



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 Directors (the “Board”) of the Company announces its unaudited revenues and certain selected operational data for the first quarter of 2008.

For the first quarter of 2008, the revenue of the Company was RMB 20,487 million, including upfront connection fees of RMB 270 million. Excluding upfront connection fees, the revenue of the Company was RMB 20,217 million for the first quarter of 2008, representing an increase of 0.85% over that of 2007.

Selected Unaudited Operational Data

	As at 31 March 2008/ For the period from 1 January 2008 to 31 March 2008	As at 31 March 2007/ For the period from 1 January 2007 to 31 March 2007
Local Access Subscribers ('000)	109,101	114,742
Including: Residential	66,234	68,334
Business	10,555	11,419
Public Telephone	6,880	6,981
PHS	25,432	28,008
Net Increase of Local Access Subscribers ('000)	-1,719	770
Broadband Subscribers ('000)	21,656	15,945
Net Increase of Broadband Subscribers ('000)	1,888	1,516
Local Voice Usage (including Internet dial-up Usage) (pulses in millions)	48,119	49,916
Local Voice Usage (excluding Internet dial-up Usage) (pulses in millions)	47,359	48,902
Domestic Long Distance Calls (in million minutes)	6,493	6,760
International Long Distance Calls (including calls to Hong Kong, Macau and Taiwan) (in million minutes)	80	80
Personalized Ring Service Subscribers ('000)	29,810	19,483
Volume of PHS Short Messages (in millions)	1,438	2,082

In the first quarter of 2008, the Company's strategic transformation remained encouraging, with its innovative businesses continuing a fast growth momentum.

As the core of the innovative businesses, broadband services are still the major driver of the Company's strategic transformation. As of 31 March 2008, the number of the Company's broadband subscribers was 21,656 thousand, or a net addition of 1,888 thousand compared to that at the end of last year and a year-on-year growth of 35.8%. Leveraging the rapidly growing subscriber base, the Company actively promoted the broadband content and applications services to boost the demand of broadband subscribers in order to increase the contribution of the broadband content and applications services to the total revenue. In the first quarter, the broadband content and applications services continued to grow rapidly as the Company increased its efforts in integrating content of different provincial branches and enriching applications. Particularly, the Company actively developed such applications as video monitoring service and network information security service. Compared to the end of 2007, the number of subscribers of "CNC MAX" Client increased steadily, which made the Company's direct delivery of rich content and applications to users' desktops more effective. On 10 April 2008, the video monitoring service under the brand of "CNC Eye" was officially launched to provide both the residential and enterprise customers with comprehensive data and remote monitoring service based on the extensive network. The broadband ARPU of the Company remained stable and moderately increased in the first quarter of 2008. This was mainly attributable to the rapid development of broadband content and applications services

In 2008, the key strategy of the Company's information and communications technology (ICT) services is to strengthen the capabilities to provide integrated solutions for enterprises and government as well as to shift towards the high end of the value chain with an aim of improving profitability. In the first quarter of 2008, the Company won the contracts for a number of key projects, including the automated surveillance over key pollution sources for the Bureau of Environmental Protection of Neimenggu Autonomous Region. During the period under review, ICT revenue maintained steady growth and gross profit margin increased. Meanwhile, the Company aimed at expanding outsourcing services and extending up value chain by leveraging its IDC and call center services, which were backed by rich resources and were the Company's competitive advantages. As such, the Company set up an IDC operating center in the first quarter of 2008, and in April 2008, the Company established Zhong Rong Information Service Co., Ltd. which specialized in call center outsourcing.

In the first quarter of 2008, the Company's advertising and media business grew rapidly, with yellow pages, Phone Navigation and online advertising services making breakthroughs.

In the first quarter of 2008, the Company's traditional voice businesses still faced severe challenges. As of 31 March 2008, the number of local access subscribers decreased by 1,719 thousand to 109,101 thousand. Since the first quarter of 2008, the Company has pushed forward the transformation of "Family 1+" from service bundling to multimedia information services that improve family life. To realize the strategy, the Company improved the pricing model, diversified the product portfolio of "Family 1+" and enriched customer experience. All these moves are aimed at enhancing customer value and ARPU.

In the second quarter of 2008, the market demand for informatization will keep growing as the Beijing Olympics approach. The Company will continue to expand innovative businesses and consolidate the traditional voice businesses. The Company will seek to achieve high growth of broadband services and advertising and media business as well as to enhance the value of ICT services. Meanwhile, the Company will keep pushing forward the repositioning of "Family 1+", which features multimedia information services for residential customers including video monitoring, home VPN, fixed POS and IPTV based on "Home Box" and broadband services. All these moves will serve to further advance the Company's strategic transformation.

The Board wishes to remind investors that the above financial and operational data for the first quarter of 2008 are unaudited. Investors are cautioned not to unduly rely on such data.

In the meanwhile, 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, 21 April 2008

As of 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. Cesareo Alierta Izuel and Mr. José María Álvarez-Pallete 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.