



## **Institutional Shareholder Services recommends shareholders of China Netcom and China Unicom vote in favour of merger of the two telecom firms**

**Hong Kong, August 29, 2008** – Institutional Shareholder Services (“ISS”), the world’s leading provider of corporate governance and proxy voting solutions, recommends that shareholders of China Netcom Group Corporation (Hong Kong) Limited (“China Netcom” or the “Company”) (HKSE: 0906; NYSE: CN) and those of China Unicom Limited (“Unicom”)(HKSE: 0762, NYSE: CHU) vote in favour of the proposed merger of the two companies at the extraordinary general meetings of China Netcom shareholders, on 17 September 2008, and of Unicom shareholders, on 16 September 2008.

ISS said in its recently issued report that China Netcom shareholders would be able to “maintain ownership in a listed company (the combined entity after the merger) that provides a full spectrum of telecommunication services at the exchange ratio which represents a premium to the market price of the Scheme Shares (of China Netcom)” \* by way of a scheme of arrangement of the proposed merger. Under the terms, holders of China Netcom shares will be entitled to receive 1.508 new Unicom shares for each China Netcom share and holders of China Netcom ADS (American depositary shares) will be entitled to receive 3.016 new Unicom ADSs for each China Netcom ADS.

ISS commented that the proposed merger of the two telecom companies would enable the combined entity to provide a wider spectrum of services catering to a broader client base, and at the same time benefit from operational synergies and cost savings.

“(The merger) is in line with the overall development and trend of the global telecommunications industry, while at the same time reinforces brand recognition and market position (of the combined entity),” \* said ISS.

“Based on our analysis, a vote in favor of the Scheme is recommended,”\* said ISS in its report.

ISS analyses shareholder meeting agendas, where proxy voting is concerned, providing vote recommendations on over 38,500 shareholder meetings every year across 110 markets.

**-END-**

Note: \*Permission to use quotations from the ISS report was neither sought nor obtained.

### **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.