

City Network, Inc. Announces Definitive Agreements for Financing

TAIPEI, Taiwan – August 19 (SEND2PRESS NEWSWIRE) – City Network, Inc. (Amex: CSN), a company that designs, manufactures, and markets a comprehensive line of broadband and wireless Internet access solutions and consumer electronic products, announced today that it has entered a securities purchase agreement to sell to a United States accredited investor two secured convertible notes, each in \$125,000 principal amount, maturing six months from their respective dates of issuance.

The notes are secured by substantially all of the assets of City Network and its direct and indirect wholly-owned subsidiaries. City Network has also pledged common stock as security for the notes.

Concurrently with the securities purchase agreement, City Network entered a standby equity distribution agreement (SEDA) with an affiliate of the purchaser of the notes. Subject to the terms and conditions of the SEDA, the SEDA investor will purchase from City Network up to a total of \$15.0 million in market value in common shares over a two year period. City Network will determine if and when to draw down on this facility, subject to certain conditions, including the filing and effectiveness of a registration statement for such shares, stockholder approval of the issuance of such shares, and approval for the listing of such shares on the American Stock Exchange.

City Network will use the proceeds from the notes for working capital and any advances from the SEDA for general corporate purposes, including establishing a corporate office in Beijing, China, and a construction project in Keelung, Taiwan.

This press release does not constitute an offer to sell or the solicitation of an offer to buy any of these securities. The securities described in this press release have not been registered under the Securities Act of 1933, as amended, and may not be offered or sold in the U.S. without registration or an applicable exemption from the registration requirements.

About City Network Inc.

For more information about City Network, Inc., please visit www.citynetwork.com.tw.

Safe Harbor under the Private Securities Litigation Reform Act of 1995:

The statements which are not historical facts contained in this press release are forward-looking statements that involve certain risks and uncertainties including but not limited to risks associated with the uncertainty of future financial results, regulatory approval processes, the impact of competitive products or pricing, technological changes, the effect of economic conditions

and other uncertainties as may be detailed in City Network's filings with the Securities and Exchange Commission. Nothing in this press release shall be construed as an offer to buy or sell any securities herein.

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