



Announcement in respect of Addition of China Unicom Limited to the Benchmark Hang Sen Index

04 May 2001

China Unicom Limited (HKSE: 0762) will be added as a constituent stock to the benchmark Hang Sen Index (HSI) with effect from 1st June 2001, announced by HSI Services Ltd on 4th May 2001. The HSI comprises 33 constituent stocks which are well-represented companies listed on The Stock Exchange of Hong Kong (SEHK). In general, constituent stocks of the HSI are selected in accordance with the following three criteria: (1) have a listing history of 24 months; (2) market capitalisation of the previous 12 months among the top 33 stocks listed on the SEHK; and (3) the aggregate market capitalisation of these 33 constituent stocks accounts for 70% or above of the total market capitalisation.

In theory, China Unicom is not eligible for inclusion as a constituent stock in HSI as it has a less-than-a-year listing history. However, the Company is ranked Hong Kong's seventh-largest stock with a market capitalisation of about HK\$145.6 billion, based on the May 4th closing price of HK\$11.6. In addition, China Unicom has achieved significant performance in its telecommunications business with strong profit growth last year. China Unicom shares also have significant impact on Hong Kong's stock market, in terms of market capitalisation and turnover. Taking all these into consideration, HSI Services Ltd exercised exemption rights to include China Unicom in the HSI.

China Unicom will join as members of HSI with Mass Transit Railway Corp to replace SmarTone Telecommunications and First Pacific. With the inclusion of China Unicom and MTRC, the aggregate market capitalisation of constituent stocks will be increased from 79% of the total market capitalisation to 84%. China Unicom accounts for about 4% of the weighting in HSI.

The addition of China Unicom in the HSI will benefit the Company's capital operations by strengthening its influence in the international capital market which will ultimately enhance the business development of the Company.

At NASDAQ, China Unicom shares surged 12.6% closing at US\$16.36 on the day of the HSI announcement. In Hong Kong, the Company's shares rose 8.62% closing at HK\$12.60 on May 7th, the following trading day after the announcement.