



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

In order to enable shareholders, investors and the general public to better understand the operational performance of China Netcom Group Corporation (Hong Kong) Limited (the “Company”), the Board of the Company announces its unaudited revenues and certain selected operational data for the first three quarters of 2007.

On 28 February 2007, the Company completed the disposal of its telecommunications assets in Guangdong Province and Shanghai Municipality. Excluding the effect of the disposed assets, the Company recorded revenues from continuing operations of RMB62,234 million for the first three quarters of 2007, including upfront connection fees of RMB1,209 million. Excluding upfront connection fees and the effect of the disposed assets, the Company recorded revenues from continuing operations of RMB61,025 million for the first three quarters of 2007. (All of the following data exclude operations of the Company in Guangdong Province and Shanghai Municipality.)

Selected Unaudited Operational Data

	As at 30 September 2007/ For the period from 1 January 2007 to 30 September 2007	As at 30 September 2006/ For the period from 1 January 2006 to 30 September 2006 <i>Restated</i>
Fixed-line Subscribers ('000)	114,480	118,541
Including: Residential	67,519	70,649
Business	11,825	11,054
Public Telephone	7,061	6,852
PHS	28,075	29,986
Net Increase in Fixed-line Subscribers ('000)	508	3,882
Local Voice Usage (including Internet dial-up usage) (pulses in millions)	153,537	163,430
Local Voice Usage (excluding Internet dial-up usage) (pulses in millions)	150,684	159,216
Broadband Subscribers ('000)	18,363	13,690
Net Increase in Broadband Subscribers ('000)	3,935	2,653
Domestic Long Distance Calls (minutes in millions)	21,617	21,439
International Long Distance Calls* (minutes in millions)	252	245
“Personalized Ring” Service Subscribers ('000)	26,421	12,565
Volume of PHS Short Messages (in millions)	5,885	5,904

* Include calls to Hong Kong, Macau and Taiwan

With the intensified “informationization” process and the continuous enrichment in Internet contents and applications, there was a strong market demand for “informationization” and broadband services in the third quarter of 2007. During the period, the Company continued to stick to its development strategy with resources tilting towards high-growth businesses. In the broadband business segment, full efforts were made to increase the connection speed of its broadband network and to enhance the marketing of “CNC MAX” Navigator to customers and the bundled promotion of broadband access and broadband contents and applications. In the information and communications technology (ICT) business segment, the Company steadily strengthened cooperation with its partners and built up its core competitive strengths in selected business areas. As to value-added services, the Company promoted the “Personalized Ring” Service to fixed-line subscribers with greatest efforts. In the third quarter, the Company officially launched the “Broadband Olympics” product series and commenced marketing and promotion campaigns of its “Broadband Olympics” products in full swing.

In the third quarter of 2007, the high-growth businesses of the Company including broadband services, value-added services and ICT services sustained a rapid growth momentum. As at 30 September 2007, the number of broadband subscribers was 18,363 thousand, representing a net increase of 3,935 thousand from the end of last year and a 34.1% growth from the same period last year. The average revenue per user (ARPU) of broadband services remained stable. The number of “Personalized Ring” Service subscribers reached 26,421 thousand, representing a net increase of 10,663 thousand from the end of last year and a 110.3% growth over the same period last year.

In the third quarter of 2007, migration from fixed-line voice to mobile voice continued to accelerate due to the decreasing tariffs of mobile communications. In the third quarter of 2007, the fixed-line operation of the Company faced severe challenges, which was in line with the fixed-line telecommunications market trend. As at 30 September 2007, fixed-line subscribers of the Company reached 114,480 thousand, a net increase of 508 thousand over the end of last year and a net decrease of 597 thousand from the last quarter. The decrease of fixed-line subscribers this quarter was mainly attributable to the decrease of residential subscribers and PHS subscribers. Residential subscribers dropped by 541 thousand this quarter while PHS subscribers dropped by 287 thousand in the same period. Despite the decline in the number of residential subscribers, business subscribers increased by 210 thousand this quarter, representing an increase of 7.1% over the net increase in subscribers of the last quarter. It was attributable to the promotion of ICT services and the Company’s resources tilted towards business customers.

In the third quarter of 2007, the Company continued to promote its bundled services of “Family 1+” in earnest and leveraged on its abundant resources with a view to boosting voice traffic, alleviating the decline of ARPU, preventing the traditional fixed-line business from further decreasing and at the same time stimulating the development of high-growth businesses. As at 30 September 2007, the subscribers of “Family 1+” increased to 6,632 thousand from 4,444 thousand at the end of last quarter. Although local voice usage as at 30 September 2007 was lower than that of the same period last year, due to the increasing penetration of the “Family 1+” service, local voice usage had grown for two consecutive quarters starting from the second quarter of this year and had reversed the trend of significant decrease last year. It is believed that as the penetration of “Family 1+” service continues to increase, the retention effect on traditional businesses generated from “Family 1+” bundled service will become more obvious.

In the fourth quarter of 2007, the Company will further improve its “Family 1+” bundled service and add more bundled services to the package. Moreover, the Company will increase its efforts in retaining traditional businesses and in speeding up the development of high-growth business such as broadband, value-added services and ICT services. The Company will carry out full scale marketing and promotional programs for its “Broadband Olympics” product series which have already been launched. It will also enhance the analysis of its current resources and the

profitability of its products which will lead to more effective pricing and resource allocation in order to continuously improve shareholders' value.

The Board wishes to remind investors that the above financial and operational data for the first three quarters of 2007 are unaudited. Investors are cautioned not to unduly rely on such data.

In the meantime, investors are advised to exercise caution in dealing in the securities of the Company.

By order of the Board
CHINA NETCOM GROUP CORPORATION (HONG KONG) LIMITED
Zhang Chunjiang
Chairman

Hong Kong, 22 October 2007

As at the date of this announcement, the board of directors of the Company comprises Mr. Zhang Chunjiang, Mr. Zuo Xunsheng, Ms. Li Jianguo, Mr. Zhang Xiaotie and Mr. Li Fushen as executive directors, Mr. Yan Yixun, Mr. José María Álvarez-Pallete, and Mr. Mauricio Sartorius 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.