



China Netcom Announces 2008 First Quarter Results

Innovative businesses maintained fast growth momentum

Financial results and business highlights⁽¹⁾:

- Revenue was RMB20,487million⁽²⁾
- Broadband subscribers grew by 35.8% year on year to 21,656 thousand.

(1) All figures in this document exclude discontinued operations and upfront connection fees unless otherwise stated.

(2) The figure includes upfront connection fees of RMB270 million

Hong Kong, April 21, 2008 – China Netcom Group Corporation (Hong Kong) Limited (“China Netcom” or the “Company”) (HKSE: 0906; NYSE: CN), a leading broadband and fixed-line communications operator in China, announces its unaudited results for the first quarter of 2008 today. In the period under review, China Netcom made good progress in its strategic transformation, with its innovative businesses continuing a fast growth momentum.

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.

The innovative businesses, including broadband, ICT (information and communications technology), value-added services and advertising and media businesses, made progress in the period under review. 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.

As to the ICT services, 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 Inner Mongolia 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, the Company’s advertising and media business grew rapidly, with yellow pages, Phone Navigation and online advertising services making breakthroughs.

The Company’s traditional voice businesses still faced severe challenges in the period under review. 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.

Of the prospect for 2008, Mr. Zhang Chunjiang, Chairman of China Netcom, said, “The demand for informationization will keep growing as the Beijing Olympics approaches. The Company will seize the opportunity by expanding innovative businesses and consolidating the traditional voice businesses, with an aim of achieving exponential growth in innovative businesses and repositioning “Family 1+” as multimedia information services for residential customers. This will serve to facilitate the Company’s strategic transformation into a “broadband communications and multimedia services provider” and pave the way for sustainable growth in the future. We will then be able to bring good returns to the shareholders.”

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About China Netcom

China Netcom Group Corporation (Hong Kong) Limited is a leading broadband and fixed-line communications operator in China. Its service region consists of Beijing Municipality, Tianjin Municipality, Hebei Province, Henan Province, Shandong Province, Liaoning Province, Heilongjiang Province, Jilin Province, Inner Mongolia Autonomous Region and Shanxi Province. The Company provides fixed-line voice and value-added services, broadband and other internet-related services, information and communications technology (ICT) services, business & data communications services and advertising and media business.

For investor and media inquires, please contact:

Qin Shaojuan
China Netcom Group Corporation (Hong Kong) Limited
Tel: (86-10) 6625-8712
Fax: (86-10) 6625-9544
E-mail: ir@cnc.cn

Hon Fung
Christensen International
Tel : (852) 2117 0861
Fax : (852) 2117 0869
E-mail:fhon@ChristensenIR.com

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