



NOTA DE PRENSA PRESS RELEASE

Both companies to bring the Phicomm C630 smartphone to Telefónica key markets in Latin America

TELEFÓNICA AND CHINA UNICOM STRENGTHEN COLLABORATION WITH JOINT PROCUREMENT OF SMARTPHONES

Madrid / Beijing, 29th February 2016.- Telefónica and China Unicom have reached another milestone in their strategic global procurement collaboration program launched in 2015 with the selection of C630 from the Shanghai based Chinese vendor Phicomm, a high quality 5' FWVGA LTE smartphone powered by Qualcomm, to be launched in key Telefónica markets in Latin America later this year.

Thanks to this new commercial agreement, Telefónica's customers will benefit from having access to rich 4G data services with an enhanced user experience through this exclusive smartphone. It represents an important contribution towards Telefónica's strategic goal of accelerating the penetration of 4G devices and services in its footprint at more affordable end-consumer price points.

Thanks to this joint procurement collaboration, China Unicom continues to introduce its Chinese smartphone partners to the international market through the global footprint of Telefónica.

Phicomm will then be able to establish a strategic partnership with Telefónica, starting with the launch of the C630 smartphone, which has already proven to be a commercial success in the Chinese market with China Unicom. The product will become available to Telefónica customers in key markets in Latin America starting from Q2'16.

Through close collaboration of the Device Joint Working Group between Telefónica and China Unicom, the Joint Procurement Program enables both companies to achieve important commercial benefits through the ranging of common LTE smartphones in a fully aligned selection process. A first joint procurement project was successfully completed on 4G smartphones last year with the acquisition of cost-effective smartphones from Lenovo and TCL. Both parties also regularly share global market trends, align strategies, develop common measures to improve competitiveness, thus creating value and reinforcing the leadership of both parties in the global mobile device ecosystem.

Both China Unicom and Telefónica commit to continue expanding their collaboration in future joint common procurement activities and additional joint strategic initiatives.

About Telefónica

Telefónica is one of the largest telecommunications companies in the world in terms of market capitalisation and number of customers. With its best in class mobile, fixed and broadband networks, and innovative portfolio of digital solutions, Telefónica is transforming itself into a 'Digital Telco', a company that will be even better placed to meet the needs of its customers and capture new revenue growth.

The company has a significant presence in 21 countries and a customer base of over 322 million accesses around the world. Telefónica has a strong presence in Spain, Europe and Latin America, where the company focuses an important part of its growth strategy.

Telefónica is a 100% listed company, with more than 1.5 million direct shareholders. Its share capital currently comprises 4.938.417.514 ordinary shares traded on the Spanish Stock Market and on those in London, New York, Lima, and Buenos Aires.

If you would like to know more about the Telefónica, please visit www.telefonica.com

About China Unicom

China Unicom (Hong Kong) Limited (the "Company") was incorporated in Hong Kong in February 2000 and was listed on the New York Stock Exchange and the Stock Exchange of Hong Kong on 21 June 2000 and 22 June 2000 respectively. On 1 June 2001, the Company was included as a constituent stock of the Hang Seng Index.

At present, the Company provides a full range of telecommunications services in China, including mobile broadband (WCDMA, LTE FDD, TD-LTE), fixed-line broadband, GSM, fixed-line local access, ICT, data communications and other related value-added services.

As at the end of December 2015, the total subscribers of the Company's mobile, fixed-line broadband and local access businesses reached 433 million.

If you would like to know more about the Company, please visit www.chinaunicom.com.hk