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CHINA RESOURCES PEOPLES TELEPHONE COMPANY LIMITED

(incorporated in Hong Kong with limited liability under the Companies Ordinance)

(Stock Code: 331)

ANNOUNCEMENT

Reference is made to the announcement of the Company dated 4 October 2005, concerning the non-binding memorandum of understanding entered into between China Resources (Holdings) Company Limited (“**CRH**”), Mr. Leung Kai Hung, Michael (an executive director of the Company), Onwel Capital Company Limited (together, the “**Michael Leung Parties**”) and China Mobile (Hong Kong) Limited (“**CM**”) (a company listed on the Stock Exchange) (the “**Announcement**”). Terms defined in the Announcement shall have the same meanings when used in this announcement.

The Board has been informed by CRH and the Michael Leung Parties that they have agreed with CM to extend CM’s exclusive right to negotiate the proposed transaction with CRH and the Michael Leung Parties pursuant to the non-binding memorandum of understanding for a period of 48 hours to 20 October 2005. The Board has further been informed that discussions between CRH and the Michael Leung Parties with CM in respect of a possible disposal of their shareholdings in the Company to CM and CM making a voluntary conditional general offer at HK\$4.55 per Share for all of the outstanding shares of the Company are continuing and are now at an advanced stage, but that no binding terms have yet been agreed. **It is however not possible to give any assurances that CM will make a voluntary offer for the Company. Shareholders and potential investors in the Company are therefore advised to exercise caution in dealing in the Shares.**

Further announcements will be made by the Company when appropriate and in compliance with the relevant requirements of the Listing Rules and the Takeovers Code.

By Order of the Board
China Resources Peoples Telephone Company Limited
Kong Kin Sing, James
Company Secretary

Hong Kong, 18 October 2005

As at the date of this announcement, the Board of Directors comprises:

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

The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in this announcement have been arrived at after due and careful consideration, and that there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.