

1 Laurence M. Rosen, Esq. (SBN 219683)  
2 THE ROSEN LAW FIRM, P.A.  
3 355 South Grand Avenue, Suite 2450  
4 Los Angeles, CA 90071  
5 Telephone: (213) 785-2610  
6 Facsimile: (213) 226-4684  
7 Email: lrosen@rosenlegal.com

8 Counsel for Plaintiff

9 UNITED STATES DISTRICT COURT  
10 CENTRAL DISTRICT OF CALIFORNIA

11 \_\_\_\_\_, Individually and on behalf  
12 of all others similarly situated,

13 Plaintiff,

14 v.

15 CHINA UNICOM (HONG KONG)  
16 LIMITED, CHANG XIAOBING, and  
17 LI FUSHEN,

18 Defendants.

Case No:

**CLASS ACTION COMPLAINT  
FOR VIOLATIONS OF THE  
FEDERAL SECURITIES LAWS**

**JURY TRIAL DEMANDED**

19  
20 Plaintiff \_\_\_\_\_ (“Plaintiff”), individually and on behalf of all other  
21 persons similarly situated, by Plaintiff’s undersigned attorneys, for Plaintiff’s  
22 complaint against Defendants (defined below), alleges the following based upon  
23 personal knowledge as to Plaintiff and Plaintiff’s own acts, and information and  
24 belief as to all other matters, based upon, inter alia, the investigation conducted by  
25 and through Plaintiff’s attorneys, which included, among other things, a review of  
26 the Defendants’ public documents, conference calls and announcements made by  
27 Defendants, United States Securities and Exchange Commission (“SEC”) filings,  
28 wire and press releases published by and regarding China Unicom (Hong Kong)

1 Limited (“China Unicom” or the “Company”), and information readily obtainable  
2 on the Internet. Plaintiff believes that substantial evidentiary support will exist for  
3 the allegations set forth herein after a reasonable opportunity for discovery.

4 **NATURE OF THE ACTION**

5 1. This is a federal securities class action on behalf of a class consisting  
6 of all persons and entities other than Defendants who purchased or otherwise  
7 acquired the publicly traded American Depositary Shares (“ADSs”) of China  
8 Unicom from April 25, 2012 through April 17, 2017, both dates inclusive (the  
9 “Class Period”). Plaintiff seeks to recover compensable damages caused by  
10 Defendants’ violations of the federal securities laws and to pursue remedies under  
11 Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the “Exchange  
12 Act”) and Rule 10b-5 promulgated thereunder.

13 **JURISDICTION AND VENUE**

14 2. The claims asserted herein arise under and pursuant to Sections 10(b)  
15 and 20(a) of the Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5  
16 promulgated thereunder by the SEC (17 C.F.R. § 240.10b-5).

17 3. This Court has jurisdiction over the subject matter of this action  
18 pursuant to Section 27 of the Exchange Act (15 U.S.C. §78aa).

19 4. Venue is proper in this judicial district pursuant to 28 U.S.C. §  
20 1391(b) and Section 27 of the Exchange Act (15 U.S.C. § 78aa(c)) as the  
21 Company conducts business in this judicial district.

22 5. In connection with the acts, conduct and other wrongs alleged in this  
23 complaint, Defendants, directly or indirectly, used the means and instrumentalities  
24 of interstate commerce, including but not limited to, the United States mails,  
25 interstate telephone communications and the facilities of the national securities  
26 exchange.

1 **PARTIES**

2 6. Plaintiff, as set forth in the accompanying certification, incorporated  
3 by reference herein, purchased China Unicom ADSs at artificially inflated prices  
4 during the Class Period and was economically damaged thereby.

5 7. Defendant China Unicom is a Hong Kong investment holding  
6 company which provides telecommunications services in the People’s Republic of  
7 China. The Company’s wholly owned subsidiary, China Unicom Americas,  
8 maintains an office at 901 Via Piemonte, Suite 210 Ontario, California 91764.  
9 China Unicom ADSs trade on The New York Stock Exchange, Inc. (“NYSE”)  
10 under the ticker “CHU.”

11 8. Defendant Chang Xiaobing (“Chang”) has been the Company’s  
12 Chairman and Chief Executive Officer from December 2004 until his abrupt  
13 resignation on August 24, 2015.

14 9. Defendant Li Fushen (“Li”) has been the Company’s Chief Financial  
15 Officer throughout the Class Period.

16 10. Defendants Chang and Li are collectively referred to herein as the  
17 “Individual Defendants.”

18 11. Each of the Individual Defendants:

- 19 a. directly participated in the management of the Company;  
20 b. was directly involved in the day-to-day operations of the  
21 Company at the highest levels;  
22 c. was privy to confidential proprietary information concerning  
23 the Company and its business and operations;  
24 d. was directly or indirectly involved in drafting, producing,  
25 reviewing and/or disseminating the false and misleading  
26 statements and information alleged herein;  
27 e. was directly or indirectly involved in the oversight or  
28 implementation of the Company’s internal controls;

- 1 f. was aware of or recklessly disregarded the fact that the false  
2 and misleading statements were being issued concerning the  
3 Company; and/or  
4 g. approved or ratified these statements in violation of the federal  
5 securities laws.

6 12. China Unicom is liable for the acts of the Individual Defendants and  
7 its employees under the doctrine of *respondeat superior* and common law  
8 principles of agency because all of the wrongful acts complained of herein were  
9 carried out within the scope of their employment.

10 13. The scienter of the Individual Defendants and other employees and  
11 agents of the Company is similarly imputed to China Unicom under *respondeat*  
12 *superior* and agency principles.

13 14. Defendants China Unicom and Individual Defendants are collectively  
14 referred to herein as “Defendants.”

## 15 **SUBSTANTIVE ALLEGATIONS**

### 16 **Background**

17 15. In 2003, the Company adopted a code of ethics that applies to its  
18 chief executive officer, chief financial officer, president, vice-presidents,  
19 controller and other senior officers.

20 16. A copy of the Company’s Code of Ethics for Senior Officers was  
21 filed as Exhibit 11.1 to our annual report on Form 20-F for the fiscal year ended  
22 December 31, 2003, stating as follows:

#### 23 **Code of Ethics for the Managers**

24 *This Code of Ethics applies to the Chief Executive Officer, President*  
25 *and Vice-President of China Unicom Limited (the “Company”)* and  
26 each of its subsidiaries, and General Managers and Deputy General  
27 Managers of each department, provincial branch and local branch of  
28 the Company (together, the “Managers”).

1                   **I. Duty of Diligence**

2                   Each Manager should work diligently and faithfully carry out his or  
3                   her duties to the Company.

4                   **II. Honest and Ethical Conduct**

5  
6                   1. Each Manager must act in the utmost interest of the Company, and  
7                   never use the Company’s assets or his or her position or work at the  
8                   Company to obtain any personal benefit for himself or herself, for his  
9                   or her family, or for any other person, including the acceptance of  
                    commissions;

10                  2. Each Manager must conduct himself or herself in an honest and  
11                  ethical manner, and refrain from any conduct that creates a conflict,  
12                  whether actual or apparent, between the interests of the Manager and  
13                  the Company;

14                  3. Each Manager must provide to the Company business opportunities  
15                  obtained by the use of corporate property, information, position or  
16                  work at the Company, and may not in any way take advantage of such  
17                  business opportunities for himself or herself, or direct such  
                    opportunities to third parties.

18                  **III. Compliance with Disclosure Procedures**

19                  When making public disclosures, each Manager must strictly adhere  
20                  to the Company’s relevant disclosure procedures and the requirements  
21                  of the Disclosure Committee, and ensure that such disclosure is  
22                  complete, fair, accurate, timely and clear. Each Manager must always  
23                  report financial and operating numbers truthfully. Account  
24                  fabrication, manipulation and other reporting misconduct are strictly  
25                  prohibited. Managers must never disclose information that may have  
26                  an effect on the market price of the Company’s securities in a manner  
                    not prescribed in the Company’s relevant disclosure procedures, and  
                    must never divulge any business secret of the Company.

27                  **IV. Protection of the Company’s Assets**

1 All Managers should protect the Company's assets and ensure their  
2 reasonable use, handle Company assets in a careful and diligent  
3 manner and ensure that all Company assets are used only for  
4 legitimate business purposes.

#### 5 **V. Compliance with Laws and Regulations**

6 *Managers must strictly adhere to all applicable domestic and foreign*  
7 *laws, rules and regulations, including laws and regulations*  
8 *prohibiting insider trading (directly or indirectly by tipping others)*  
9 *based on non-public information relating to the Company or any*  
10 *other company. If a Manager is uncertain about the legality of*  
11 *certain actions, the Manager should consult with the Company's*  
12 *internal or external counsel before taking such actions.*

#### 13 **VI. Disciplinary Action for Violations of the Code of Ethics**

14 When a Manager has violated a provision of this Code, the Company  
15 will take disciplinary actions based on the nature of the misconduct  
16 and the degree of damage to the Company.

17 The Company's senior management and Board of Directors are  
18 responsible for the administration and interpretation of this Code. The  
19 Company may, in light of the requirements of laws and regulations  
20 and regulatory agencies, amend the provisions of this Code. Any  
21 employee who becomes aware of any violation by a Manager of this  
22 Code or other Company policies, laws, rules or regulations is required  
23 to notify the appropriate persons at the Company based on the  
24 circumstances. Employees may also report violations to the  
25 Disclosure Committee or directly report to the Board of Directors of  
26 the Company by contacting the Company's Hong Kong Secretary  
27 (Tel: 852-2121-3220). Any employee who is unsure of whether a  
28 Manager's conduct violates this Code or other Company policies,  
laws, rules or regulations should consult with the appropriate person  
listed above. The Company strictly prohibits retaliation against  
employees who report possible violations of this Code or other  
Company policies, laws, rules or regulations.

(Emphasis added).

1 **Materially False and Misleading Statements Issued During the Class Period**

2 17. On April 25, 2012, the Company filed a Form 20-F for the fiscal year  
3 ended December 31, 2011 (the “2011 20-F”) with the SEC. The 2011 20-F was  
4 signed by Defendant Chang. Attached to the 2011 20-F were signed certifications  
5 pursuant to the Sarbanes-Oxley Act of 2002 (“SOX”) by Defendants Chang and  
6 Li attesting to the accuracy of the financial statements, the disclosure of any  
7 material changes to the Company’s internal control over financial reporting and  
8 the disclosure all fraud.

9 18. The 2011 20-F stated the following with regards to its Code of  
10 Ethics:

11 **Item 16B. Code of Ethics**

12 *In 2003, we adopted a code of ethics that applies to our chief*  
13 *executive officer, chief financial officer, president, vice-presidents,*  
14 *controller and other senior officers.* A copy of our Code of Ethics for  
15 Senior Officers was filed as Exhibit 11.1 to our annual report on Form  
16 20-F for the fiscal year ended December 31, 2003. In February 2006,  
17 we adopted another code of ethics that applies to our employees  
18 generally. A copy of our Code of Ethics for Employees was filed as  
19 Exhibit 11.2 to our annual report on Form 20-F for the fiscal year  
20 ended December 31, 2005. Copies of our Code of Ethics for Senior  
21 Officers and Code of Ethics for Employees may also be downloaded  
22 from our website at <http://www.chinaunicom.com.hk>. Information on  
23 that website is not a part of this annual report on Form 20-F.

24 (Emphasis added).

25 19. On April 25, 2013, the Company filed a Form 20-F for the fiscal year  
26 ended December 31, 2012 (the “2012 20-F”) with the SEC. The 2012 20-F was  
27 signed by Defendant Chang. Attached to the 2012 20-F were signed SOX  
28 certifications by Defendants Chang and Li attesting to the accuracy of the  
financial statements, the disclosure of any material changes to the Company’s  
internal control over financial reporting and the disclosure all fraud.

1           20. The 2012 20-F stated the following with regards to its Code of  
2 Ethics:

3           **Item 16B. Code of Ethics**

4           *In 2003, we adopted a code of ethics that applies to our chief*  
5 *executive officer, chief financial officer, president, vice-presidents,*  
6 *controller and other senior officers, a copy of which was filed as*  
7 *Exhibit 11.1 to our annual report on Form 20-F for the fiscal year*  
8 *ended December 31, 2003.* In February 2006, we adopted another  
9 code of ethics that applies to our employees generally, a copy of  
10 which was filed as Exhibit 11.2 to our annual report on Form 20-F for  
11 the fiscal year ended December 31, 2005. Copies of our Code of  
12 Ethics for Senior Officers and Code of Ethics for Employees may also  
13 be downloaded from our website at <http://www.chinaunicom.com.hk>.  
14 Information on that website is not a part of this annual report on Form  
15 20-F.

16           (Emphasis added).

17           21. On April 17, 2014, the Company filed a Form 20-F for the fiscal year  
18 ended December 31, 2013 (the “2013 20-F”) with the SEC. The 2013 20-F was  
19 signed by Defendant Chang. Attached to the 2013 20-F were signed SOX  
20 certifications by Defendants Chang and Li attesting to the accuracy of the  
21 financial statements, the disclosure of any material changes to the Company’s  
22 internal control over financial reporting and the disclosure all fraud.

23           22. The 2013 20-F stated the following with regards to its Code of  
24 Ethics:

25           **Item 16B. Code of Ethics**

26           *In 2003, we adopted a code of ethics that applies to our chief*  
27 *executive officer, chief financial officer, president, vice-presidents,*  
28 *controller and other senior officers, a copy of which was filed as*  
*Exhibit 11.1 to our annual report on Form 20-F for the fiscal year*  
*ended December 31, 2003.* In February 2006, we adopted another  
code of ethics that applies to our employees generally, a copy of



1 which was filed as Exhibit 11.2 to our annual report on Form 20-F for  
2 the fiscal year ended December 31, 2005. Copies of our Code of  
3 Ethics for Senior Officers and Code of Ethics for Employees may also  
4 be downloaded from our website at <http://www.chinaunicom.com.hk>.  
5 Information on that website is not a part of this annual report on Form  
6 20-F.

(Emphasis added).

7 23. On April 23, 2015, the Company filed a Form 20-F for the fiscal year  
8 ended December 31, 2014 (the “2014 20-F”) with the SEC. The 2014 20-F was  
9 signed by Defendant Chang. Attached to the 2014 20-F were signed SOX  
10 certifications by Defendants Chang and Li attesting to the accuracy of the  
11 financial statements, the disclosure of any material changes to the Company’s  
12 internal control over financial reporting and the disclosure all fraud.

13 24. The 2014 20-F stated the following with regards to its Code of  
14 Ethics:

15  
16 **Item 16B. Code of Ethics**

17 *In 2003, we adopted a code of ethics that applies to our chief*  
18 *executive officer, chief financial officer, president, vice-presidents,*  
19 *controller and other senior officers, a copy of which was filed as*  
20 *Exhibit 11.1 to our annual report on Form 20-F for the fiscal year*  
21 *ended December 31, 2003. In February 2006, we adopted another*  
22 *code of ethics that applies to our employees generally, a copy of*  
23 *which was filed as Exhibit 11.2 to our annual report on Form 20-F for*  
24 *the fiscal year ended December 31, 2005. Copies of our Code of*  
25 *Ethics for Senior Officers and Code of Ethics for Employees may also*  
26 *be downloaded from our website at <http://www.chinaunicom.com.hk>.*  
27 *Information on that website is not a part of this annual report on Form*  
28 *20-F.*

(Emphasis added).

1 25. The statements contained in ¶¶ 17-24 were materially false and/or  
2 misleading because they misrepresented and failed to disclose the following  
3 adverse facts pertaining to the Company's business, operations and prospects,  
4 which were known to Defendants or recklessly disregarded by them. Specifically,  
5 Defendants made false and/or misleading statements and/or failed to disclose that:  
6 (1) Defendant Chang accepted bribes worth more than 3.76 million yuan  
7 (\$546,500) between 1998 and 2014 as a telecom official and, later, Chairman of  
8 China Unicom; and (2) as a result, Defendants' statements about the Company's  
9 business, operations, and prospects, were materially false and misleading and/or  
10 lacked a reasonable basis at all relevant times.

11 **The Truth Emerges**

12 26. On April 18, 2017, *Reuters* reported that Defendant Chang pled  
13 guilty to bribery, stating in part:

14 *Chang Xiaobing, the former chief executive and chairman of China*  
15 *Telecom Corp (0728.HK), pleaded guilty on Tuesday to taking*  
16 *bribes at the beginning of his trial, the official Xinhua News Agency*  
17 *reported.*

18 *Prosecutors accused Chang of accepting money and valuables worth*  
19 *more than 3.76 million yuan (\$546,500) between 1998 and 2014 as a*  
20 *telecom official and, later, chairman of China Unicom (0762.HK),*  
21 *the news agency said.*

22 Last July, the China's Central Commission for Discipline Inspection  
23 announced that Chang had been expelled from the Communist Party.

24 Chang's case was tried at the Intermediate People's Court in Baoding  
25 City in Hebei province, Xinhua said. A verdict will be announced  
26 later.

27 Chang was not available for comment

28 (Emphasis added).

1           27. On this news, shares of China Unicom fell \$0.49 per share or over  
2 3% from its previous closing price to close at \$13.22 on April 18, 2017, damaging  
3 investors.

4           28. As a result of Defendants' wrongful acts and omissions, and the  
5 precipitous decline in the market value of the Company's ADSs, Plaintiff and  
6 other Class members have suffered significant losses and damages.

7                           **PLAINTIFF'S CLASS ACTION ALLEGATIONS**

8           29. Plaintiff brings this action as a class action pursuant to Federal Rule  
9 of Civil Procedure 23(a) and (b)(3) on behalf of a class consisting of all persons  
10 other than defendants who acquired the publicly traded ADSs of China Unicom  
11 during the Class Period and who were damaged thereby (the "Class"). Excluded  
12 from the Class are Defendants, the officers and directors of China Unicom,  
13 members of the Individual Defendants' immediate families and their legal  
14 representatives, heirs, successors or assigns and any entity in which Officer or  
15 Director Defendants have or had a controlling interest.

16           30. The members of the Class are so numerous that joinder of all  
17 members is impracticable. Throughout the Class Period, China Unicom ADSs  
18 were actively traded on NYSE. While the exact number of Class members is  
19 unknown to Plaintiff at this time and can be ascertained only through appropriate  
20 discovery, Plaintiff believes that there are hundreds, if not thousands of members  
21 in the proposed Class.

22           31. Plaintiff's claims are typical of the claims of the members of the  
23 Class as all members of the Class are similarly affected by defendants' wrongful  
24 conduct in violation of federal law that is complained of herein.

25           32. Plaintiff will fairly and adequately protect the interests of the  
26 members of the Class and has retained counsel competent and experienced in class  
27 and securities litigation. Plaintiff has no interests antagonistic to or in conflict with  
28 those of the Class.

1           33. Common questions of law and fact exist as to all members of the  
2 Class and predominate over any questions solely affecting individual members of  
3 the Class. Among the questions of law and fact common to the Class are:

- 4           a. whether Defendants' acts as alleged herein violated the federal  
5 securities laws;
- 6           b. whether Defendants' public statements to the investing public  
7 during the Class Period misrepresented material facts about the  
8 financial condition and business China Unicom;
- 9           c. whether Defendants' public statements to the investing public  
10 during the Class Period omitted material facts necessary to  
11 make the statements made, in light of the circumstances under  
12 which they were made, not misleading;
- 13           d. whether the Defendants caused the Company to issue false and  
14 misleading SEC filings during the Class Period;
- 15           e. whether Defendants acted knowingly or recklessly in issuing  
16 false and SEC filing
- 17           f. whether the prices of China Unicom ADSs during the Class  
18 Period were artificially inflated because of the Defendants'  
19 misconduct complained of herein; and
- 20           g. whether the members of the Class have sustained damages and,  
21 if so, what is the proper measure of damages.

22           34. A class action is superior to all other available methods for the fair  
23 and efficient adjudication of this controversy since joinder of all members is  
24 impracticable. Furthermore, as the damages suffered by individual Class members  
25 may be relatively small, the expense and burden of individual litigation make it  
26 impossible for members of the Class to individually redress the wrongs done to  
27 them. There will be no difficulty in the management of this action as a class  
28 action.

1           35. Plaintiff will rely, in part, upon the presumption of reliance  
2 established by the fraud-on-the-market doctrine in that:

3           h. China Unicom ADSs met the requirements for listing, and  
4           were listed and actively traded on NYSE, a highly efficient and  
5           automated market;

6           i. As a public issuer, the Company filed periodic public reports  
7           with the SEC and NYSE;

8           j. The Company regularly communicated with public investors  
9           via established market communication mechanisms, including  
10           through the regular dissemination of press releases via major  
11           newswire services and through other wide-ranging public  
12           disclosures, such as communications with the financial press  
13           and other similar reporting services; and

14           k. The Company was followed by a number of securities analysts  
15           employed by major brokerage firms who wrote reports that  
16           were widely distributed and publicly available.

17           36. Based on the foregoing, the market for China Unicom ADSs  
18 promptly digested current information regarding the Company from all publicly  
19 available sources and reflected such information in the prices of the shares, and  
20 Plaintiff and the members of the Class are entitled to a presumption of reliance  
21 upon the integrity of the market.

22           37. Alternatively, Plaintiff and the members of the Class are entitled to  
23 the presumption of reliance established by the Supreme Court in *Affiliated Ute*  
24 *Citizens of the State of Utah v. United States*, 406 U.S. 128 (1972), as Defendants  
25 omitted material information in their Class Period statements in violation of a duty  
26 to disclose such information as detailed above.

27                                    **COUNT I**

1 **For Violations of Section 10(b) And Rule 10b-5 Promulgated Thereunder**  
2 **Against All Defendants**

3 38. Plaintiff repeats and realleges each and every allegation contained  
4 above as if fully set forth herein.

5 39. This Count is asserted against Defendants is based upon Section  
6 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated  
7 thereunder by the SEC.

8 40. During the Class Period, Defendants, individually and in concert,  
9 directly or indirectly, disseminated or approved the false statements specified  
10 above, which they knew or deliberately disregarded were misleading in that they  
11 contained misrepresentations and failed to disclose material facts necessary in  
12 order to make the statements made, in light of the circumstances under which they  
13 were made, not misleading.

14 41. Defendants violated §10(b) of the 1934 Act and Rule 10b-5 in that  
15 they: employed devices, schemes and artifices to defraud; made untrue statements  
16 of material facts or omitted to state material facts necessary in order to make the  
17 statements made, in light of the circumstances under which they were made, not  
18 misleading; or engaged in acts, practices and a course of business that operated as  
19 a fraud or deceit upon plaintiff and others similarly situated in connection with  
20 their purchases of China Unicom ADSs during the Class Period.

21 42. Defendants acted with scienter in that they knew that the public  
22 documents and statements issued or disseminated in the name of the Company  
23 were materially false and misleading; knew that such statements or documents  
24 would be issued or disseminated to the investing public; and knowingly and  
25 substantially participated, or acquiesced in the issuance or dissemination of such  
26 statements or documents as primary violations of the securities laws. These  
27 defendants by virtue of their receipt of information reflecting the true facts of  
28 China Unicom, their control over, and/or receipt and/or modification of the

1 Company's allegedly materially misleading statements, and/or their associations  
2 with the Company which made them privy to confidential proprietary information  
3 concerning the Company, participated in the fraudulent scheme alleged herein.

4 43. Individual Defendants, who are the senior officers and/or directors of  
5 the Company, had actual knowledge of the material omissions and/or the falsity of  
6 the material statements set forth above, and intended to deceive Plaintiff and the  
7 other members of the Class, or, in the alternative, acted with reckless disregard for  
8 the truth when they failed to ascertain and disclose the true facts in the statements  
9 made by them or other Company personnel to members of the investing public,  
10 including Plaintiff and the Class.

11 44. As a result of the foregoing, the market price of China Unicom ADSs  
12 was artificially inflated during the Class Period. In ignorance of the falsity of  
13 Defendants' statements, Plaintiff and the other members of the Class relied on the  
14 statements described above and/or the integrity of the market price of China  
15 Unicom ADSs during the Class Period in purchasing China Unicom ADSs at  
16 prices that were artificially inflated as a result of Defendants' false and misleading  
17 statements.

18 45. Had Plaintiff and the other members of the Class been aware that the  
19 market price of China Unicom ADSs had been artificially and falsely inflated by  
20 Defendants' misleading statements and by the material adverse information which  
21 Defendants did not disclose, they would not have purchased China Unicom ADSs  
22 at the artificially inflated prices that they did, or at all.

23 46. As a result of the wrongful conduct alleged herein, Plaintiff and other  
24 members of the Class have suffered damages in an amount to be established at  
25 trial.

26 47. By reason of the foregoing, Defendants have violated Section 10(b)  
27 of the 1934 Act and Rule 10b-5 promulgated thereunder and are liable to the  
28 plaintiff and the other members of the Class for substantial damages which they

1 suffered in connection with their purchase of China Unicom ADSs during the  
2 Class Period.

3 **COUNT II**

4 **Violations of Section 20(a) of the Exchange Act Against the Individual**  
5 **Defendants**

6 48. Plaintiff repeats and realleges each and every allegation contained in  
7 the foregoing paragraphs as if fully set forth herein.

8 49. During the Class Period, the Individual Defendants participated in the  
9 operation and management of the Company, and conducted and participated,  
10 directly and indirectly, in the conduct of the Company's business affairs. Because  
11 of their senior positions, they knew the adverse non-public information about  
12 China Unicom's misstatement of revenue and profit and false financial statements.

13 50. As officers and/or directors of a publicly owned company, the  
14 Individual Defendants had a duty to disseminate accurate and truthful information  
15 with respect to the Company's financial condition and results of operations, and to  
16 correct promptly any public statements issued by the Company which had become  
17 materially false or misleading.

18 51. Because of their positions of control and authority as senior officers,  
19 the Individual Defendants were able to, and did, control the contents of the  
20 various reports, press releases and public filings which the Company disseminated  
21 in the marketplace during the Class Period concerning the Company's results of  
22 operations. Throughout the Class Period, the Individual Defendants exercised  
23 their power and authority to cause the Company to engage in the wrongful acts  
24 complained of herein. The Individual Defendants therefore, were "controlling  
25 persons" of the Company within the meaning of Section 20(a) of the Exchange  
26 Act. In this capacity, they participated in the unlawful conduct alleged which  
27 artificially inflated the market price of China Unicom ADSs.





Counsel for Plaintiff

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