



For Immediate Release

City Telecom Establishes Worldclass Multimedia Centre Doorway to Multimedia Creativity

(Hong Kong, 15 August 2011) City Telecom (H.K.) Limited (HKEX : 1137; NASDAQ : CTEL) today announced that its wholly-owned subsidiary, Hong Kong Media Production Company Limited, has entered into an agreement for lease with Hong Kong Science and Technology Parks Corporation for a site at Section S of Tseung Kwan O Town Lot No.39 (the "Tseung Kwan O Industrial Estate") to develop a world-leading, state-of-the-art multimedia production and distribution centre (the "Multimedia Centre").

The Multimedia Centre will be located at a 219,670 square feet land at Tseung Kwan O Industrial Estate (Permitted plot ratio of 2.5). Under the current development plan, the Multimedia Centre will have a total estimated gross floor area of approximately 300,000 square feet. The initial construction cost is estimated to be around HK\$600 million that is expected to come into operation in 36 months' time. Depending on business development needs, the Multimedia Centre can be expanded up to 500,000 square feet.

Different from traditional TV centres, the Multimedia Centre is an open platform with unique proposition for partnership with overseas and local parties, including cooperation with academic sector such as universities & relevant institutions and independent content producers. This integrated multimedia centre will have several key components. There will be a number of studios of which, the largest one will be sized at 15,000 square feet, exhibition centre for educational purpose, post-production suite with leading facilities and equipment to support Super High-definition and 3D production, as well as administration offices.

Going beyond traditional TV-centre content, we plan that the facilities will unleash creativity with regards to development of interactive multimedia content that is optimized for Internet access via multiple screen types such as connected TV, personal computers, tablets, smartphones, etc. The facilities will offer a complete solution for global Internet distribution, incorporating a data centre to process, store and distribute content.

Chairman of City Telecom, Mr. Ricky Wong said, "This is the third committed project of City Telecom Group, after we have completed our mission in liberalizing IDD market & enhancing fibre broadband network. Hong Kong is renowned for its creativity. To sustain our competitive edge, we will need solid support on production side. That's why we determined to build a world-leading state-of-the-art multimedia centre."

He continued, "Our primary focus will be beyond the local Hong Kong market, on opportunities in the Mainland market. With surging broadband penetration and lifestyle changes, Internet content has become increasingly important in China. There are more than 2,000 television and movie production companies in China, out of approximately 14,000 television episodes produced each year, but fewer than half make it to broadcasting. Total revenues of China's Internet content market grew rapidly from RMB0.5b (US\$81m) in 2006 to RMB2.8b (US\$428m) in 2009, which clearly evident the huge demand for professional produced content and thus creativity and production support."

It is expected that the establishment of the Multimedia Centre will create 100 to 150 job opportunities. As for the construction costs, with HK\$340.7 million net cash as of 28 Feb 2011, it would be funded by internal resources within the group and banking facilities. We expect to maintain our existing dividend policy of paying between 60%-90% of net profit.

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Video on "Multimedia Business Development Plan" featured by Mr. Ricky Wong is available at –

http://youtu.be/eDu3ew_v5RA

<http://www.tudou.com/programs/view/QtN1guKxAH4/>

Appendix: Photos



Mr. Ricky Wong, Chairman of City Telecom and Ms. To Wai Bing presented the model of the Multimedia Centre in the press conference.



The model of the Multimedia Centre

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 fibre 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 it substantial growth. The company takes great pride in developing its around 3,000 Talent force into a competitive advantage. Additional information is available at www.ctigroup.com.hk

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