

For immediate release

CTI Urges Government to Vet Free TV Applications at Normal Hong Kong Speed

(Hong Kong, October 17, 2012) City Telecom (H.K.) Limited (“CTI”) Chairman Ricky Wong today observed the Legislative Council proceedings regarding the applications for Free TV Programme Service Licenses and made the following remarks:

I found Secretary for Commerce and Economic Development, Mr Greg So’s empty words at the Legislative Councillors’ QnA session a while ago regrettable and infuriating.

It was the Government that had set the application for free TV programme service licenses in motion in the first place. CTI responded to the Government’s open policy and submitted our application in 2009.

Then the Broadcasting Authority had taken on board all factors, including the economic impact on the free TV market, in its recommendation to the Chief Executive-in-Council that three new licenses be issued. I have not seen any subsequent change in position by the Communications Authority.

I am confident that CTI has met, if not exceeded, the requirements as set out in the Guidance Note for Those Interested in Applying for Domestic Free Television Programme Service Licences.

CTI has invested some \$300 million so far this year in programme production, resulting in a significant impact on both the broadcasting industry and the general economy even before our station is launched. The amount has surpassed the annual total production costs for the local movie industry.

Once we are on air, we will raise our investment to between \$500 million to \$600 million a year. We will also strengthen our acting and production talents

from the current pool of 700 to 1,800.

A year ago, I could accept Mr So's bureaucracy-speak. A few months ago, I could still tolerate such official mumble-jumble. Now that 1,021 days have lapsed since our application, I can no longer put up with the procrastination on the part of the Government.

The previous Government deliberated the matter without coming to a decision. The current Government is even worse in that it has not yet to put the issue on the table.

I can now appreciate why more and more of us have become impatient with the Government.

I can also appreciate why more and more of us have resorted to protests and other confrontational tactics.

As an investor, a tax payer and a member of the society, I only have one demand on the Chief Executive : "Please adhere to the established policies, proper procedures and official recommendations; pay heed to public opinion; and process the free TV applications at normal 'Hong Kong speed'."

Protracted procrastination is not only an act of irresponsibility but, as some may say, a sin.

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About City Telecom

City Telecom (H.K.) Ltd. is a Hong Kong and the U.S. listed company (HKEX : 1137; NASDAQ : CTEL). Established in 1992, the Group possesses extensive and successful experience in telecom market liberalization, popularizing advanced technology & applications.

The Group strives to expand its foothold to the TV industry. Since 2011, Hong Kong Media Production Company Limited has been aggressive in forming the dream team of artistes, production and creative Talents, as well as artistes. The Group will invest over HK\$800 million in the next three years to build a 500,000 sq. ft. TV & Multimedia Production Centre, including the largest studio in Asia with an area of 18,000 square ft. and post-production suite equips with 3D and Super High-definition production facilities. The production centre is expected to go into full operation in early 2014.

At commencement, City Telecom's TV business will broadcast 12 channels, and will increase to 20 in 3 years. City Telecom targets to produce drama totaling 260 hours in 2012 and 650 hours in 2013. 104 hours of variety and infotainment programs will also be produced in 2012 and 520 hours in 2013.

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