

# ***New Development Plan on Multimedia Creativity***

***Ricky Wong, Chairman, 15 Aug 2011***



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This presentation contains forward-looking statements and information that involve risks, uncertainties and assumptions. Forward-looking statements are all statements that concern plans, objectives, goals, strategies, future events or performance and underlying assumptions and other statements that are other than statements of historical fact, including, but not limited to, those that are identified by the use of words such as "anticipates," "believes," "estimates," "expects," "intends," "plans," "predicts," "projects" and similar expressions.

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## World Leading, State-of-Art Multimedia Centre

**Location :** remaining portion of Section S of Tseung Kwan O Town Lot No.39

**Land size :** Approximately 219,670 sq. ft (plot ratio 2.5)

**Initial Development Plan :** 300,000 sq. ft. gross floor area, expandable to 500,000 sq.ft.

**Construction Cost :** approximately HK\$600 million

**Expected to come into operation in 36 months**

### **Key Components :**

- Studios, largest one will be sized at 15,000 sq. ft
  - Exhibition and Education Centre
- Post-production suite (super HD, 3D-enabled)
  - Administration offices

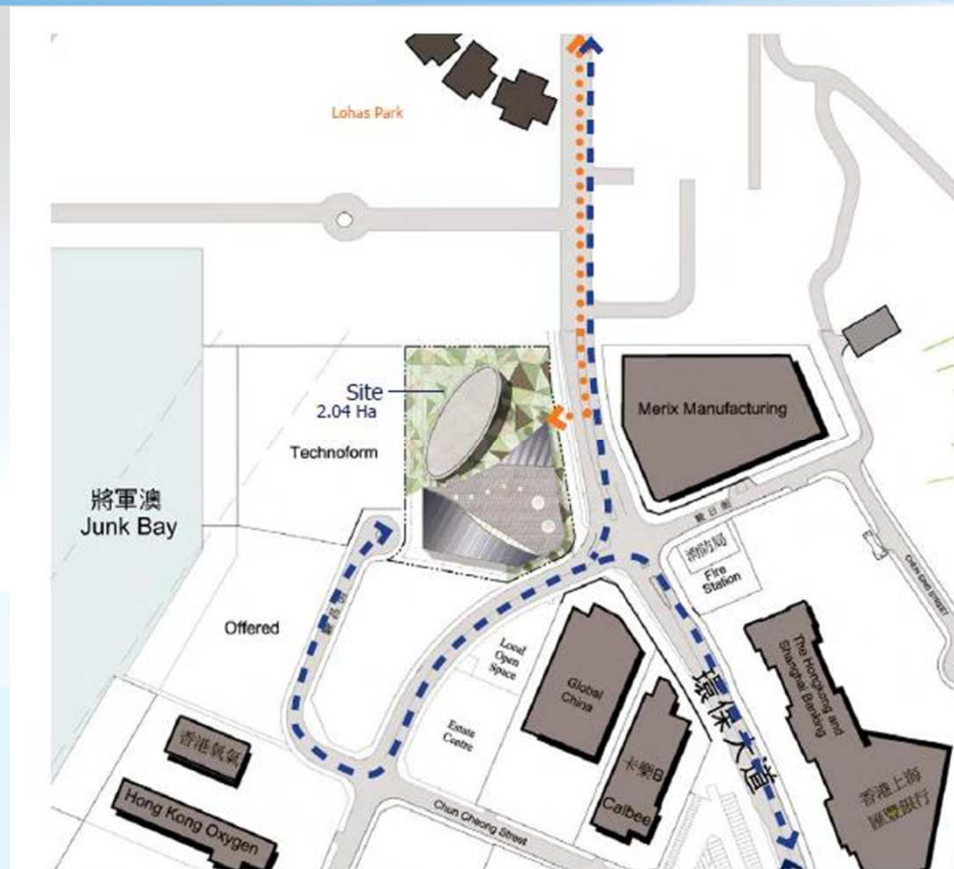


## Location –

Remaining portion of Section S of Tseung Kwan O Town Lot No.39



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City Telecom Group



## Design – Information Tower & Production Studio Block



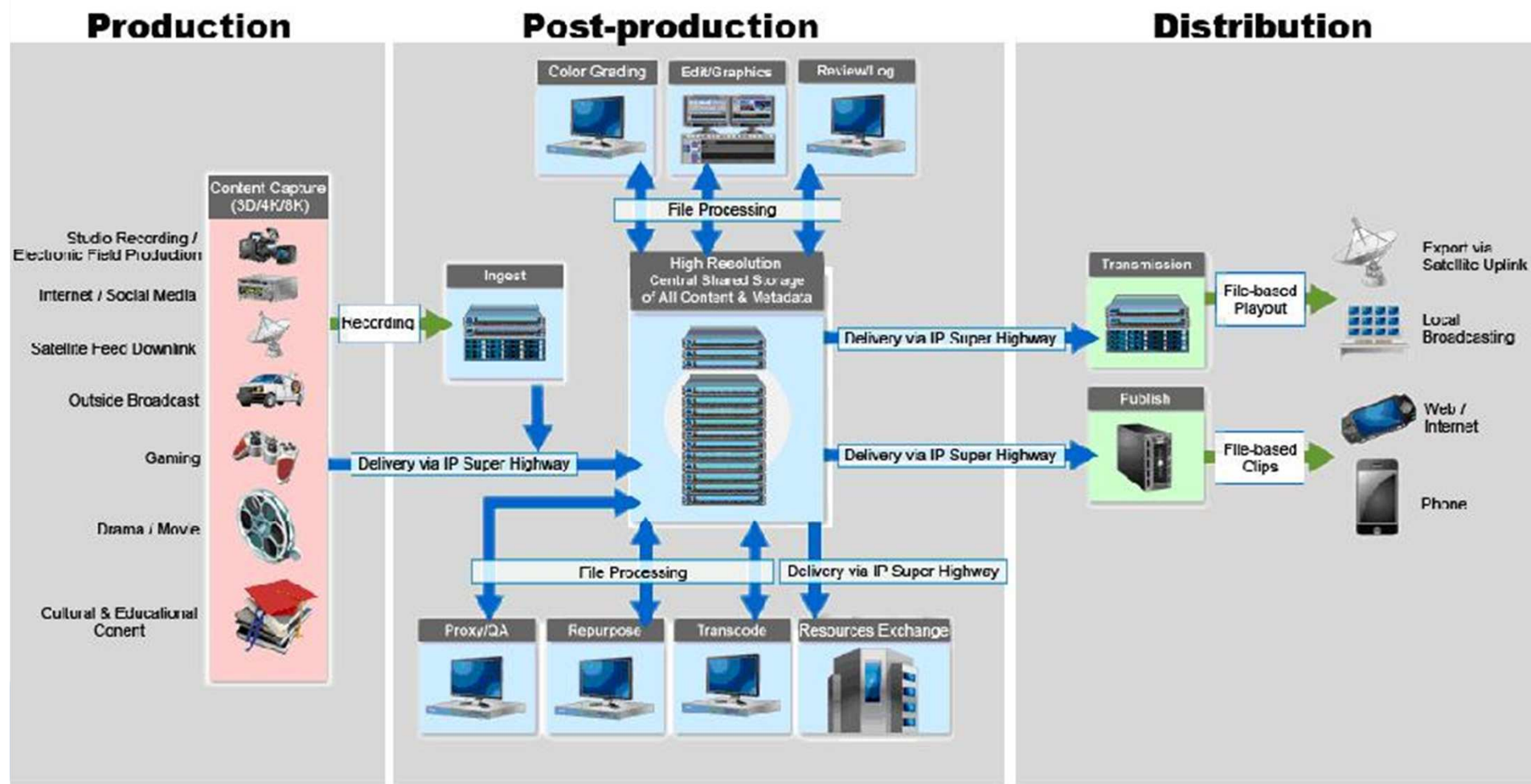
Production Studio Block

Information Tower



City Telecom Group

# The Functions





## Key Elements at a Glance

Studios



Information Hub



Digital Post Production Suite



Creative Imaging Centre



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# Proposition – An Open Platform

## Overseas & Local External Partnership

Academic Sector such as universities & relevant institutions

Independent Content Producer

World Leading Multimedia Production & Distribution Centre

3D and Super HD Shooting & Post Production Facilities

Next Generation Content for Audience Active Input

# Opportunities

- HK creativity industry is going downhill
- Audience' needs & style change constantly
- New generations are looking for content with higher interactivity & mutuality
- Regional TV production has not following/changing towards market pace

# TV and Internet Convergence



A Venn diagram consisting of two overlapping circles. The left circle is yellow and contains the text 'Traditional TV Broadcasting'. The right circle is green with a grid pattern and contains the text 'Internet World'. The overlapping area in the center is a darker shade of green.

Traditional TV  
Broadcasting

Internet  
World

City Telecom Group



# Market Behaviour

... Seamless access to all content

Voice



Music



Video



Games



Applications



Computer



Game  
Console



TV



Smartphone



Tablet



... Across all platforms, devices & operating systems

# The China Internet Market

## Traditional Television & Movie Vs. Internet Content Development

- China is the world's largest Internet and fastest growing market in terms of numbers of both overall and broadband users
- More than 2,000 television & movie production companies in China, with limited traditional distribution channels
- Out of approximately 14,000 television episodes produced last year, fewer than half make it to broadcasting

# The Market Opportunity

## Internet Content Market in China

- Total online advertising revenues grew from RMB0.5b (US\$81m) in 2006 to RMB2.8b (US\$428m) in 2009
- 72% of Internet users in China, i.e. 329m users, engaged in Internet content in 2010
- Top 2 categories of most-viewed Internet content were professionally produced contents, i.e. full length movies & TV serial dramas, reaching 75% of total Internet content viewers
- Clearly underserved huge demand for professional produced content & thus creativity & production support



# Operational Details

- After International Long Distance in the 1990s, followed by Fibre investment in the 2000s, this will be the 3rd venture for CTI Group
- Expected to create 100 to 150 job opportunities
- Construction cost will be funded by internal resources and banking facilities
- Maintain existing dividend policy of paying between 60%-90% of net profit

# China Huge Internet Base

Internet Users in China (Fixed & Mobile)	2005	2006	2007	2008	2009	2010
Total Users (million)	110	137	210	298	384	458

Source: The 27th Statistical Report on the Development Status of China Internet Network, CNNIC.  
“Internet users” refers to individuals aged six or above who visited Internet at least once in the preceding six months.

- Accelerated growth in Internet users in China, driven by Smartphones, especially with the increasing momentum of sub US\$150 handsets
- There are currently over 900 mn mobile users in China, but according to CNNIC, as of end 2010, only 303 million are mobile internet users

## Rapidly Grown On-line Video Advertising Revenues

Online Video Industry Advertising Revenues	2006	2007	2008	2009	2010	2011E	2012E	2013E
Annual spend (RMB bn)	0.1	0.3	0.6	1.4	2.4	4.0	6.7	9.5

Source : iResearch

- Advertisers globally are shifting a higher portion of the media spend onto Internet.
- The younger generation in China is shifting to online video as their default form of media and content delivery.
- Per McKinsey Quarterly, 2Q 2011, the average Chinese user spends four hours a week watching online video content, such as movies, TV, and live sports—double the time spent by US users.



***Thank You ...***

