

SUNDAY

SUNDAY Communications Limited

(Incorporated in the Cayman Islands with limited liability)

DISCLOSEABLE TRANSACTION

Notification of the Telecommunications Authority's intention to issue a 3G Licence to SUNDAY 3G (Hong Kong) Limited

The Directors are pleased to announce that the TA will issue to SUNDAY 3G, an indirect wholly-owned subsidiary of the Company, a 3G Licence pursuant to the terms of the Telecommunications Ordinance and the Notice.

The acquisition of a 3G Licence is part of the Company's long-term strategy of offering an enhanced range of wireless services under its "SUNDAY" brand.

The acquisition of a 3G Licence is a discloseable transaction of the Company under the Listing Rules and a circular will be forwarded to shareholders of the Company shortly.

Summary

On 18th September 2001, SUNDAY 3G submitted an Application pursuant to the terms of the Notice.

On 26th September 2001, the TA announced the conclusion of the 3G frequency band allocation exercise including the allocation of the Frequency Bands to SUNDAY 3G and that the 3G Licence can be issued next month.

Conditions Precedent

On grant of a 3G Licence to SUNDAY 3G, SUNDAY 3G will be required to:

- provide the TA with a Performance Bond; and
- procure that Mandarin Communications Limited's 2G licence be surrendered to the TA to be appropriately amended, to provide for Domestic Roaming.

Pursuant to the Special Conditions of the 3G Licence to be issued, SUNDAY 3G will be required to install, maintain and use equipment for the purposes of the network and the services to be provided pursuant to the terms of the 3G Licence such that by not later than 31st December 2006 (and for all dates thereafter during the term of the 3G Licence) an area where at least 50% of the population of Hong Kong live from time to time shall be covered by those services and the network. Further, all base stations to be installed shall be capable of supporting services at a minimum of 144 kbits per second.

Consideration and Payment Terms

In accordance with the Notice and the terms of the 3G Licence, the Spectrum Utilization Fees payable in arrears for each of the first five years following grant of the 3G Licence shall be HK\$50 million per year, and in each of the remaining 10 years, shall be the higher of 5% of SUNDAY 3G's turnover attributable to the provision of telecommunications services over telecommunications networks using the Frequency Bands and the sum indicated below for each year of the 3G Licence:

Minimum Annual Fee (HK\$'000)

6th	60,124.00
7th	70,249.00
8th	80,373.00
9th	90,497.00
10th	100,622.00
11th	110,746.00
12th	120,870.00
13th	130,995.00
14th	141,119.00
15th	151,243.00

Company's Existing Business and Reasons for the Transaction

The Company's development has been based on a long-term strategy of offering an enhanced range of wireless services under its "SUNDAY" brand. The acquisition of a 3G Licence is a key part of that long-term strategy and will ultimately enable the SUNDAY group to offer existing and new customers the next generation of such services.

Status of the Transaction under the Listing Rules

The acquisition of the 3G Licence constitutes a discloseable transaction under the Listing Rules.

A circular relating to the transaction will be forwarded to shareholders of the Company as soon as practicable.

Definitions

In this Announcement:

"3G Licence" means a mobile carrier licence to be issued by the TA under section 7 of the Telecommunications Ordinance for the establishment or maintenance of a telecommunications network for carrying communications to or from the public between moving locations or between fixed locations and moving locations situated within Hong Kong and operating in the frequency bands 1900–1980 MHz, 2015–2025 MHz and 2110–2170 MHz

"Application" means an application for a 3G mobile carrier licence made in accordance with Section 1 of Part 2 of the Notice

"Company" means SUNDAY Communications Limited

"Domestic Roaming" means the provision of access to its network service by Mandarin Communications Limited to customers of the New Entrant

"Frequency Bands" means a block of paired band of 2 x 14.8 MHz (lower block of 1920.3–1935.1 MHz and upper block of 2110.3–2125.1 MHz) plus one 5 MHz block of unpaired band (1914.9–1919.9 MHz)

"Listing Rules" means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

"Minimum Annual Fee" means in respect of the first five years of the 3G Licence, HK\$50,000,000 per year and in respect of each of the following years, the amount indicated above under the heading "Consideration and Payment Terms" in respect of that year

"New Entrant" means a 3G operator which is not a 2G operator and does not have a 2G licence within its group

"Notice" means the Notice dated 18th July 2001 (as modified) issued by the TA in exercise of the powers conferred by Section 32I of the Telecommunications Ordinance and the Regulation and all other powers enabling him to specify the terms and conditions of the Auction and the payment of the Spectrum Utilization Fees

"Performance Bond" means a performance bond provided by a Qualifying Bank in the form attached to the 3G Licence for the equivalent of the Minimum Annual Fee payable for the next five years at any point in time during the currency of the performance bond

"Qualifying Bank" means an institution holding a full banking licence under the Banking Ordinance whose long term debt rating is, or is higher than: (a) one or more of the following (i) Moody's A2; (ii) Standard & Poor's A; (iii) Duff & Phelps Credit Reference Agency's A; or (iv) Fitch – IBCA's A; or (b) a rating of a body other than a body listed in subparagraph (a) which, in the opinion of the TA, is equivalent to one or more of the ratings listed in that paragraph

"Spectrum Utilization Fees" means the sums payable in accordance with the terms of the 3G Licence and set out in schedule 4 of the 3G Licence

"SUNDAY 3G" means SUNDAY 3G (Hong Kong) Limited, an indirect wholly-owned subsidiary of the Company

"TA" means the Telecommunications Authority appointed pursuant to section 5 of the Telecommunications Ordinance

By Order of the Board
SUNDAY Communications Limited
Janet Chung Man Fung
Company Secretary

27th September 2001, Hong Kong