

For Immediate Release

Hong Kong Cinemas Leaps into the Fibre Age - New Business Opportunities and Lower Costs

(Hong Kong, 19 April 2011) Hong Kong Broadband Network Limited ("HKBN", a wholly-owned subsidiary of City Telecom (HK) Limited, HKEX: 1137, NASDAQ: CTEL) is pleased to support the Digital Cinema Exchange (DCX) Pilot Scheme in Hong Kong, enabling transmission of digital film among major cinema circuits with its Fibre broadband network, thereby delivering the double benefit of creating new revenue opportunities as well as reducing operating costs.

In view of the digitization in the global film industry, Hong Kong Cyberport Management Company Limited ("Cyberport") introduced the DCX Pilot Scheme with the support of the Film Development Council. This self-developed program empowered digital transmission of movies between Cyberport and major cinema chains such that the delivery of films no longer requires physical courier transportation. Traditional Cinemas are facing structural competition from alternative entertainment options. With DCX, Cinemas can turn this risk into an opportunity by offering alternative entertainment options in 3D and super high fidelity for such events as live sports, concerts, major conferences etc. These events can be timed to turn traditional off-peak periods into prime viewing and at times, can be priced at premium to traditional movies. For example, the recent, first in Hong Kong, Live Broadcast of Japanese AKB48 Pop Group concerts at the MCL Cinemas was a soldout success.

Being the Internet service partner of the DCX Pilot Scheme, Managing Director of HKBN Corporate Division, Mr. John Chong said, "At HKBN, we look beyond offering me-too services to compete. Instead, we offer solutions that create new business opportunities for our customers."

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About City Telecom/Hong Kong Broadband Network Limited

Established in 1992, City Telecom (H.K.) Limited (HKEX: 1137, NASDAQ: CTEL) provides integrated telecommunications services in Hong Kong via its own self-built fiber network. City Telecom's wholly-owned subsidiary, Hong Kong Broadband Network Limited (HKBN), is the fastest growing broadband service provider in Hong Kong. HKBN offers a diversified portfolio of innovative products that service over 1,110,000 subscriptions for broadband, local telephony and IP-TV. The Company has built a solid market position with top-of-the-line applications and practices enabling its substantial growth. The company takes great pride in developing its over 3,000 Talent force into a competitive advantage. Additional information on City Telecom can be found at www.ctigroup.com.hk.

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Appendix – The Digital Cinema Exchange Program

Digital Cinema Exchange



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The Challenge: People are spending less at cinemas due to alternative entertainment options.

HKBN Solution: Increase revenue opportunities and lower cost of doing business.

How it works



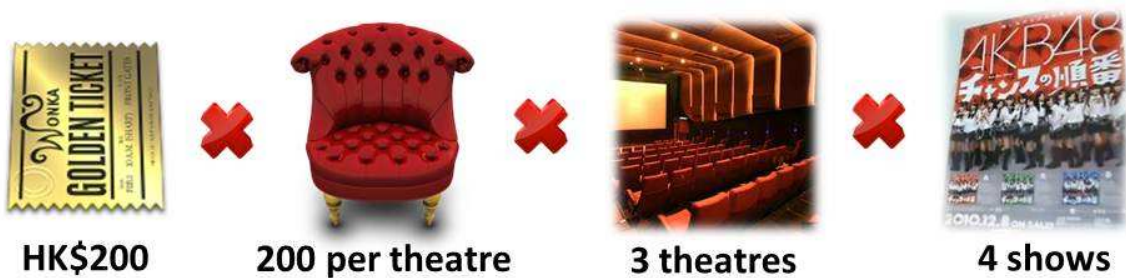
Comparison between traditional film delivery and DCX platform transmission

Traditional Delivery		DCX platform transmission
Distributors make film copies and deliver to the cinemas	Means	Transmitting digital films to cinemas through 1000Mbps fiber broadband network
Requires lots of manpower for making copies and transportation	Manpower requirement	Only 1 technician is needed to control the process
Copies will be damaged or lost easily	Risk	File will not be damaged or lost, with encoding system

Example of Additional Revenue Opportunity



The Business Opportunity



Extra Revenue Gain Per Event = HK\$500,000