



CHINA RESOURCES PEOPLES TELEPHONE COMPANY LIMITED

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)
(Stock code: 331)

THIRD QUARTER STATEMENT 2005 (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 unaudited key performance indicators of the Company for the first three quarters of 2005.

HIGHLIGHTS

| 2005 (in HK\$) | Unaudited 1st Qtr | Unaudited 2nd Qtr | Unaudited 3rd Qtr | Unaudited nine months ended 30 September |
|---|----------------------|----------------------|----------------------|---|
| Turnover (million) | 459 | 438 | 424 | 1,321 |
| EBITDA (million) | 127 | 131 | 136 | 394 |
| Net Profit (million) | 56 | 59 | 63 | 178 |
| Capital Expenditure (million) | 49 | 37 | 48 | 134 |
| Subscriber number (000's) | 1,163 | 1,214 | 1,287 | 1,287 |
| ARPU (period end) | HK\$154 | HK\$156 | HK\$154 | HK\$154 |
| 2004 (restated¹) (in HK\$) | Unaudited 1st Qtr | Unaudited 2nd Qtr | Unaudited 3rd Qtr | Unaudited nine months ended 30 September |
| Turnover (million) | 424 | 407 | 419 | 1,250 |
| EBITDA (million) | 140 | 126 | 130 | 396 |
| Net Profit (million) | 60 | 59 | 62 | 181 |
| Capital Expenditure (million) | 57 | 92 | 39 | 188 |
| Subscriber number (000's) | 1,039 | 1,035 | 1,067 | 1,067 |
| ARPU (period end) | HK\$155 | HK\$158 | HK\$160 | HK\$160 |

| 2005 versus 2004 Percentage Change | Unaudited 1st Qtr | Unaudited 2nd Qtr | Unaudited 3rd Qtr | Unaudited nine months ended 30 September |
|--|----------------------|----------------------|----------------------|---|
| Turnover | 8.2% | 7.5% | 1.4% | 5.7% |
| EBITDA | (9.5%) | 4.2% | 4.5% | (0.6%) |
| Net Profit | (7.4%) | 0.5% | 0.8% | (2.0%) |
| Capital Expenditure | (14.4%) | (59.9%) | 23.2% | (28.8%) |
| Subscriber number | 12.0% | 17.3% | 20.6% | 20.6% |
| ARPU (period end) | (0.8%) | (1.6%) | (3.3%) | (3.3%) |

3rd Qtr 2005 vs 2nd Qtr 2005

| | Percentage Change |
|---------------------|-------------------|
| Turnover | (2.9%) |
| EBITDA | 4.4% |
| Net Profit | 6.6% |
| Capital Expenditure | 30.8% |
| Subscriber number | 6.0% |
| ARPU (period end) | (0.9%) |

1. The Hong Kong Institute of Certified Public Accountants has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards (“New HKFRSs”), which are effective for accounting periods beginning on or after 1 January 2005. The New HKFRSs have been adopted retrospectively and so the above unaudited financial data have recognised the impact of new accounting policies.

MANAGEMENT DISCUSSION & ANALYSIS

Despite continuing keen competition within the Hong Kong mobile market, the Company has produced another record turnover with increasing subscriber base for the reporting period.

Total turnover for the first nine months ended 30 September 2005 increased by 5.7% to \$1,321 million as compared to \$1,250 million for the same period in 2004. Profit attributable to shareholders was slightly lowered to \$178 million from \$181 million in the same period last year. However, with innovative marketing strategies and effective cost control, profit saw steady improvement throughout this year. On a quarterly basis, net profit rose 6.6% when comparing the third quarter against the second quarter of this year.

- Airtime and service revenue had increased 1.9% to \$1,006 million during the first nine months of this year as compared to \$987 million for the same period in 2004. This was primarily attributable to the 45.2% and 19.6% surge in prepaid and data revenue respectively, versus the corresponding period last year. This was achieved through the Company's focus on developing innovative and creative offerings, which helped to create enhanced value to our subscribers and continued to fuel the Company's growth.
- Earnings before interest, tax, depreciation and amortisation ("EBITDA") of \$394 million had remained relatively stable against \$396 million in the corresponding period in 2004. On a quarterly basis, EBITDA gained 4.4% increase between the third and second quarters.
- Despite the relentless price wars within the mobile market, the postpaid average revenue per user ("ARPU") at the end of September 2005 only dropped slightly by 3.3% to \$154 from the corresponding period last year. The Company's subscriber base, however, saw the fifth consecutive quarterly growth, to 1,287,000 at the end of September 2005. This represents a 20.6% jump in base from the same period ended in 2004 and a net gain of 72,830 subscribers from the end of June of this year.
- Total capital expenditure was \$134 million for the first nine months of this year was down 28.8% compared to the corresponding period in 2004. With investment in the EDGE network upgrade essentially completed, the Company has re-deployed resources to upgrade and expand its 2G network in 2005.

DIVIDEND

In light of the voluntary conditional cash offers made by China International Capital Corporation (Hong Kong) Limited and Merrill Lynch (Asia Pacific) Limited, on behalf of Fit Best Limited, a wholly-owned subsidiary of China Mobile (Hong Kong) Limited, to acquire all the issued shares in the share capital, and for cancellation of all outstanding options, of the Company (other than those already owned by Fit Best Limited, China Mobile (Hong Kong) Limited or parties acting in concert with them) (the "Offers"), the Board of Directors does not intend to recommend a quarterly dividend for the three months ended 30 September 2005.

The Board of Directors has resolved, at a meeting held on 28 November 2005, not to declare an interim dividend for the quarter ended 30 September 2005 (3rd Qtr 2004: Nil).

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.**

Jiang Wei
Chairman of the Board of Directors

Hong Kong, 28 November 2005

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

Chairman & Non-executive Director:

Mr. JIANG Wei

Executive Vice Chairman & Executive Director:

Mr. LEUNG Kai Hung, Michael

Executive Directors:

Mr. HENSHAW Charles Guy (*Chief Executive Officer*)

Mr. WONG Man Kwan, Willie

Ms. WONG LEUNG Ka On, Charlotte

Non-executive Directors:

Dr. HUANG Zhi Jian

Mr. LI Fu Zuo

Mr. SINN Chung Ming, Anthony

Mr. WU Jun

Mr. YAN Biao

Independent Non-executive Directors:

Professor CHEN Kwan Yiu, Edward

Mr. LAM Kwong Yu

Mr. MA Chiu Cheung, Andrew

Mr. TAN Henry

This Report will be dispatched to Shareholders on 7 December 2005 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