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### **Profit Warning**

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 2016, the Company endeavoured to attain long-term sustainable development, actively promoted the implementation of the new development strategy centred on "Focus, Cooperation and Innovation" and strived to mitigate the underlying shortcomings. The Company showed early signs of turning around the unfavourable conditions in business development. Business momentum and service revenue stopped deteriorating and stabilized. Our mobile business has achieved initial success in overcoming operational challenges and mobile billing subscribers reached 264 million in 2016, registering a net addition of 11.505 million and successfully turning around the downward trend in mobile subscribers for consecutive months in 2015. Within that, the number of 4G subscribers reached 105 million, representing a net addition of 60.395 million. To promote long-term sustainable development, the Company braved short-term profit pressure, strengthened its fundamental capabilities, and increased cost initiatives as appropriate to strive for a gradual turnaround. The profit attributable to the equity shareholders of the Company in 2016 is expected to be down by about 94% as compared to 2015, but it showed significant improvement from the loss attributable to the equity shareholders of the Company (excluding the gain on disposal of tower assets) of approximately RMB 3,363 million in the second half of 2015. The profit attributable to the equity shareholders of the Company decreased in 2016 mainly because no gain on disposal of tower assets was expected in 2016, the addition of tower usage fee, higher energy charges and property rentals, etc. led to an expected substantial increase year-on-year in network, operation and support expenses in 2016, and selling and marketing expenses were expected to increase substantially year-on-year in 2016. Going forward, the Group will strengthen the determination in upholding the strategies and execution capability, and continue to deepen implementation of Focus Strategies in order to steer the Group onto the path of healthy development

### **Caution Statement**

The Board wishes to remind shareholders of the Company and investors that the above expected financial and business 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. Information to be disclosed in the announcement of the Company's 2016 annual results in mid-March 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, 25 January 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 and Li Fushen
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