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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

**RESTATEMENT OF THE FINANCIAL STATEMENTS OF THE COMPANY FOR
THE YEARS ENDED 31 DECEMBER 2007 AND 2008**

The Company announces that it has restated its audited financial statements for the years ended 31 December 2007 and 2008 arising as a result of the revised accounting treatment for the Company's acquisition of the fixed-line business in 21 provinces in southern China from the Company's parent companies, China United Network Communications Group Company Limited and China Network Communications Group Corporation (which was later merged with China United Network Communications Group Company Limited in January 2009) on 31 January 2009. The Company had previously recognised the acquired business in its consolidated financial statements for the years ended 31 December 2007, 2008 and 2009, prepared in accordance with International Financial Reporting Standards, at historical cost or predecessor values as if such business had always been part of the Company during all the periods presented and excluding, among others, the network assets that were not acquired and related liabilities that were not assumed, and the related charges, but disclosed such information in the notes to the Company's financial statements. As part of its periodic review of the Company's 2009 annual report on Form 20-F, the U.S. Securities and Exchange Commission staff raised questions on this accounting treatment and the Company discussed those questions and comments with the staff. At the conclusion, the Company determined to restate its historical financial statements to include the Excluded Assets and Liabilities and the related charges in the Company's financial

statements for the years ended 31 December 2007 and 2008 prior to the completion of the Acquisition, instead of disclosing such information in the notes to the financial statements. With the aforementioned amendments, upon completion of the Acquisition, the Excluded Assets and Liabilities were treated as a deemed disposal in January 2009 and recorded as a distribution from the Company's reserves to Unicom Group. As a result, these amendments only affect the Company's historical financial statements prior to the completion of the Acquisition in January 2009, and have no material impact on the Company's financial statements for the year ended 31 December 2009 and no impact on the financial statements for the year ended 31 December 2010 and thereafter.

China Unicom (Hong Kong) Limited (the "Company") announces that it has restated its audited financial statements for the years ended 31 December 2007 and 2008 arising as a result of the revised accounting treatment for the Company's acquisition (the "Acquisition") of the fixed-line business in 21 provinces in southern China (the "Acquired Business") from the Company's parent companies, China United Network Communications Group Company Limited ("Unicom Group") and China Network Communications Group Corporation (which was later merged with Unicom Group in January 2009) on 31 January 2009. The Company had previously recognised the Acquired Business in its consolidated financial statements for the years ended 31 December 2007, 2008 and 2009 (the "Financial Statements"), prepared in accordance with International Financial Reporting Standards ("IFRS"), at historical cost or predecessor values as if such business had always been part of the Company during all the periods presented and excluding, among others, the Network Assets (as defined below) that were not acquired and related liabilities that were not assumed, and the related charges, but disclosed such information in the notes to the Financial Statements. As part of its periodic review of the Company's 2009 annual report on Form 20-F, the U.S. Securities and Exchange Commission staff (the "SEC Staff") raised questions on this accounting treatment and the Company discussed those questions and comments with the SEC Staff. At the conclusion, the Company determined to restate its historical financial statements to include the Excluded Assets and Liabilities and the related charges in the Company's financial statements for the years ended 31 December 2007 and 2008 prior to the completion of the Acquisition, instead of disclosing such information in the notes to the financial statements, although the Excluded Assets and Liabilities were not acquired or assumed by the Company in the Acquisition. With the aforementioned amendments, upon completion of the Acquisition, the Excluded Assets and Liabilities were treated as a deemed disposal in January 2009 and recorded as a distribution from the Company's reserves to Unicom Group. As a result, these amendments only affect the

Company's historical financial statements prior to the completion of the Acquisition in January 2009, and have no material impact on the Company's financial statements for the year ended 31 December 2009 and no impact on the financial statements for the year ended 31 December 2010 and thereafter.

In the Acquisition, the Company did not purchase the underlying telecommunication networks in southern China (the "Network Assets") but leased such assets from Unicom New Horizon Mobile Telecommunications Company Limited, a wholly-owned subsidiary of Unicom Group, to operate the Acquired Business. In determining the accounting policy for the Acquisition, the Company had noted that there is no guidance under IFRS on common control transactions, especially when it involves an acquisition of a business but not the underlying assets. In light of this, the Company had followed the principles under International Accounting Standard (IAS) 8 "Accounting policies, changes in accounting estimates and errors" paragraph 10, 11 and 12 to exercise its judgment in developing and applying an accounting policy that it believed appropriate for the Acquisition. The Company accounted for the Acquisition using the predecessor values method in the Financial Statements, prepared in accordance with IFRS. The Company had previously recognised the Acquired Business in its Financial Statements at historical cost or predecessor values as if such business had always been part of the Company during all the periods presented, and (i) included all the assets, liabilities, revenue and charges directly related to the Acquired Business, except for the Network Assets and other associated assets and liabilities that were not acquired (the "Excluded Assets and Liabilities") and the related charges, and (ii) supplemented such information with comprehensive disclosure of the Excluded Assets and Liabilities and the related charges. The Company also provided disclosure on the details of the lease payments that were made following the completion of the Acquisition in Note 4.2(b) to the Financial Statements. The Financial Statements were audited by PricewaterhouseCoopers, independent public accountants, as indicated in their audit report dated 18 June 2010.

As part of its periodic review of the Company's annual report (including the financial statements) on Form 20-F, the SEC Staff raised questions on this accounting treatment. In response to these comments, the Company has had a number of discussions with the SEC Staff, with the participation of the Company's auditors. At the conclusion, the Company determined to include all Excluded Assets and Liabilities and the related charges in the Financial Statements for the historical periods prior to the completion of the Acquisition, instead of disclosing such information in the notes to the Financial Statements. Accordingly, the Company has amended and restated the Financial Statements (the "Restatement"). As a result the Restatement, the presentation of the Financial Statements for the historical periods prior to the completion of the Acquisition includes all assets, liabilities and charges incurred in the generation of the reported revenues, although the Excluded Assets and Liabilities were not acquired in the Acquisition.

The Restatement would have an impact on the following financial statements accounts for the years ended 31 December 2007 and 2008 and as at 1 January 2008 and 31 December 2008 only:

	For the year ended 31 December					
	2007			2008		
	As previously reported	Adjustments	As restated	As previously reported	Adjustments	As restated
	<i>(in RMB millions)</i>					
CONSOLIDATED INCOME STATEMENT DATA						
Continuing operations						
Depreciation and amortisation	(47,625)	(3,650)	(51,275)	(47,961)	(3,886)	(51,847)
Other operating expenses	(36,353)	(171)	(36,524)	(37,748)	(249)	(37,997)
Finance costs	(3,241)	(499)	(3,740)	(2,423)	(846)	(3,269)
Impairment loss on property, plant and equipment	—	(323)	(323)	(11,837)	(657)	(12,494)
Other income — net	5,100	2	5,102	2,097	44	2,141
Total costs, expenses and others	(131,856)	(4,641)	(136,497)	(150,139)	(5,594)	(155,733)
Income from continuing operations before tax	28,084	(4,641)	23,443	9,653	(5,594)	4,059
Income from continuing operations	20,909	(4,641)	16,268	7,825	(5,594)	2,231
Net income	21,565	(4,641)	16,924	35,398	(5,594)	29,804
Earnings per share for income attributable to the equity holders of the Company during the year						
-Basic earnings per share (RMB)	0.93	(0.20)	0.73	1.49	(0.24)	1.25
-Diluted earnings per share (RMB)	0.92	(0.19)	0.73	1.48	(0.24)	1.24
Earnings per share for income from continuing operations attributable to the equity holders of the Company during the year						
-Basic earnings per share (RMB)	0.90	(0.20)	0.70	0.33	(0.24)	0.09
-Diluted earnings per share (RMB)	0.89	(0.19)	0.70	0.33	(0.24)	0.09
Earnings per share for income from discontinued operations attributable to the equity holders of the Company during the year						
-Basic earnings per share (RMB)	0.30	—	0.30	1.16	—	1.16
-Diluted earnings per share (RMB)	0.30	—	0.30	1.15	—	1.15

The Acquisition was completed on 31 January 2009 and therefore the consolidated statement of income for the year ended 31 December 2009 would have included the related charges of approximately RMB334 million for the period from 1 January 2009 to 31 January 2009. However, considering the amounts were not material, the Company did not restate the consolidated statement of income for the year ended 31 December 2009.

	As at 1 January 2008 ⁽¹⁾			As at 31 December 2008		
	Before adjustments	Adjustments ⁽²⁾	After adjustments	As previously reported	Adjustments	As restated
	<i>(in RMB millions)</i>					
CONSOLIDATED BALANCE SHEET DATA						
Property, plant and equipment	276,110	30,310	306,420	285,469	30,077	315,546
Lease prepayments	8,063	744	8,807	7,863	875	8,738
Other assets	12,081	659	12,740	9,087	398	9,485
Inventories and consumables	2,815	1	2,816	1,092	55	1,147
Prepayments and other current assets	4,314	867	5,181	2,715	161	2,876
Total assets	334,087	34,348	368,435	348,752	31,566	380,318
Reserves	76,275	1,106	77,381	(15,464)	(10,494)	(25,958)
Long-term loans due to ultimate holding company	—	27,213	27,213	—	35,652	35,652
Accounts payable and accrued liabilities	49,312	12,019	61,331	67,509	6,345	73,854
Taxes payable	4,990	101	5,091	11,307	63	11,370
Total liabilities	155,571	39,575	195,146	141,025	42,060	183,085

Notes:

- (1) The opening balance sheet data as at 1 January 2008 is included in accordance with IAS 1/HKAS 1 “Presentation of financial statements”, which requires an entity to present the financial position as at the beginning of the earliest comparative period when an entity makes a retrospective restatement of items in its financial statements.
- (2) The adjustments on consolidated balance sheet data as at 1 January 2008 reflect the effect of (i) the Company’s acquisition of the Acquired Business, as well as local access telephone business in Tianjin Municipality and three subsidiaries from Unicom Group in January 2009 using the predecessor values method and (ii) the effect of the Restatement. For detailed information of the Company’s acquisition of the Acquired Business, as well as local access telephone business in Tianjin Municipality and three subsidiaries from Unicom Group, please see the Company’s 2009 annual report on Form 20-F filed with the U.S. Securities and Exchange Commission, available at <http://www.sec.gov>.

OTHER FINANCIAL DATA	For the year ended 31 December					
	2007			2008		
	As previously reported	Adjustments	As restated	As previously reported	Adjustments	As restated
	<i>(in RMB millions)</i>					
Net cash inflow from operating activities of continuing operations	68,854	—	68,854	57,241	—	57,241
Net cash outflow from investing activities of continuing operations	(47,770)	(6,975)	(54,745)	(54,742)	(6,284)	(61,026)
Net cash outflow from financing activities of continuing operations	(29,805)	6,975	(22,830)	(35,070)	6,284	(28,786)
Net cash outflow from continuing operations	(8,721)	—	(8,721)	(32,571)	—	(32,571)
Net decrease in cash and cash equivalents	(7,909)	—	(7,909)	(2,426)	—	(2,426)

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

Hong Kong, 18 February 2011

As at the date of this announcement, the Board of Directors of the Company comprises:

Executive : Chang Xiaobing, Lu Yimin, Zuo Xunsheng and Tong Jilu
directors

Non-executive : Cesareo Alierta Izuel
director

Independent : Cheung Wing Lam Linus, Wong Wai Ming, John Lawson Thornton,
non-executive Timpson Chung Shui Ming and Cai Hongbin
directors