



For Immediate Release

Free 6 Months Broadband Service for New Switch-Over Customers

(Hong Kong, 13th July 2010) Hong Kong Broadband Network, a wholly owned subsidiary of City Telecom (HK) Limited (HKEX: 1137, NASDAQ: CTEL), recently launched a free 6 months service promotion for new customers switching over from incumbent PCCW's Netvigator broadband service. The offer is specially targeting new customers to HKBN, and offers the first six months free for a 30 months x HK\$99/month contract. Please see the Appendix for details.

Given a matured Hong Kong broadband market place with household broadband penetration of 82%*, the majority of HKBN's growth is coming from existing users from other operators. We found that once a new user has experienced our symmetric 100Mbps service, the churn rate is extremely low at below 1.0% per month. Whilst our broadband service subscriptions have been growing at record pace, with 73,000 net additions for the 6 months to 28 Feb 2010, compared with 75,000 net additions for twelve months to 31 Aug 2009, we want to continue to fuel our growth toward our 10-year Big Hairy Audacious Goal (BHAG) of becoming the largest IP service provider by 2016.

"Our 6 months free promotion is designed to attract existing legacy copper-based xDSL users to experience the "WoW" factor of our Fibre based symmetric 100Mbps service. 6 months free will allow existing xDSL contracted users to concurrently use our service side-by-side without additional cost, after which, we are very confident these consumers can tell the difference and finally choose HKBN's fibre internet access", said Ms. June Lam, Associate Director, Marketing, HKBN.

*Office of the Telecommunications Authority Key Telecommunications Statistics, March 2010, http://www.ofta.gov.hk/en/datastat/key_stat.html

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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 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 1,027,000 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 3,000 Talent force into a competitive advantage. Additional information is available at www.ctigroup.com.hk.

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Appendix: Print Ad of the free 6 months service promotion



Netvigator Home Broadband Users Free HKBN 100M Broadband Service for the First 6 Months



Netvigator home broadband users* switch to Hong Kong Broadband Network could enjoy 100M* broadband service at \$99[†] with **first 6 months free** plus **“Steady Speed Guarantee”**[‡]

Hotline : 3613 1000 apply.hkbn.net/en

* The offer is only applicable to existing Netvigator subscriber who is using Netvigator home fixed-line broadband service at the time of installation. The installation address must not have registered with any HKBN's broadband service in the past 120 days prior to this registration.

† Maximum local upload/download speed is 100Mbps, maximum overseas upload/download speed is 20Mbps. The actual speed may be affected by other external factors.

‡ Offer valid till Jul 31, 2016. Subject to terms and conditions including a 30-months contract in which free 6-months broadband service is complementary. Subscriber must pay a non-refundable installation fee of \$380 and pre-paid monthly fee of \$600. The offer is applicable to designated residential buildings.

• The local upload and download speed (measured from the wallplate at the subscriber's premises to HK Internet Exchange Center 2 (HKIX2)) shall be guaranteed not less than 80% of the entitled. Otherwise, compensation equals to two times the service fee charged for the number of affected days on pro-rata basis will be provided. Subject to terms and conditions of "Steady Speed Guarantee".