaming fee from 1 September 2017 onwards and market competition is expected to cyclically intensify, the Group expects that the Group's financial performance in the second half will face increasing pressure. Going forward, the Group will actively counter challenges, continue to

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<sup>1</sup> In order to better satisfy the internal operation and management requirements, revenue from sales of products associated with the ICT business, which was previously recorded as part of the fixed-line service revenue, has been reclassified as part of the revenue from sales of telecommunications products. The related figures for the first half of 2016 have also been restated.

deepen the implementation of the Focus Strategy and strive to steer the Group onto the path of healthy development.

### **Caution Statement**

The Board wishes to remind shareholders and investors in the Company that the above estimated financial data are based on the preliminary assessment made by the management of the Company with reference to the information currently available and the unaudited management accounts of the Group, and have not been reviewed or audited by the auditors of the Company. Information to be disclosed in the announcement of the Company's 2017 interim results in August 2017 shall prevail. The Company's shareholders and investors are cautioned not to unduly rely on the above 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, 11 August 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