

CHINA UNICOM (HONG KONG) Ltd

Form 6-K

August 08, 2014

[Table of Contents](#)

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16

of the Securities Exchange Act of 1934

For the Month of August 2014

Commission File Number 1-15028

China Unicom (Hong Kong) Limited

(Exact Name of Registrant as Specified in Its Charter)

75/F, The Center,

99 Queen s Road Central, Hong Kong

(Address of principal executive offices)

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F Form 40-F

(Indicate by check mark if the registrant is submitting the Form 6-K on paper as permitted by Regulation S-T Rule 101(b)(1):)

(Indicate by check mark if the registrant is submitting the Form 6-K on paper as permitted by Regulation S-T Rule 101(b)(7):)

(Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

Yes No

(If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):82- .)

Table of Contents

TABLE OF CONTENTS

EXHIBITS

FORWARD-LOOKING STATEMENTS

SIGNATURES

Table of Contents

EXHIBITS

Exhibit Number

1 Announcement in relation to the unaudited interim results of China Unicom (Hong Kong) Limited for the six months ended June 30, 2014.

2 Announcement dated August 7, 2014 in respect of change of executive director.

FORWARD-LOOKING STATEMENTS

These announcements contain certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such forward-looking statements may include, without limitation, statements relating to the Company's competitive position; the Company's business strategies and plans, including those relating to the Company's networks, products and services, as well as sales and marketing, in particular, such networks, products and services, sales and marketing in respect of the Company's 3G and 4G business; the Company's future business condition, future financial results, cash flows, financing plans and dividends; the future growth of market demand of, and opportunities for, the Company's new and existing products and services, in particular, 3G and 4G services; and future regulatory and other developments in the PRC telecommunications industry.

The words anticipate, believe, could, estimate, intend, may, seek, will and similar expressions, as they are used by the Company, are intended to identify certain of these forward-looking statements. The Company does not intend to update any of these forward-looking statements and are under no obligation to do so.

The forward-looking statements contained in these announcements are, by their nature, subject to significant risks and uncertainties. In addition, these forward-looking statements reflect the Company's current views with respect to future events and are not a guarantee of the Company's future performance. Actual results may differ materially from those expressed or implied in the forward-looking statements as a result of a number of factors, including, without limitation:

changes in the regulatory regime and policies for the PRC telecommunications industry, including, without limitation, changes in the regulatory policies of the Ministry of Industry and Information Technology (which has assumed the regulatory functions of the former Ministry of Information Industry), the State-owned Assets Supervision and Administration Commission, and other relevant government authorities of the PRC;

changes in the PRC telecommunications industry resulting from the issuance of 3G and 4G licenses by the central government of the PRC;

effects of tariff reduction and other policy initiatives from the relevant PRC government authorities;

Table of Contents

changes in telecommunications and related technologies and applications based on such technologies;

the level of demand for telecommunications services, in particular, 3G and 4G services;

competitive forces from more liberalized markets and the Company's ability to retain market share in the face of competition from existing telecommunications companies and potential new market entrants;

effects of competition on the demand and price of the Company's telecommunications services;

the availability, terms and deployment of capital and the impact of regulatory and competitive developments on capital outlays;

the results of the anti-monopoly investigation by the National Development and Reform Commission of the PRC relating to the price charged for Internet dedicated leased line access service provided by the Company to Internet service providers;

changes in the assumptions upon which the Company has prepared its projected financial information and capital expenditure plans; and

changes in the political, economic, legal, tax and social conditions in the PRC, including the PRC government's policies and initiatives with respect to economic development in light of the recent global economic downturn, foreign exchange policies, foreign investment activities and policies, entry by foreign companies into the PRC telecommunications market and structural changes in the PRC telecommunications industry.

Please also see the "Risk Factors" section of the Company's latest Annual Report on Form 20-F, as filed with the U.S. Securities and Exchange Commission.

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CHINA UNICOM (HONG KONG) LIMITED
(Registrant)

Date: August 8, 2014

By: /s/ Chang Xiaobing
Name: Chang Xiaobing
Title: Chairman and Chief Executive Officer

Table of Contents

Exhibit 1

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

(Incorporated in Hong Kong with limited liability)

(Stock Code: 0762)

2014 INTERIM RESULTS ANNOUNCEMENT

Highlights:

Revenue : RMB149.57 billion, up by 3.6% as compared to the same period of last year.
Profit for the period : RMB6.69 billion, up by 25.8% as compared to the same period of last year.
Basic earnings per share : RMB0.281, up by 24.9% as compared to the same period of last year.
EBITDA : RMB47.69 billion, up by 13.1% as compared to the same period of last year.

CHAIRMAN'S STATEMENT

Dear shareholders,

First at all, on behalf of the Board of Directors of China Unicom, I would like to express my sincere gratitude to all shareholders and the different parts of the society for their support. In the first half of 2014, with a changing market environment and a slowing-down industry, the Company steadily implemented the strategy of "Leading Mobile Broadband and Innovating Operational Integration". As a result, the Company continued to expand its market share in service revenue, further optimised its business structure, and constantly improved its profitability.

Table of Contents

Overall Results

In the first half of 2014, the Company's operating revenue reached RMB149.57 billion, representing an increase of 3.6% over the same period last year, of which, service revenue was RMB126.97 billion, up by 9.0% year-on-year. Due to the replacement of business tax with value-added tax as well as the changes in market environment, the Company's revenue growth slowed down. Nevertheless, its service revenue growth still outperformed the industry average by 3.4 percentage points. The Company's business structure was further optimised, with mobile business and non-voice business accounting for 64.1% and 59.5% of total service revenue, respectively.

With the continuous revenue growth and improvement in business structure, the Company achieved steady improvement in profitability. The Company's EBITDA increased by 13.1% year-on-year to RMB47.69 billion, and its net profit increased by 25.8% year-on-year to RMB6.69 billion. The Company's overall financial status turned more solid, with its operating cash flow up by 1.1% year-on-year and its free cash flow reaching RMB20.15 billion, laying a more solid foundation for its sustainable growth in the future.

Business Development

Mobile business maintained robust development with integrated operation in mobile broadband off to a good start. In the first half of 2014, the Company took a series of measures to respond to a complex competitive environment, namely: further enhancing its leading position of user experience in mobile broadband service, proactively carrying out the integrated 4G/3G operation, fully optimising its product portfolio and tariff plans to tap data value, improving customer retention system, and fully improving all-round user experiences in purchase, consumption, customer service and network. In the first half of 2014, the Company's mobile service revenue increased by 11.7% year-on-year to RMB81.34 billion, of which, mobile broadband¹ service revenue was up by 32.9% year-on-year to RMB54.38 billion, accounting for 66.9% of total mobile service revenue. In the first half of 2014, the Company's mobile subscribers increased by 14.02 million to 295 million, of which, mobile broadband subscribers were up by 40.8% year-on-year, accounting for 47.7% of total mobile subscribers. Mobile broadband ARPU was RMB68.7. The Company further enhanced its data volume operation and total data usage by the Company's handset users grew by 82.1% year-on-year to 199.8 billion MB. In addition, the Company proactively pushed forward the trial of mobile service resale, and provided flexible cooperative models as well as standardised business support across the network to mobile service resellers, resulting in a smooth start of mobile service resale.

Fixed-line business recorded steady growth, supported by continuous solid growth in fixed-line broadband service. In the first half of 2014, to ensure steady fixed-line business growth, the Company accelerated the upgrade and speed-up of its broadband network, enhanced its customer service capability, and pushed forward bundled mobile and fixed-line broadband services by promoting the integrated telecom service package "Smart Wo Home" to household customers. The Company's fixed-line service revenue increased by 4.5% year-on-year to RMB45.21 billion, of which 77.7% was from non-voice business; fixed-line broadband service revenue increased by 10.2% year-on-year to RMB24.89 billion, accounting for 55.1% of fixed-line service revenue; fixed-line broadband subscribers increased by 7.7% year-on-year to 67.42 million.

Industry applications and innovative businesses achieved new breakthroughs. The Company continued its strategic deployment of industry applications in key sectors, accelerated the expansion into hot sectors, and achieved breakthroughs in such sectors as education informatisation, auto informatisation and smart city. In the first half of 2014, the key industry applications users reached 49.38 million. In addition, the Company persisted in openness and cooperation, proactively explored products and business models that are in line with the Internet development, and made new progresses in such areas as the Internet of Things, cloud computing and mobile payment.

Table of Contents

Network Capabilities

In the first half of 2014, the Company continued the construction of its 3G network to enhance broad and in-depth coverage, and rapidly carried out 4G-related network deployment so as to build the user experience-oriented 4G/3G-integrated high-quality mobile broadband network. The broad and in-depth coverage of its mobile broadband network was further enhanced, and the network quality was further improved through the enhanced end-to-end network optimisation. In the first half of 2014, the Company expanded its 4G and 3G base stations by 84 thousand to 491 thousand. The maximum downlink speed reaches 150 Mbps for its LTE network, 42 Mbps for its DC-HSPA+ network and 21 Mbps for the whole HSPA+ network. In addition, the Company accelerated the construction of fiber optic network, and its broadband access ports reached 124.896 million, of which 73.8% are FTTH/B. The Company further expanded the coverage of packet transport network, and the load-carrying capability for high-speed data services was further enhanced.

Management Reform

In the first half of 2014, leveraging on the replacement of business tax with value-added tax, the Company further deepened management reform in key areas so as to follow the new trends in the mobile Internet era and to improve cost effectiveness, development quality and corporate vitality.

The Company continued the transformation of its sales and marketing model. By focusing on profitable development and existing customers, the Company optimised its product portfolio, terminal offering and distribution channels, and further improved the quality of its subscribers and business. Following the Internet way of thinking, the Company explored the integrated online and offline sales and marketing practice. The Company accelerated the development of woego B2B Platform for small and medium size distributors, consolidated the resources along the industry value chain, provided effective, transparent and fair end-to-end operational support through total solution on terminals, products and distribution channels, so as to build new differentiated service advantages.

The Company put great effort to promote centralised operation with a focus on market, customers and local business units. Leveraging on the centralised business supporting system (cBSS) and starting with 4G business, the Company created a responsive and centralised business decision process and made the first step for the direct operational management toward local business units.

The Company strengthened investment project progression planning, proactively established a fair, transparent and dynamic resource allocation mechanism that leans to local business units, built a comprehensive evaluation system for municipal subsidiaries, implemented market-oriented management for sales outlets, and optimised evaluation and incentive measures, so as to fully stimulate the Company's organic vitality.

Table of Contents

Outlook

The information and communications technology is rapidly and fully penetrating into every part of our society at an unprecedented breadth and depth. As the key driving force of China's economic transformation, the information industry still enjoys important strategic opportunities with strong market demand. China Unicom will constantly consolidate and create differentiated service advantages, proactively adapt to market changes, and firmly grasp opportunities to ensure the Company's continuous and rapid development. Centering on market and customer needs, the Company will put greater effort in innovation, transform its development model, and accelerate the development of its key businesses such as mobile broadband and fixed-line broadband, so as to maintain its industry-leading growth rate and achieve continuous improvement in market share, profitability and overall strength. The Company will focus on its strategic development direction and carry out corporate reform pragmatically. The Company will accelerate the reform in its mobile Internet-oriented operational system and other key areas such as sales and marketing, investment and construction, recruitment and remuneration as well as resource allocation, and proactively explore the opportunities to transform and innovate in areas such as mixed ownership, Internet finance and mobile service resale, so as to constantly enhance its corporate vitality.

The Company is confident about its future development, and will strive to create more value for its shareholders through its persistent efforts.

Chang Xiaobing

Chairman and Chief Executive Officer

Hong Kong, 7 August 2014

Note 1: Mobile broadband business includes both 3G and 4G businesses.

FINANCIAL OVERVIEW

Revenue

In the first half of 2014, total revenue was RMB149.57 billion, up by 3.6% as compared to the same period of last year. Out of total revenue, service revenue was RMB126.97 billion, up by 9.0% as compared to the same period of last year.

In the first half of 2014, service revenue from the mobile business was RMB81.34 billion, up by 11.7% as compared to the same period of last year. Out of service revenue from the mobile business, service revenue from mobile broadband business¹ was RMB54.38 billion and, as a percentage of service revenue from the mobile business, there was an increase from 56.2% in the first half of 2013 to 66.9% in the first half of 2014.

In the first half of 2014, service revenue from the fixed-line business was RMB45.21 billion, up by 4.5% as compared to the same period of last year. Out of service revenue from the fixed-line business, service revenue from the fixed-line broadband business was RMB24.89 billion, up by 10.2% as compared to the same period of last year and, as a percentage of service revenue from the fixed-line business, there was an increase from 52.2% in the first half of 2013 to 55.1% in the first half of 2014.

Table of Contents

Costs and Expenses²

In the first half of 2014, total costs and expenses were RMB140.73 billion, up by 2.6% as compared to the same period of last year and 1.0 percentage points lower than the growth in total revenue in the first half of 2014.

The Company continued to strengthen its network capabilities, depreciation and amortisation charge were RMB36.88 billion in the first half of 2014, up by 8.8% as compared to the same period of last year. At the same time, the Company adequately increased in network operation investment, network, operation and support expenses were RMB18.04 billion in the first half of 2014, up by 12.8% as compared to the same period of last year.

The Company actively responded to market competition, accelerated the user development and market expansion. As a result, selling and marketing expenses were RMB23.82 billion in the first half of 2014, up by 16.9% as compared to the same period of last year. Terminal subsidy cost of mobile broadband business was RMB3.33 billion in the first half of 2014.

Under the influence of the adjustments to interconnection settlement policy, interconnection charges were RMB7.57 billion in the first half of 2014, down by 23.7% as compared to the same period of last year.

The Company implemented pension plan and strengthened staff motivation, and as a result, employee benefit expenses were RMB16.97 billion in the first half of 2014, up by 13.6% as compared to the same period of last year.

Earnings

In the first half of 2014, profit before income tax was RMB8.84 billion and profit for the period³ was RMB6.69 billion, up by 25.8% as compared to the same period of last year. Basic earnings per share was RMB0.281 in the first half of 2014. EBITDA⁴ was RMB47.69 billion in the first half of 2014, up by 13.1% as compared to the same period of last year. EBIDTA as a percentage of the service revenue was 37.6% in the first half of 2014.

Operating Cash Flow and Capital Expenditure

In the first half of 2014, the Company's net cash flow from operating activities was RMB41.73 billion. Capital expenditure was RMB21.58 billion in the first half of 2014.

Balance Sheet

Liabilities-to-assets ratio changed from 58.6% as at 31 December 2013 to 57.0% as at 30 June 2014.

Debt-to-capitalisation ratio changed from 39.8% as at 31 December 2013 to 38.1% as at 30 June 2014.

Table of Contents

Further information

The pilot programme regarding the replacement of business tax with value-added tax (the VAT Reform) has applied to the telecommunications industry in PRC since 1 June 2014. Due to the full implementation of the VAT Reform and the transformation of the sales and marketing model of the Company in response thereto as well as the more complicated competition landscape, there will be pressure on the Company's revenue growth and profitability growth. The Company will proactively respond to the change in the environment, carry out the holistic strategy of "Leading Mobile Broadband and Innovating Operational Integration" as well as consolidating and utilising the Company's distinctive competitive edge in technology, network, business and operation accumulated over the years, so as to ensure steady growth in service revenue and profit throughout the year.

Note 1: Mobile broadband business included 3G business and 4G business.

Note 2: Including interconnection charges, depreciation and amortisation, network, operation and support expenses, employee benefit expenses, costs of telecommunications products sold, other operating expenses, finance costs, interest income and other income-net.

Note 3: In the first half of 2014 net profit has been achieved under the following circumstances: a) expenses of RMB1,151 million arising from Personal Handyphones System asset disconnection in the first half of 2014; b) due to the depreciation of RMB, an exchange loss of RMB358 million incurred in the first half of 2014; an exchange gain of RMB725 million incurred in the first half of 2013; c) a corporate pension contribution of RMB443 million incurred in the first half of 2014.

Note 4: 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 expenditure 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.

GROUP RESULTS

China Unicom (Hong Kong) Limited (the Company) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the Group) for the six months ended 30 June 2014, which are extracted from the unaudited condensed consolidated interim financial information of the Group as set out in the Company's 2014 interim report. The interim results have been reviewed by the Audit Committee.

Table of Contents**UNAUDITED CONDENSED CONSOLIDATED INTERIM BALANCE SHEET****AS AT 30 JUNE 2014****(All amounts in Renminbi (RMB) millions)**

	Note	30 June 2014	31 December 2013
ASSETS			
Non-current assets			
Property, plant and equipment		415,929	431,625
Lease prepayments		7,996	8,038
Goodwill		2,771	2,771
Interest in associate		33	
Interest in joint venture		20	
Deferred income tax assets		8,259	6,734
Financial assets at fair value through other comprehensive income	6	6,870	6,497
Other assets		21,333	21,296
		463,211	476,961
Current assets			
Inventories and consumables		4,410	5,536
Accounts receivable	7	16,527	14,842
Prepayments and other current assets		11,018	9,664
Amounts due from related parties		9	11
Amounts due from domestic carriers		2,116	597
Short-term bank deposits		54	54
Cash and cash equivalents		19,284	21,506
		53,418	52,210
Total assets		516,629	529,171
EQUITY			
Equity attributable to equity shareholders of the Company			
Share capital		178,096	2,328
Share premium			175,204
Capital redemption reserve			79
Share capital and other statutory capital reserve		178,096	177,611
Other reserves		(19,439)	(19,529)
Retained profits			
Proposed 2013 final dividend	12		3,805
Others		63,700	57,012

Total equity

222,357

218,899

Table of Contents

	Note	30 June 2014	31 December 2013
LIABILITIES			
Non-current liabilities			
Long-term bank loans		461	481
Promissory notes		8,989	
Convertible bonds	8	11,165	11,002
Corporate bonds		2,000	2,000
Deferred income tax liabilities		27	26
Deferred revenue		1,325	1,269
Other obligations		182	255
		24,149	15,033
Current liabilities			
Short-term bank loans		103,268	94,422
Commercial papers		10,000	35,000
Current portion of long-term bank loans		47	48
Accounts payable and accrued liabilities	9	95,138	102,212
Taxes payable		4,772	2,634
Amounts due to ultimate holding company		759	1,634
Amounts due to related parties		1,977	4,176
Amounts due to domestic carriers		1,812	1,504
Dividend payable	12	773	644
Current portion of deferred revenue		406	452
Current portion of other obligations		2,669	2,672
Advances from customers		48,502	49,841
		270,123	295,239
Total liabilities		294,272	310,272
Total equity and liabilities		516,629	529,171
Net current liabilities		(216,705)	(243,029)
Total assets less current liabilities		246,506	233,932

Table of Contents**UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME****FOR THE SIX MONTHS ENDED 30 JUNE 2014**

(All amounts in RMB millions, except per share data)

		Six months ended 30 June	
	Note	2014	2013
Revenue	10	149,569	144,307
Interconnection charges		(7,565)	(9,917)
Depreciation and amortisation		(36,882)	(33,906)
Network, operation and support expenses		(18,035)	(15,993)
Employee benefit expenses		(16,969)	(14,934)
Costs of telecommunications products sold		(25,682)	(31,813)
Other operating expenses		(33,629)	(29,473)
Finance costs		(2,709)	(1,475)
Interest income		135	81
Other income net		604	215
Profit before income tax		8,837	7,092
Income tax expenses	5	(2,148)	(1,775)
Profit for the period		6,689	5,317
Profit attributable to:			
Equity shareholders of the Company		6,689	5,317
Earnings per share for profit attributable to equity shareholders of the Company during the period:			
Basic earnings per share (RMB)	13	0.28	0.23
Diluted earnings per share (RMB)	13	0.27	0.22

Table of Contents**UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2014****(All amounts in RMB millions)**

	Six months ended 30 June	
	2014	2013
Profit for the period	6,689	5,317
Other comprehensive income		
Items that will not be reclassified to statement of income:		
Changes in fair value of financial assets through other comprehensive income	349	(370)
Tax effect on changes in fair value of financial assets through other comprehensive income	(82)	90
Changes in fair value of financial assets through other comprehensive income, net of tax	267	(280)
Remeasurement of net defined benefit liability, net of tax	(3)	