

Press release

Hong Kong Broadband Network leverages Alcatel-Lucent's GPON solution to offer 1 Gbps broadband services to residential customers

Hong Kong, July 7, 2010 - Hong Kong Broadband Network Limited (HKBN), a wholly-owned subsidiary of City Telecom (H.K.) Limited (HKEX: 1137 and NASDAQ: CTEL), has launched a symmetric 1 Gbps broadband services offering - powered by Alcatel-Lucent's gigabit passive optical network (GPON) solution. At US\$26/month, the offer, which targets Hong Kong's residential market, is amongst the world's best "value for money" broadband deals.

The demand for bandwidth in Hong Kong is growing at an exponential rate - driven by the popularity of cloud computing applications and high-definition, interactive multimedia services such as HD IPTV and online gaming. According to the latest figures from the Office of the Telecommunications Authority in Hong Kong, residential broadband penetration in Hong Kong has reached 81.4%, amongst the highest in the world.

"In response to the growing need for bandwidth, we have been working with Alcatel-Lucent for years now, leveraging their fiber-to-the-home (FTTH) expertise to deploy a world-class broadband network," said Ivan Tam, Chief Technology Officer of HKBN. "Alcatel-Lucent's GPON solution enables us to offer affordable broadband services on a mass-market scale, while readying our network for future demands - driven by super high-definition and 3D interactive multimedia applications."

HKBN is the fastest growing broadband service provider in Hong Kong and is first to provide symmetric 100 Mbps and 1 Gbps broadband services to Hong Kong's residential broadband users. A pioneer in fiber solutions deployment, HKBN's commitment has been instrumental in making Hong Kong a global fiber oasis.

"Alcatel-Lucent has been working closely with HKBN since 2007 to deploy our gigabit passive optical network (GPON) solution, leveraging our intelligent services technology to make their broadband network 'smarter' - delivering more services, more flexibly, and at dramatically faster speeds," said Alain Biston, head of Alcatel-Lucent's activities in North and South East Asia. "We remain committed to providing our customer with Alcatel-Lucent's best-of-breed solutions and global expertise, enabling HKBN to maintain its leadership position in offering advanced broadband services."

Alcatel-Lucent has deployed its 7342 Intelligent Services Access Manager Fiber-to-the-User (ISAM FTTU) solution. Leveraging Alcatel-Lucent's High Leverage Network™ (HLN) architecture, the scalable platform enables the seamless delivery of high-speed broadband multimedia services to mass markets - such as high-speed data, IPTV, VoIP and content on demand in a cost-effective manner.

Alcatel-Lucent is the worldwide leader in the fixed broadband access market, supporting the largest mass deployments of video, voice and data services. Today, one out of three fixed broadband subscribers around the world is served through an access network provided by Alcatel-Lucent. Alcatel-Lucent is currently involved in more than 100 FTTH projects worldwide, over 85 of which are based on GPON technology. Alcatel-Lucent recently received the FTTH Council Europe's Innovation Award in the "Technological and Technical Innovation" category with its 10 Gbps GPON prototype, demonstrating its leadership in

developing innovative technologies, and foreshadowing the company's ability to provide virtually unlimited bandwidth to the citizens of Hong Kong.

About City Telecom / Hong Kong Broadband Network

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 services. 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 on City Telecom can be found at www.ctigroup.com.hk.

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About Alcatel-Lucent

Alcatel-Lucent (Euronext Paris and NYSE: ALU) is the trusted transformation partner of service providers, enterprises, strategic industries such as defense, energy, healthcare, transportation, and governments worldwide, providing solutions to deliver voice, data and video communication services to end-users. A leader in fixed, mobile and converged broadband networking, IP technologies, applications and services, Alcatel-Lucent leverages the unrivalled technical and scientific expertise of Bell Labs, one of the largest innovation powerhouses in the communications industry. With operations in more than 130 countries and the most experienced global services organization in the industry, Alcatel-Lucent is a local partner with a global reach. Alcatel-Lucent achieved revenues of Euro 15.2 billion in 2009 and is incorporated in France, with executive offices located in Paris. For more information, visit Alcatel-Lucent on the Internet: <http://www.alcatel-lucent.com>, read the latest posts on the Alcatel-Lucent blog <http://www.alcatel-lucent.com/blog> and follow us on Twitter: http://twitter.com/Alcatel_Lucent.

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