



**China Netcom and China Unicom announce proposed  
merger to provide comprehensive services and enhance  
competitive strength amid convergence  
of fixed-line and mobile networks**

**Hong Kong, June 2, 2008** – China Netcom Group Corporation (Hong Kong) Limited (“China Netcom” or the “Company”) (HKSE: 0906; NYSE: CN), and China Unicom Limited (“Unicom”)(HKSE: 0762, NYSE: CHU) jointly announced on June 2, 2008 that Unicom proposed to Netcom a merger of the two companies by way of a scheme of arrangement. Under the terms, the holder of every Netcom share will be entitled to receive 1.508 new Unicom shares and the holder of every Netcom ADS (American depository shares) will be entitled to receive 3.016 new Unicom ADSs. The proposal is subject to the approval of shareholders of China Netcom and China Unicom.

The merger of China Netcom and China Unicom is in line of the trend of convergence of fixed-line and mobile networks, and is expected to enable the merged group to set clear strategy. Netcom and Unicom desire to complement each other, widen their scope of services and enhance their technological and product innovations. The merged group is expected to become a larger and more competitive telecom carrier which can provide integrated telecom services nationwide and satisfy customer needs by providing more diversified products. The services will include mobile and fixed-line telecom, broadband, data and value-added services.

Of the proposed merger, Mr. Zuo Xunsheng, Chairman of China Netcom, said, “We believe the merged group will gain the right to provide integrated services. The convergence of fixed-line and mobile networks is expected to enable the merged group to make significant progress in its broadband business. More importantly, the merger may combine China Netcom’s stable cash flow with China Unicom’s growth potential. This is expected to boost the merged group’s future development and enable it to be better positioned to seize the opportunities in China’s growing market for mobile telecom and broadband services. We believe this will pave the way for the merged group’s sustainable development and enhance

shareholder value.”

Citigroup Global Markets Asia Limited is the exclusive financial adviser to Netcom in this transaction.

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### **About China Netcom**

China Netcom Group Corporation (Hong Kong) Limited is a leading broadband and fixed-line communications operator in China. Its service region consists of Beijing Municipality, Tianjin Municipality, Hebei Province, Henan Province, Shandong Province, Liaoning Province, Heilongjiang Province, Jilin Province, Inner Mongolia Autonomous Region and Shanxi Province. The Company provides fixed-line voice, value-added services, broadband and other internet-related services, information and communications technology (ICT), business & data communications services and advertising and media services.

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This press release includes "forward-looking statements". All statements, other than statements of historical facts, that address activities, events or developments that the Company expects or anticipates will or may occur in the future (including but not limited to projections, targets, estimates and business plans) are forward-looking statements. The Company's actual results or developments may differ materially from those indicated by these forward-looking statements as a result of various factors and uncertainties, including but not limited to the level of demand for telecommunications services; competitive forces in more liberalized markets; the effects of tariff reduction initiatives; effectiveness of the integration of China Unicom and China Netcom after the merger, changes in the regulatory policies and other risks and factors beyond the Company's control. In addition, the Company makes the forward-looking statements referred to herein as of today and undertakes no obligation to update these statements.