



CHINA RESOURCES PEOPLES TELEPHONE COMPANY LIMITED
(Incorporated in Hong Kong with limited liability under the Companies Ordinance)
(Stock code: 331)

THIRD QUARTER STATEMENT 2004
(JANUARY – SEPTEMBER)

To further enhance the transparency of the Company and provide timely additional information with which shareholders, investors and the general public may better appraise the business and financial position of the Company, the Board of Directors (the “**Board**”) of China Resources Peoples Telephone Company Limited (the “**Company**”) announces certain selected unaudited key performance indicators of the Company for the first three quarters of 2004.

HIGHLIGHTS

	Unaudited	Unaudited	Unaudited	Unaudited
2004	1st Qtr	2nd Qtr	3rd Qtr	Nine months ended 30 September
<i>(in HK\$)</i>				
Turnover <i>(million)</i>	424	407	419	1,250
EBITDA <i>(million)</i>	140	126	131	397
Net Profit <i>(million)</i>	60	59	63	182
Capital Expenditure <i>(million)</i>	57	92	39	188
Subscriber number <i>(000's)</i>	1,039	1,035	1,067	1,067
ARPU <i>(period end-after rebate)</i>	HK\$155	HK\$158	HK\$160	HK\$160

	Unaudited	Unaudited	Unaudited	Unaudited
	1st Qtr	2nd Qtr	3rd Qtr	Nine months ended
2003				30 September
<i>(in HK\$)</i>				
Turnover (<i>million</i>)	432	397	405	1,234
EBITDA (<i>million</i>)	164	155	146	465
Net Profit (<i>million</i>)	90	74	65	229
Capital Expenditure (<i>million</i>)	36	68	104	208
Subscriber number (<i>000's</i>)	907	944	1,018	1,018
ARPU (<i>period end-after rebate</i>)	HK\$175	HK\$172	HK\$165	HK\$165

	Unaudited	Unaudited	Unaudited	Unaudited
	1st Qtr	2nd Qtr	3rd Qtr	Nine months ended
2004 versus 2003				30 September
<i>Percentage Change</i>				
Turnover	(1.9%)	2.5%	3.5%	1.3%
EBITDA	(15.0%)	(18.8%)	(10.0%)	(14.7%)
Net Profit	(33.7%)	(20.0%)	(2.9%)	(20.6%)
Capital Expenditure	57.3%	35.9%	(62.8%)	(9.8%)
Subscriber number (<i>000's</i>)	14.5%	9.6%	4.8%	4.8%
ARPU (<i>period end-after rebate</i>)	(11.1%)	(8.1%)	(3.2%)	(3.2%)

3rd Qtr 2004 vs 2nd Qtr 2004	Percentage Change
Turnover	3.0%
EBITDA	4.1%
Net Profit	6.2%
Capital Expenditure	(57.8%)
Subscriber number	3.1%
ARPU (<i>period end-after rebate</i>)	0.8%

MANAGEMENT DISCUSSION AND ANALYSIS

The Company has continued to make good progress in strengthening brand image and service quality, establishing a solid competitive foundation against the relentless rivalry in the marketplace.

Total turnover for the first nine months ended 30 September 2004 increased by 1.3% to \$1,250 million as compared to \$1,234 million in the same period in 2003. Profit attributable to shareholders decreased to \$182 million from \$229 million in the same period 2003. However, it is very encouraging to see the continuous improvement in net profit this year especially with 6.2% increase in net profit during the third quarter in comparison with second quarter of 2004.

- Airtime and service revenue was slightly lowered to \$987 million during the first nine months as compared to \$1,017 million in the same period 2003. This was primarily attributable to a lower postpaid voice revenue after the price war. However, the negative impact was offset by a 32.6% surge in data revenue and 18.1% uptake of the prepaid revenue in comparison with the same period in 2003. The trend is in line with management expectation that data services have gained wider acceptance, a driving force in our future revenue growth. The successful inauguration of a comprehensive range of prepaid products on targeted segments had proved to be the right strategy for increasing prepaid subscriber base and maintaining growth momentum.
- The third quarter 2004 earnings indicated a clear signal on profitability recovery. Both Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) of \$131 million and net profit of \$63 million had increased by 4.1% and 6.2% respectively in comparison with second quarter of 2004.
- The after rebate post-paid ARPU at the end of the third quarter of \$160 represents a continuous improvement in average spending of subscriber as a contribution from the noted solid performance of data services during the three quarters in 2004. Subscriber number had increased to 1,067,000 by end September 2004 which represented a 4.8% jump in base from 1,018,000 in the same period in 2003.
- The phase one EDGE network rollout has completed as per the original schedule and the “Mobile TV” services were successfully launched by end August 2004. It was expected that capital expenditure would be lowered and the Company could begin to relish the fruits of the investment.

BUSINESS OVERVIEW

The Company has launched the following initiatives in the third quarter of 2004 as part of our continuing expansion of our “Unmatched Needed Offers” strategy:

- In July 2004, IDD 1597 Free Minutes Package was offered to our new and existing subscribers.
- A new tariff plan, ED23, targeting Hong Kong’s aging population and \$98 China Talk Stored value SIM card were also introduced in August.
- On 31 August 2004, the Company successfully launched “Mobile TV”, deploying EDGE video streaming technology, providing extremely exciting and comprehensive mobile services to the customers. The Company believes that with the innovative initiatives with the EDGE technology, we are well equipped to capture data revenue growth and to face the 3G challenge.

DIVIDEND

In keeping with the prospectus of the Global Offering dated 22 March 2004, an interim dividend of HK\$0.13 per share for the six months ended 30 June 2004 was declared and paid to eligible shareholders on 13 October 2004. Consistent with the dividend policy in the prospectus, the Board does not intend to recommend a quarterly dividend for the three months ended 30 September 2004.

The Board has resolved not to declare any dividend for the three months period ended 30 September 2004.

The Board wishes to remind investors that the above key performance indicators are based on the Company’s unaudited management accounts. 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.**

Ning Gao Ning

Chairman of the Board of Directors

Hong Kong, 15 November 2004

As at the date of this announcement, the Company's Board is comprised of:

Executive Directors:

Mr. LEUNG Kai Hung, Michael
(Executive Vice Chairman)
Mr. HENSHAW Charles Guy
Mr. WONG Man Kwan, Willie
Ms. WONG LEUNG Ka On,
Charlotte

Non-Executive Directors:

Mr. NING Gao Ning (Chairman)
Mr. JIANG Wei
Mr. LI Fu Zuo
Mr. WU Jun
Dr. HUANG Zhi Jian
Mr. SINN Chung Ming, Anthony

Independent Non-Executive Directors:

Mr. MA Chiu Cheung, Andrew
Professor CHEN Kwan Yiu, Edward
Mr. TAN Henry
Mr. LAM Kwong Yu

This Report will be dispatched to Shareholders on 26 November 2004 and is also available at the Investor Relations section in the Company's website at www.peoples.com.hk and at The Stock Exchange of Hong Kong Limited's website at www.hkex.com.hk

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