



CHINA NETCOM GROUP CORPORATION (HONG KONG) LIMITED

中國網通集團(香港)有限公司

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

(Stock Code: 906)

ANNOUNCEMENT

The board of directors of the Company announces that Closing occurred under the Share Purchase Agreement on 22 August, 2006. Pursuant to the Share Purchase Agreement, CNCI, a wholly-owned subsidiary of the Company and parent of Asia Netcom, agreed to sell, and Purchaser (the permitted assignee of the Ashmore and Spinnaker) agreed to purchase, 100% of the equity interest in Asia Netcom. The Purchaser paid the consideration of USD168,840,000 for the equity interest in Asia Netcom.

As each of the percentage ratios under Rule 14.07 of the Listing Rules is less than 5% and that the Purchaser and their ultimate beneficial shareholders are third parties independent of the Company and its connected persons (as defined in the Listing Rules), the transaction contemplated under the Share Purchase Agreement does not constitute a notifiable transaction under Chapter 14 of the Listing Rules nor a connected transaction under Chapter 14A of the Listing Rules.

As previously announced by the board of directors of the Company on 2 June 2006, pursuant to a share purchase agreement dated 2 June 2006 (“**Share Purchase Agreement**”) entered into among the Company, China Netcom Corporation International Limited (“**CNCI**”), Asset Holder PCC Limited re Ashmore Emerging Markets Liquid Investment Portfolio (“**Ashmore**”) and Spinnaker Global Opportunity Fund Limited (“**Spinnaker**”), CNCI, a wholly-owned subsidiary of the Company and parent of Asia Netcom Corporation Limited (“**Asia Netcom**”), agreed to sell, and Ashmore and Spinnaker agreed to purchase, 100% of the equity interest in Asia Netcom.

Connect Holdings Limited (the “**Purchaser**”), the permitted assignee of Ashmore and Spinnaker, acquired 100% equity interest in Asia Netcom and paid the consideration of USD168,840,000 for such equity interest in Asia Netcom upon closing (“**Closing**”) under the Share Purchase Agreement on 22 August 2006.

As each of the percentage ratios under Rule 14.07 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) is less than 5% and that the Purchaser and their ultimate beneficial shareholders are third parties independent of the Company and its connected persons (as defined in the Listing Rules), the transaction contemplated under the Share Purchase Agreement does not constitute a notifiable transaction under Chapter 14 of the Listing Rules or a connected transaction under Chapter 14A of the Listing Rules.

China International Capital Corporation (Hong Kong) Limited acts as the Company's sole financial advisor in the transaction.

By Order of the Board
China Netcom Group Corporation (Hong Kong) Limited
Zhang Chunjiang
Chairman

Hong Kong, 22 August 2006

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Zhang Chunjiang, Mr. Zuo Xunsheng, Mr. Zhang Xiaotie and Mr. Miao Jianhua as executive directors, Dr. Tian Suning, Ms. Li Liming, Mr. José María Álvarez-Pallete and Mr. Yan Yixun as non-executive directors, and Mr. John Lawson Thornton, Mr. Victor Cha Mou Zing, Dr. Qian Yingyi, Mr. Hou Ziqiang, and Mr. Timpson Chung Shui Ming as independent non-executive directors.

Please also refer to the published version of this announcement in South China Morning Post.