

IN THE GRAND COURT OF THE CAYMAN ISLANDS

CAUSE NO. 471 OF 2005

In the matter of **SUNDAY COMMUNICATIONS LIMITED**

And in the matter of the Companies Law (2004 Revision)

And Grand Court Rules 1995 Order 102 rule 21

PETITION

TO: The Grand Court of the Cayman Islands

THE PETITION of **SUNDAY COMMUNICATIONS LIMITED** shows as follows:

1. The object of this Petition is to seek an Order of the Court pursuant to section 86 of the Companies Law (2004 Revision) (the "Companies Law") sanctioning a scheme of arrangement between your Petitioner, **SUNDAY COMMUNICATIONS LIMITED** (the "Company") and the Scheme Shareholders as defined in the Scheme of Arrangement referred to in paragraph 8 hereof.
2. The Company was incorporated under the Companies Law on 24 November, 1999 and registered in the Cayman Islands as an exempted company with registration number CR-94336.
3. The registered office of the Company is situated at Century Yard, Cricket Square Hutchins Drive, P.O. Box 2681 GT, George Town, Grand Cayman, Cayman Islands.
4. As at the date of incorporation of the Company, its authorised share capital was HK\$380,000 divided into 3,800,000 shares of a nominal or par value of HK\$0.10 each.
5. By resolutions of the then shareholders of the Company passed on 28 June, 2000, the authorized share capital of the Company was increased on 15 March, 2000 from HK\$380,000 to HK\$1,000,000,000 divided into 10,000,000,000 shares of HK\$0.10 each ("Shares") by the creation of a further 9,996,200,000 Shares.

6. The Shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). As at the date of this Petition, the authorised share capital of the Company is HK\$1,000,000,000 divided into 10,000,000,000 Shares of one class only and its issued share capital is HK\$299,000,000 divided into 2,990,000,000 Shares which have been fully paid-up or credited as fully paid-up.
7. The objects for which the Company was established are unrestricted and the Company has and is capable of exercising any and all powers exercisable by a natural person or body corporate.
8. The purpose of the proposed scheme of arrangement (the "Scheme of Arrangement") is to privatize the Company by cancelling and extinguishing on the effective date of the Scheme of Arrangement, all of the issued Shares except for the Shares held by PCCW Mobile Holding No.2 Limited ("PCCW Mobile"), an indirect wholly-owned subsidiary of PCCW Limited ("PCCW"), in consideration of which the holders of such cancelled and extinguished Shares shall receive HK\$0.65 (the "Cancellation Price") in cash for each such cancelled and extinguished Share such that the Company shall, thereafter, be wholly-owned by PCCW through PCCW Mobile.
9. The board of directors of PCCW is of the view that the ability of the Company to take advantage of its listed status to raise funds from equity markets might be limited and the costs associated with the maintenance of the Company's listing on the Stock Exchange and registration of the Shares with the Securities and Exchange Commission of the United States may no longer be warranted. During the one year period commencing from 11 June, 2004 and finishing on 10 June, 2005 (the "Pre-Announcement Period"), the average daily trading volume of the Shares on the Stock Exchange was approximately 23 million Shares (equivalent to approximately HK\$10.8 million based on the average closing share price over the same period), representing only 0.8% of the total issued Shares of the Company. Adding to the fact that the public float was reduced to 20.65% after a mandatory general offer from PCCW Mobile, liquidity of the Shares is further limited.
10. The proposal for the Scheme of Arrangement (the "Proposal") represents a good opportunity for the Scheme Shares to realize their investments at a price significantly

above historical trading levels of the Shares. The Cancellation Price of HK\$0.65 represents an attractive premium to the average closing price in the Pre-Announcement Period. It represents a 22.6% premium to the closing price of HK\$0.53 on 10th June, 2005, the last trading day of the Pre-Announcement Period; a 29.6% premium to the average closing price of HK\$0.5015 for the last 10 trading days of the Pre-Announcement Period; and a 40.0% premium to the average closing price of HK\$0.464 for the last 180 trading days of the Pre-Announcement Period.

11. The Proposal would further facilitate business integration between the Company and PCCW and capture cost synergies and greater operational efficiency. In addition, the Proposal would further facilitate the plan of the Company and PCCW to offer “fixed-mobile” convergence services and allow more efficient deployment of capital expenditure on next generation communication networks.
12. The directors of the Company concur with PCCW’s view. In view of the low daily trading volume and limited liquidity in the Shares, and the Cancellation Price per Scheme Share being offered by PCCW Mobile, the directors of the Company also believe that the Proposal provides an opportunity for all Scheme Shareholders to realize their investment in the Company at a premium to the prevailing market price of the Shares. In the circumstances, the directors of the Company have decided to put forward the Proposal to the Scheme Shareholders for their consideration.
14. The proposed Scheme of Arrangement will not alter the underlying assets, business operations, management or financial position of the Company nor will it affect the interests of its creditors.
15. The Company proposes to convene a court meeting in accordance with section 86 of the Companies Law to be held on or about 12 December, 2005 (the “Court Meeting”) at which the following resolution will be considered :

“THAT a scheme of arrangement (the “Scheme”) dated _____, 2005 between the Company and the holders of the Scheme Shares (as defined in the Scheme) as at the Record Time (as defined in the Scheme) in the form of the printed document contained in a composite document which has been submitted to this meeting marked “A” and, for

the purpose of identification, signed by the chairman of this meeting, with any modification thereof or addition thereto or subject to any conditions approved or imposed by the Grand Court of the Cayman Islands, be and is hereby approved.”

Each of the capitalised terms referred to in the resolution above are defined in the composite scheme document exhibited as exhibit “AAA-1” to the affirmation of Alexander Anthony Arena.

Your Petitioner, the Company, therefore prays as follows:

- (1) That the Scheme of Arrangement of the Company proposed to be effected by the resolution to be approved at the Court Meeting to be convened at the direction of this Honourable Court as set forth in paragraph 15 of this Petition may be sanctioned by this Honourable Court.
- (2) That to this end, all necessary inquiries and directions may be made and given.
- (3) Such further and other order as this Honourable Court shall think fit.

NOTE: It is intended to serve this Petition on SUNDAY COMMUNICATIONS LIMITED, at its registered office located at Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681 GT, George Town, Grand Cayman, Cayman Islands.

DATED THIS 17 DAY OF October, 2005.



CHARLES ADAMS, RITCHIE & DUCKWORTH
Attorneys-at-Law for the Petitioner herein

Notice of Hearing

This Petition having been presented to the Court on the day of 2005 will be heard at the Law Courts, George Town, Grand Cayman on the day of 2006 at a.m./p.m. or as soon thereafter as the Petition can be heard.

This Petition was filed by Charles Adams, Ritchie & Duckworth, Attorneys-at-Law for and on behalf of the Petitioner herein whose address for service is that of its Attorneys, PO Box 709GT, Zephyr House, Mary Street, George Town, Grand Cayman, Cayman Islands.

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