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## Key Financial and Performance Indicators for the First Quarter of 2018

In the first quarter of 2018, the Group continued to deepen the Focus Strategy, promote growth, control costs and reform mechanism. Its profitability continued to improve significantly. The key unaudited financial data in the period were as follows:

- Overall service revenue amounted to RMB 66,609 million, up by 8.4% year-on-year.
- Mobile service revenue amounted to RMB 41,511 million, up by 11.6% year-on-year.
- Fixed-line service revenue amounted to RMB 24,617 million, up by 3.4% year-on-year.
- Revenue from industrial Internet business amounted to RMB 5,876 million, up by 36.0% year-on-year.
- EBITDA amounted to RMB 23,909 million, up by 14.0% year-on-year.
- The profit attributable to the equity shareholders of the Company amounted to RMB 3,005 million, up significantly by 248.7% year-on-year.

Going forward, the Group will further implement the policy requirements of the State regarding network speed upgrade and tariff reduction. Meanwhile, the Group will also continue to deepen the strategy of Focus, Innovation and Cooperation, vigorously accelerate Internet-oriented operation, forcefully push ahead in-depth synergetic business cooperation with strategic investors, speed up improvement in innovative capability and deepen system and mechanism reforms to raise vibrancy and efficiency, striving to start a new era for its innovative development.

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 2018.

**Financial Data (Extracted from financial records prepared in accordance with International Financial Reporting Standards and Hong Kong Financial Reporting Standards)**

Unit: RMB millions

	<b>For the three months ended 31 March</b>	
	<b>2018</b>	<b>2017</b>
Total service revenue	66,609	61,426
Sales of telecommunications products	8,326	7,579
<b>Revenue</b>	<b>74,935</b>	<b>69,005</b>
Interconnection charges	(2,960)	(3,102)
Depreciation and amortisation	(20,017)	(19,024)
Network, operation and support expenses	(13,318)	(13,205)
Employee benefit expenses	(11,920)	(9,832)
Costs of telecommunications products sold	(8,340)	(7,900)
Other operating expenses	(14,488)	(13,991)
Finance costs	(674)	(1,537)
Interest income	455	286
Share of net profit of associates	132	234
Share of net profit of joint venture	102	79
Other income – net	124	163
<b>Profit before income tax</b>	<b>4,031</b>	<b>1,176</b>
Income tax expenses	(1,006)	(311)
<b>Profit for the period</b>	<b>3,025</b>	<b>865</b>
<b>Profit attributable to:</b>		
Equity shareholders of the Company	3,005	862
Non-controlling interests	20	3
	<b>As at</b>	<b>As at</b>
	<b>31 March 2018</b>	<b>31 December 2017</b>
Total assets	570,043	571,983
Total liabilities	261,731	267,636
<b>Total equity</b> <sup>Note 1</sup>	<b>308,312</b>	<b>304,347</b>

Note 1: The Group adopted IFRS/HKFRS 15 “Revenue from contracts with customers” and IFRS/HKFRS 9 (2014) “Financial Instruments” from 1 January 2018. For IFRS/HKFRS 15, the Group elected to use the cumulative effect transition method which resulted in an increase of the opening balance of retained profits at 1 January 2018 by approximately RMB1.8 billion. The Group applied IFRS/HKFRS 9 (2014) retrospectively and has taken the advantage not to restate the comparative information for prior periods with respect to the classification and measurement requirements, which resulted in a decrease in the opening balance of retained profits at 1 January 2018 by approximately RMB0.8 billion.

## Business Data

	<b>As at 31 March 2018/ For the period from 1 January 2018 to 31 March 2018</b>	<b>As at 31 December 2017/ For the period from 1 October 2017 to 31 December 2017</b>
Mobile billing subscribers (Million)	293.945	284.163
of which 4G subscribers (Million)	194.202	174.876
Net addition of mobile billing subscribers (Million)	9.782	7.297
of which net addition of 4G subscribers (Million)	19.326	14.592
Mobile handset data traffic (Billion MB)	3,752.5	3,084.2
Mobile voice usage (Billion Minutes)	196.9	209.8
Fixed-line broadband subscribers (Million)	78.057	76.539
Net addition/(loss) of fixed-line broadband subscribers (Million)	1.518	(0.867)
Fixed-line local access subscribers (Million)	58.758	59.997
Net loss of fixed-line local access subscribers (Million)	(1.239)	(1.763)

In the first quarter of 2018, the Group continued to deepen the Focus Strategy, promote growth, control costs and reform mechanism. Its profitability continued to improve significantly. The Group actively promoted the mobile business model transformation and enhanced the quality of new subscribers through innovating products and marketing models. Using a low cost and subsidy model for expanding subscriber base, the Group achieved accelerated growth in mobile service. In the first quarter of 2018, the Group's mobile billing subscribers registered a net addition of 9.78 million as compared to the end of last year, reaching a total of 294 million. Mobile billing subscriber ARPU was RMB 47.9, up by 2.6% year-on-year. Within that, 4G subscribers registered a net addition of 19.33 million, reaching a total of 194 million. Mobile service revenue amounted to RMB 41,511 million, up by 11.6% year-on-year.

In the first quarter of 2018, the Group actively promoted the scale development of innovative services, striving to offset the decline in fixed-line voice revenue and the competitive pressure on the fixed-line broadband market. Revenue from industrial Internet business amounted to RMB 5,876 million, up by 36.0% year-on-year. Facing intense competition in the broadband market, the Group further optimised product offerings, strengthened operation and services, and stimulated the sales vibrancy of front-line staff to constantly enhance the differentiated competitive advantages of its broadband business, leveraging video offering, integrated products and e-commerce channels. The number of fixed-line broadband subscribers reached 78.06 million, representing a net addition of 1.52 million as compared to the end of last year, but the fixed-line broadband access ARPU decreased year-on-year. Fixed-line service revenue amounted to RMB 24,617 million, up by 3.4% year-on-year. Overall service revenue amounted to RMB 66,609 million, up by 8.4% year-on-year.

In the first quarter of 2018, the Group proactively deepened the reform of incentive systems and strengthened performance-based incentives while at the same time appropriately increasing the compensation for front-line staff to lift vibrancy and drive the mutual growth of corporate and employee returns. Employee benefit expenses increased by 21.2% year-on-year. Due to the substantial reduction in interest-bearing debts, finance costs decreased by 56.1% year-on-year during the period. In the first quarter of 2018, benefitting from the robust service revenue growth and effective cost

control, EBITDA amounted to RMB 23,909 million, up by 14.0% year-on-year. EBITDA as a percentage of service revenue was 35.9%. The profit attributable to the equity shareholders of the Company amounted to RMB 3,005 million, up significantly by 248.7% year-on-year.

Going forward, the Group will seize firmly the brand new opportunities brought by industry development and mixed-ownership reform, and nurture new DNA, new governance, new operation, new energy and new ecology. The Group will further implement the policy requirements of the State regarding network speed upgrade and tariff reduction. Meanwhile, the Group will also continue to deepen the strategy of Focus, Innovation and Cooperation, vigorously accelerate Internet-oriented operation, forcefully push ahead in-depth synergetic business cooperation with strategic investors, speed up improvement in innovative capability and deepen system and mechanism reforms to raise vibrancy and efficiency, striving to start a new era for its innovative development.

### **Caution Statement**

The Board wishes to remind shareholders of the Company and investors that the above financial and business data are 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, 20 April 2018

*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