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**CHINA UNICOM LIMITED** (Stock Code: 762)

*(Incorporated in Hong Kong with limited liability under Companies Ordinance)*

**FULL CONVERSION OF  
US\$1,000,000,000 ZERO COUPON CONVERTIBLE BONDS DUE 2009  
BY SK TELECOM CO., LTD.**

The Board hereby announces that SKT, the sole holder of the Convertible Bonds, served the Conversion Notice on the Company on 20 August 2007 to convert the Convertible Bonds in full into the Conversion Shares at HK\$8.63 per Share. As a result, the Company will allot and issue the Conversion Shares to SKT.

Reference is made to the announcements issued by the Company dated 20 June 2006 and 5 July 2006 in relation to the Bonds Issue and the completion thereof, respectively.

**FULL CONVERSION OF THE CONVERTIBLE BONDS**

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The following table summarises the effects on the shareholding structure of the Company as a result of the issue of the Conversion Shares to SKT:

Name of Shareholder	Immediately before the issue of the Conversion Shares		Immediately after the issue of the Conversion Shares	
	Number of Shares '000	% of issued share capital of the Company	Number of Shares '000	% of enlarged issued share capital of the Company
China Unicom (BVI) Limited	9,725,000	76.49%	9,725,000	71.43%
Public:				
SKT	-	-	899,745	6.61%
Others	2,989,047	23.51%	2,989,047	21.96%
Total Public	2,989,047	23.51%	3,888,792	28.57%
Total	<u>12,714,047</u>	<u>100.00%</u>	<u>13,613,792</u>	<u>100.00%</u>

#### TERMS USED IN THIS ANNOUNCEMENT

Bonds Issue	the subscription and issue of the Convertible Bonds with an initial aggregate principal amount of US\$1,000,000,000 in accordance with the Subscription Agreement.
Company	China Unicom Limited.
Conversion Notice	the notice of conversion in full of the Convertible Bonds into the Conversion Shares dated 20 August 2007, which was delivered by SKT to the Company pursuant to the terms and conditions of the Convertible Bonds.
Conversion Shares	899,745,075 Shares to be allotted and issued by the Company upon conversion of the Convertible Bonds.
Convertible Bonds	the zero coupon convertible bonds due 2009 of an initial aggregate principal amount of US\$1,000,000,000, convertible into the Shares of the Company.
Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
Share(s)	ordinary shares of HK\$0.10 each in the share capital of the Company.

SKT SK Telecom Co., Ltd., a company incorporated in Korea with limited liability.

Subscription Agreement The subscription agreement, dated 20 June 2006, entered into between the Company and SKT.

By Order of the Board of  
**China Unicom Limited**  
**Chu Ka Yee**  
*Company Secretary*

Hong Kong, 20 August 2007

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

Executive directors: : Chang Xiaobing, Shang Bing, Tong Jilu,  
Yang Xiaowei, Li Zhengmao, Li Gang, Zhang Junan  
and Miao Jianhua

Non-executive director : Lu Jianguo

Independent non-executive directors : Wu Jinglian, Shan Weijian, Cheung Wing Lam, Linus,  
and Wong Wai Ming