

## Ticker (NASDAQ)

Price (8/7/09)  
52-week High/Low  
Shares Outstanding  
Market Float  
Market Capitalization  
Headquarters  
Website

## CTEL\*

\$4.75  
\$4.91/\$1.85  
32.98M  
11.86M  
\$156.67M  
Hong Kong  
www.ctihk.com

Revenue (ttm) \$168.1M  
Net Income(ttm) \$19.7M  
Dividend per ADR (Yield) \$0.15 (2.9%)  
Earnings per ADR (ttm) \$0.59  
Debt to EBITDA (ttm) 0.3x  
P/E (ttm) 8.1x  
Fiscal Year August 31

Note: \* City Telecom is dual listed on NASDAQ and Stock Exchange of Hong Kong (1137). Each ADR represents 20 Hong Kong shares.



## Company Overview

City Telecom's subsidiary, Hong Kong Broadband Network Limited (HKBN), is the second largest and fastest growing broadband service provider in Hong Kong. HKBN offers a diversified portfolio of innovative products and advanced solutions for broadband, local telephony, IP-TV and corporate data services. The Company has built a solid market position with top-of-the-line applications and practices enabling it substantial opportunity to continue to grow revenue, net income as well as enhance margins. With 5% of the market in terms of revenue, City Telecom has tremendous growth opportunity as the Company aggressively captures market share in a effort become the largest IP service provider in Hong Kong's \$3.6 billion market by 2016.



## INVESTMENT HIGHLIGHTS

### Strong Competitive Position with the Fastest Fiber Network in Hong Kong

Demand for high quality broadband is rapidly increasing as more people are watching high-definition movies, playing online games or viewing graphic-rich files and videos. In an effort to meet this increased demand, City Telecom has built the most extensive and fastest, end-to-end fiber network in Hong Kong.

### Increasing Market Share Supports Continued Revenue & Net Income Growth

City Telecom's revenue and net income for the first six months of 2009 grew 15.6% and 57.7%, respectively, as a result of an 8.9% increase in subscriber base and a 10.7% increase in broadband average revenue per user (ARPU), year-over-year. City Telecom expects continued growth as the Company is still in the initial stages of its ten year plan to become the largest broadband provider in Hong Kong. Moreover, the Company's strong competitive position with its premium products and high quality service enables the Company to increase its market share while also increasing ARPU.

### Aggressive Marketing Contributes to Growing Subscriber Base

As Hong Kong's fastest growing broadband service provider, City Telecom continues to build its brand recognition through numerous marketing initiatives. Furthermore, the Company's bundling of premium products, incentives for contract renewal and personable customer service combined with a low churn rate (below 1% per month in the first half of 2009) contributes to City Telecom's increasing market share.

### Increased Efficiency and Low Churn Rate Driving Higher Margins

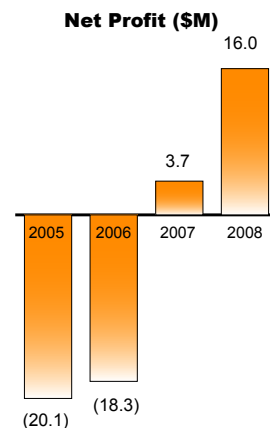
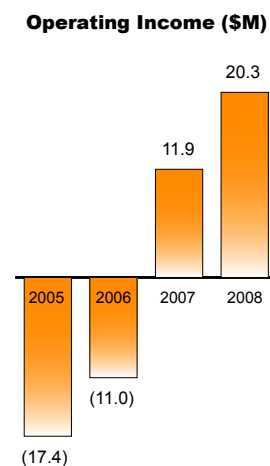
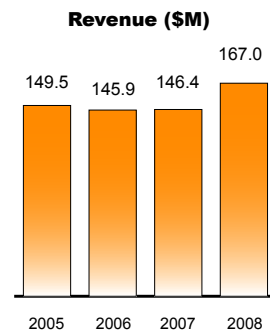
Gross profit and net profit margin have increased from 81.2% and 2.5%, respectively, at year end fiscal 2007 to 88.0% and 10.4%, respectively, as of the first half of 2009 as a result of City Telecom's increased operating efficiency. Moreover, with City Telecom's low churn rate, margins have also benefited from the lower cost of customer retention compared to customer acquisition.

### Award Winning Management Team

City Telecom's management team strives to provide the highest quality service and industry leadership. The Company's management team has been recognized through numerous awards such as 2009 Hong Kong Management Association (HKMA) Quality Award (Bronze) and City Telecom's Chairman, Ricky Wong's "Leaders of the Year 2008" Yahoo! Emotive Brand Award 08-09. Mr. Wong was also voted one of the top 100 most influential people in the industry by The Global Telecoms Business Magazine ("GTB").

### Strong Balance Sheet

With City Telecom's Net Debt to EBITDA at 0.3x as of the first half of 2009, down from the peak of 5x in 2005, it is among the lowest in the Hong Kong telecom sector.



## SELECTED FINANCIAL DATA

Operating Statistics	Six Months Ended February 28		Year Ended August 31		
	2009	2008	2008	2007	2006
<b>Subscriptions ('000)</b>	<b>872</b>	<b>726</b>	<b>801</b>	<b>683</b>	<b>617</b>
Broadband	350	279	316	247	220
Voice	352	311	329	308	281
Digital TV	170	136	156	128	116
<b>Broadband blended ARPU (\$ per month)</b>	<b>25.29</b>	<b>22.84</b>	<b>24.65</b>	<b>22.58</b>	<b>19.13</b>

Selected P&L Data (\$'000)	Six Months Ended February 28		Year Ended August 31		
	2009*	2008*	2008**	2007***	2006****
	(Unaudited)	(Unaudited)			
<b>Revenue</b>	<b>\$93,055</b>	<b>\$80,489</b>	<b>\$166,972</b>	<b>\$146,377</b>	<b>\$145,933</b>
Network costs and cost of inventories	11,211	11,544	22,857	27,523	38,653
<b>Gross profit</b>	<b>81,844</b>	<b>68,945</b>	<b>144,115</b>	<b>118,854</b>	<b>107,280</b>
<b>Gross margin</b>	<b>88.0%</b>	<b>85.7%</b>	<b>86.3%</b>	<b>81.2%</b>	<b>73.5%</b>
<b>Net income</b>	<b>9,718</b>	<b>6,163</b>	<b>16,043</b>	<b>3,702</b>	<b>(18,267)</b>
<b>Profit margin</b>	<b>10.4%</b>	<b>7.7%</b>	<b>9.6%</b>	<b>2.5%</b>	<b>n.a.</b>
<b>Diluted EPS</b>	<b>\$0.29</b>	<b>\$0.19</b>	<b>\$0.49</b>	<b>\$0.12</b>	<b>\$(0.59)</b>
Weighted ADR shares outstanding	32,545	31,308	31,701	30,742	30,707
Diluted ADR shares outstanding	32,983	32,694	32,900	31,566	30,707

Selected Balance Sheet Data (\$'000)	28-Feb-09*	31-Aug-08*
Cash and cash equivalents	71,326	54,028
Total current assets	103,500	102,599
Total current liabilities	40,961	46,052
Total liabilities	129,554	134,273
Working capital	62,539	56,547
Total stockholders' equity	142,885	132,324

Note: Exchange rate: \* US\$1=HK\$7.75 \*\* 2008: US\$1=HK\$7.8036 \*\*\* 2007: US\$1=HK\$7.7936 \*\*\*\* 2006: US\$1=HK\$7.7767

## CONTACT INFORMATION

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### Business Risks and Forward-Looking Statements

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995: Any statements set forth above that are not historical facts are forward looking statements that involve risks and uncertainties that could cause actual results to differ materially from those in the forward looking statements detailed from time to time in the Company's filings and future filings with the United States Securities and Exchange Commission.

Readers are advised that this information is intended for the use of investment professionals. Anyone interested in obtaining information on the Company should contact City Telecom or Elite IR, as set forth above, to receive the Company's most recent financial reports. This Financial Profile of City Telecom was developed by the Company and is intended solely for informational purposes and is not to be construed as an offer to sell or the solicitation of an offer to buy the Company's stock. This Profile is based upon information available to the public, as well as other information from sources which management believes to be reliable, but is not guaranteed by City Telecom as being accurate nor does it purport to be complete. Opinions expressed herein those of management as of the date of publication and are subject to change without notice.