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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: 0762)**

**ANNOUNCEMENT**

The Board of the Company is pleased to announce the unaudited condensed consolidated results of the Group for the three months ended 31 March 2015.

**GROUP RESULTS**

China Unicom (Hong Kong) Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the three months ended 31 March 2015.

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET**  
**(All amounts in Renminbi (“RMB”) millions)**

	<u>31 March 2015</u>	<u>31 December 2014</u>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	425,193	438,321
Lease prepayments	8,777	9,211
Goodwill	2,771	2,771
Interest in associates	2,855	3,037
Interest in joint venture	1,020	—
Deferred income tax assets	7,126	6,215
Financial assets at fair value through other comprehensive income	5,860	5,902
Other assets	<u>24,649</u>	<u>23,041</u>
	<u>478,251</u>	<u>488,498</u>
<b>Current assets</b>		
Inventories and consumables	6,018	4,378
Accounts receivable	17,628	14,671
Prepayments and other current assets	10,870	10,029
Amounts due from related parties	8	12
Amounts due from domestic carriers	2,412	2,120
Short-term bank deposits	55	56
Cash and cash equivalents	<u>25,004</u>	<u>25,308</u>
	<u>61,995</u>	<u>56,574</u>
<b>Total assets</b>	<u><u>540,246</u></u>	<u><u>545,072</u></u>
<b>EQUITY</b>		
<b>Equity attributable to equity shareholders of the Company</b>		
Share capital	179,102	179,101
Other reserves	(19,549)	(19,482)
Retained profits		
- Proposed 2014 final dividend	4,789	4,789
- Others	<u>66,326</u>	<u>63,133</u>
<b>Total equity</b>	<u><u>230,668</u></u>	<u><u>227,541</u></u>

**31 March 2015   31 December 2014**

**LIABILITIES**

**Non-current liabilities**

Long-term bank loans	400	420
Promissory notes	21,607	21,460
Corporate bonds	2,000	2,000
Deferred income tax liabilities	17	17
Deferred revenue	1,441	1,497
Other obligations	195	217
	<u>25,660</u>	<u>25,611</u>

**Current liabilities**

Short-term bank loans	83,259	91,503
Commercial papers	19,954	9,979
Current portion of long-term bank loans	44	45
Convertible bonds	11,262	11,167
Accounts payable and accrued liabilities	110,642	120,371
Taxes payable	2,370	1,466
Amounts due to ultimate holding company	1,573	1,622
Amounts due to related parties	3,278	3,542
Amounts due to domestic carriers	1,652	1,402
Dividend payable	771	771
Current portion of deferred revenue	445	462
Current portion of other obligations	2,665	2,698
Advances from customers	46,003	46,892
	<u>283,918</u>	<u>291,920</u>

**Total liabilities**

**309,578                      317,531**

**Total equity and liabilities**

**540,246                      545,072**

**Net current liabilities**

**(221,923)                      (235,346)**

**Total assets less current liabilities**

**256,328                      253,152**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF INCOME**  
**(All amounts in RMB millions, except per share data)**

		<u>Three months ended 31 March</u>	
	<u>Note</u>	<u>2015</u>	<u>2014</u>
Revenue		74,303	76,471
Interconnection charges		(3,185)	(3,717)
Depreciation and amortisation		(19,361)	(18,216)
Network, operation and support expenses		(9,701)	(8,994)
Employee benefit expenses		(8,825)	(8,261)
Costs of telecommunications products sold		(14,360)	(14,538)
Other operating expenses		(12,885)	(16,963)
Finance costs		(1,634)	(1,628)
Interest income		70	77
Share of loss of associates		(181)	—
Other income - net		<u>140</u>	<u>161</u>
<b>Profit before income tax</b>		4,381	4,392
Income tax expenses		<u>(1,217)</u>	<u>(1,090)</u>
<b>Profit for the period</b>		<u><u>3,164</u></u>	<u><u>3,302</u></u>
<b>Profit attributable to:</b>			
Equity shareholders of the Company		<u><u>3,164</u></u>	<u><u>3,302</u></u>
<b>Earnings per share for profit attributable to equity shareholders of the Company during the period:</b>			
Basic earnings per share (RMB)	3	<u><u>0.13</u></u>	<u><u>0.14</u></u>
Diluted earnings per share (RMB)	3	<u><u>0.13</u></u>	<u><u>0.14</u></u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME**

(All amounts in RMB millions)

	<b>Three months ended 31 March</b>	
	<b>2015</b>	<b>2014</b>
<b>Profit for the period</b>	<u>3,164</u>	<u>3,302</u>
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified to statement of income:</b>		
Changes in fair value of financial assets through other comprehensive income	(42)	(159)
Tax effect on changes in fair value of financial assets through other comprehensive income	<u>10</u>	<u>40</u>
Changes in fair value of financial assets through other comprehensive income, net of tax	(32)	(119)
Remeasurement of net defined benefit liability, net of tax	<u>1</u>	<u>1</u>
	<u>(31)</u>	<u>(118)</u>
<b>Items that may be reclassified to statement of income:</b>		
Currency translation differences	<u>(7)</u>	<u>3</u>
<b>Other comprehensive income for the period, net of tax</b>	<u>(38)</u>	<u>(115)</u>
<b>Total comprehensive income for the period</b>	<u><u>3,126</u></u>	<u><u>3,187</u></u>
<b>Total comprehensive income attributable to:</b>		
Equity shareholders of the Company	<u><u>3,126</u></u>	<u><u>3,187</u></u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF  
CASH FLOWS**

(All amounts in RMB millions)

	<b>Three months ended 31 March</b>	
	<b>2015</b>	<b>2014</b>
<b>Cash flows from operating activities</b>		
Cash generated from operations	19,680	18,980
Income tax paid	<u>(634)</u>	<u>(778)</u>
Net cash inflow from operating activities	<u>19,046</u>	<u>18,202</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(20,202)	(14,852)
Other cash flows arising from investing activities	<u>(719)</u>	<u>(217)</u>
Net cash outflow from investing activities	<u>(20,921)</u>	<u>(15,069)</u>
<b>Cash flows from financing activities</b>		
Net cash inflow/(outflow) from financing activities	<u>1,572</u>	<u>(2,168)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(303)	965
Cash and cash equivalents, beginning of period	25,308	21,506
Effect of changes in foreign exchange rate	<u>(1)</u>	<u>(8)</u>
Cash and cash equivalents, end of period	<u>25,004</u>	<u>22,463</u>
<b>Analysis of the balances of cash and cash equivalents:</b>		
Cash balances	4	4
Bank balances	<u>25,000</u>	<u>22,459</u>
	<u>25,004</u>	<u>22,463</u>

## **NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 31 MARCH 2015**

### **1. GENERAL INFORMATION**

China Unicom (Hong Kong) Limited (the “Company”) was incorporated as a limited liability company in the Hong Kong Special Administrative Region (“Hong Kong”), the People’s Republic of China (the “PRC”) on 8 February 2000. The principal activity of the Company is investment holding. The principal activities of the Company’s subsidiaries are the provision of cellular and fixed-line voice and related value-added services, broadband and other Internet-related services, information communications technology services, and business and data communications services in the PRC. The GSM cellular voice, WCDMA cellular voice, TD-LTE cellular voice, LTE FDD cellular voice and related value-added services are referred to as the “mobile business”. The services aforementioned other than the mobile business are hereinafter collectively referred to as the “fixed-line business”. The Company and its subsidiaries are hereinafter referred to as the “Group”.

### **2. BASIS OF PREPARATION**

#### **Going Concern Assumption**

As at 31 March 2015, current liabilities of the Group exceeded current assets by approximately RMB221.9 billion (31 December 2014: approximately RMB235.3 billion). Given the current global economic conditions and the Group’s expected capital expenditures in the foreseeable future, management has comprehensively considered the Group’s available sources of funds as follows:

- The Group’s continuous net cash inflows from operating activities;
- Approximately RMB355.9 billion of revolving banking facilities and registered quota of commercial papers, promissory notes and corporate bonds, of which approximately RMB227.4 billion was unutilised as at 31 March 2015; and
- Other available sources of financing from domestic banks and other financial institutions given the Group’s credit history.

In addition, the Group believes that it has ability to raise funds from the short, medium and long-term perspectives and maintain reasonable financing costs through appropriate financing portfolio.

Based on the above considerations, the Board of Directors is of the opinion that the Group has sufficient funds to meet its working capital requirements and debt obligations. As a result, the unaudited condensed consolidated financial information of the Group for the three months ended 31 March 2015 has been prepared on a going concern basis.

### 3. EARNINGS PER SHARE

Basic earnings per share for the three months ended 31 March 2015 and 2014 were computed by dividing the profit attributable to equity shareholders of the Company by the weighted average number of ordinary shares outstanding during the periods.

Diluted earnings per share for the three months ended 31 March 2015 and 2014 were computed by dividing the profit attributable to equity shareholders of the Company by the weighted average number of ordinary shares outstanding during the periods, after adjusting for the effects of dilutive potential ordinary shares. All dilutive potential ordinary shares for the three months ended 31 March 2015 arose from the convertible bonds, while all dilutive potential ordinary shares for the three months ended 31 March 2014 arose from (i) share options granted under the amended Share Option Scheme; (ii) share options granted under the amended Special Purpose Share Option Scheme and (iii) the convertible bonds.

The following table sets forth the computation of basic and diluted earnings per share:

	<u>Three months ended 31 March</u>	
	<u>2015</u>	<u>2014</u>
Numerator (in RMB millions):		
Profit attributable to equity shareholders of the Company used in computing basic earnings per share	3,164	3,302
Imputed finance cost on the liability component of convertible bonds	<u>52</u>	<u>52</u>
Profit attributable to equity shareholders of the Company used in computing diluted earnings per share	<u>3,216</u>	<u>3,354</u>
Denominator (in millions):		
Weighted average number of ordinary shares outstanding used in computing basic earnings per share	23,947	23,784
Dilutive equivalent shares arising from share options	—	60
Dilutive equivalent shares arising from convertible bonds	<u>948</u>	<u>929</u>
Shares used in computing diluted earnings per share	<u>24,895</u>	<u>24,773</u>
Basic earnings per share (in RMB)	<u>0.13</u>	<u>0.14</u>
Diluted earnings per share (in RMB)	<u>0.13</u>	<u>0.14</u>

## OTHER INFORMATION

The supplementary financial indicators are summarised as follow (All amounts in RMB millions):

	<b>Three months ended 31 March</b>	
	<b>2015</b>	<b>2014</b>
Total service revenue from mobile business	36,619	40,675
Total service revenue from fixed-line business	23,163	22,917
Other service revenue	<u>469</u>	<u>205</u>
Total service revenue	60,251	63,797
Sales of telecommunications products	<u>14,052</u>	<u>12,674</u>
<b>Revenue</b>	<b><u>74,303</u></b>	<b><u>76,471</u></b>
<b>Profit for the period</b>	<b><u>3,164</u></b>	<b><u>3,302</u></b>
<b>EBITDA</b>	<b><u>25,346</u></b>	<b><u>23,999</u></b>
<b>EBITDA as a percentage of service revenue</b>	<b><u>42.1%</u></b>	<b><u>37.6%</u></b>

For the first quarter of 2015, service revenue was RMB60.25 billion, down by 5.6% as compared to the same period of last year. The decrease in service revenue was mainly attributed to the impact of output value-added tax (“VAT”) which arose from the replacement of business tax with value-added tax<sup>1</sup> (“VAT Reform”) and the transformation of sales and marketing mode etc., but revenue structure continued to optimise.

For the first quarter of 2015, profit for the period was RMB3.16 billion, down by 4.2% as compared to the same period of last year as a result of VAT Reform and other factors. EBITDA<sup>2</sup> was RMB25.35 billion for the first quarter of 2015, up by 5.6% as compared to the same period of last year. EBITDA as a percentage of service revenue was 42.1% for the first quarter of 2015, up by 4.5 percentage points compared to the same period of last year.

Note 1: The replacement of business tax with VAT implemented nationwide for the telecommunications industry from 1 June 2014.

Note 2: EBITDA represents profit for the period before finance costs, interest income, other income-net, income tax, depreciation and amortisation. As the telecommunications business is a capital intensive industry, capital expenditures and finance costs may have a significant impact on the net profit of the companies with similar operating results. Therefore, the Company believes that EBITDA may be helpful in analysing the operating results of a telecommunications service operator like our Group.

## CAUTION STATEMENT

The Board wishes to remind investors that the unaudited financial information and other information for the three months ended 31 March 2015 are based on the Group's internal records and management accounts and have not been reviewed or audited by the auditors. The financial information for the three months ended 31 March 2014 are extracted from the unaudited financial information of the Group; and the financial information for the year ended 31 December 2014 are extracted from the audited financial statements as contained in the 2014 Annual Report. Investors are cautioned not to unduly rely on financial data, statistics and comparison for the three months ended 31 March 2015. **In the meantime, investors are advised to exercise caution in dealing in the shares of the Company.**

By order of the Board  
**China Unicom (Hong Kong) Limited**  
**Chu Ka Yee**  
*Company Secretary*

Hong Kong, 23 April 2015

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

Executive directors: Chang Xiaobing, Lu Yimin, Li Fushen and Zhang Junan

Non-executive director: Cesareo Alierta Izuel

Independent non-executive directors: Cheung Wing Lam Linus, Wong Wai Ming, Chung Shui Ming Timpson, Cai Hongbin and Law Fan Chiu Fun Fanny