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November 1, 2006

Brian V. Breheny, Chief
Celeste M. Murphy, Special Counsel
Office of Mergers and Acquisitions
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

Re: *Proposed Sale, Withdrawal and Distribution Transaction of SUNDAY
Communications Limited*

Dear Mr. Breheny and Ms. Murphy:

We are writing on behalf of our client, PCCW Limited ("**PCCW**"), and its subsidiary, SUNDAY Communications Limited ("**SUNDAY**"), to request that the staff (the "**Staff**") of the Securities and Exchange Commission (the "**Commission**") grant no action relief from the provisions of Rule 13e-3 ("**Rule 13e-3**") under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), with respect to the proposed sale of substantially all of SUNDAY's businesses and assets to PCCW or PCCW's subsidiary or subsidiaries followed by a withdrawal of the listing of SUNDAY's shares on The Stock Exchange of Hong Kong Limited (the "**SEHK**"), a distribution to the shareholders of SUNDAY and the subsequent liquidation of SUNDAY, as described in this letter.

I. Description of the Companies

A. SUNDAY

SUNDAY is a company incorporated under the laws of the Cayman Islands. SUNDAY is a developer and provider of wireless communications and data services in Hong Kong, and its subsidiaries hold 2G and 3G licenses.

SUNDAY is a "foreign private issuer" as defined in Rule 3b-4(c) under the Exchange Act, and files annual reports on Form 20-F and furnishes current reports on Form 6-K and other information with the Commission.

SUNDAY's ordinary shares, par value HK\$0.10 per share, are listed on the SEHK and SUNDAY's American depository shares ("**ADSS**"), each representing

100 SUNDAY ordinary shares, are quoted on the NASDAQ Global Market. As of August 31, 2006, 2,990,000,000 ordinary shares of SUNDAY were issued.

B. PCCW

PCCW is a company incorporated under the laws of Hong Kong. The principal activities of PCCW are the provision of local and international telecommunications services, internet and interactive multimedia services, the sale and rental of telecommunications equipment and the provision of computer, engineering and other technical services, mainly in Hong Kong; investment in, and development of, systems integration and technology-related businesses; and investment in, and development of, infrastructure and properties in Hong Kong and elsewhere in the People's Republic of China.

PCCW holds its interests in SUNDAY through its indirect wholly owned subsidiary, PCCW Mobile Holding No. 2 Limited ("**PCCW Mobile**"), a company incorporated under the laws of the British Virgin Islands.

PCCW is a "foreign private issuer" as defined in Rule 3b-4(c) under the Exchange Act, and files annual reports on Form 20-F and furnishes current reports on Form 6-K and other information with the Commission.

PCCW's ordinary shares, nominal value HK\$0.25 per share, are listed on the SEHK, and PCCW's ADSs, each representing ten PCCW ordinary shares, are listed on the New York Stock Exchange.

As of August 31, 2006, according to its Schedule 13D on file with the Commission, PCCW, through PCCW Mobile, beneficially owned 2,372,672,256 SUNDAY shares, representing approximately 79.35% of the voting rights in SUNDAY. PCCW is an "affiliate" of SUNDAY within the meaning of Rule 13e-3.

II. The Proposed Sale, Withdrawal and Distribution Transaction

Pursuant to two purchase agreements dated June 13, 2005 between PCCW and two shareholders of SUNDAY, on June 22, 2005, PCCW Mobile acquired an aggregate of 1,790,134,000 SUNDAY shares, representing approximately 59.87% of the issued share capital of SUNDAY, for an aggregate consideration of HK\$1,163,587,100 in cash, or HK\$0.65 per share (the "**Acquisition**"). Prior to the Acquisition, these selling shareholders held approximately 46.15% and 13.72%, respectively, of the issued share capital of SUNDAY and neither PCCW nor PCCW Mobile owned any of the share capital of SUNDAY. As a result of the Acquisition, PCCW Mobile was required under The Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**") to make a mandatory unconditional cash offer to acquire all the SUNDAY shares not already owned or agreed to be acquired by it and parties acting in concert with it (the "**Tender Offer**"). A mandatory cash offer is required to be made under the Takeovers Code where a person or a group of persons "acting in concert" acquires 30% or more of the voting rights of the relevant company, or they already hold between 30% and 50% of the voting rights of the relevant company and increase their holding of such voting rights by more than 2% in any 12 month period. Where a person or group of persons "acting in concert" acquires more than 50% of the voting rights of the relevant company, the mandatory cash offer is required to be unconditional. The Tender Offer commenced on July 8, 2005 at a price of

HK\$0.65 per share in cash, the same price paid by PCCW Mobile in the Acquisition. As of September 9, 2005, the final closing date of the Tender Offer, PCCW Mobile had received valid acceptances in respect of 582,538,256 SUNDAY shares, bringing its holdings in SUNDAY to 2,372,672,256 SUNDAY shares, representing approximately 79.35% of the issued share capital of SUNDAY. The offering document prepared in connection with the Tender Offer was filed with the Commission on Form CB on July 11, 2005.

On September 27, 2005, PCCW Mobile requested the directors of SUNDAY to put forward to SUNDAY shareholders (other than PCCW Mobile) a proposal for the privatization of SUNDAY by means of a scheme of arrangement under Cayman Islands law (the "**Privatization Scheme**"), under which all SUNDAY shares not held by PCCW Mobile (the "**Scheme Shares**") would be cancelled in exchange for HK\$0.65 per share in cash. The Privatization Scheme was approved by approximately 82.80% of the Scheme Shares held by all shareholders other than PCCW Mobile and parties acting in concert with PCCW Mobile under the Takeovers Code (the "**Scheme Independent Shareholders**") that were voted at the shareholders' meeting to vote on the Privatization Scheme. However, the votes against the Privatization Scheme constituted approximately 10.63% of all the Scheme Shares held by the *Scheme Independent Shareholders*. Under the Takeovers Code, in addition to satisfying the requirements of the Companies Law Cap 22 (Law 3 of 1961 as consolidated and revised) of the Cayman Islands (the "**Companies Law**") (which requires the approval of a majority in number of shareholders voting at the Court Meeting (as defined below) who hold in value not less than 75% of SUNDAY's shares voted at the Court Meeting), the Privatization Scheme required the approval of Scheme Independent Shareholders representing not less than 75% in nominal value of the Scheme Shares held by the Scheme Independent Shareholders present and voting either in person or by proxy at a meeting of the Scheme Independent Shareholders convened at the direction of the Cayman Islands courts to approve the Privatization Scheme and held on December 15, 2005 (the "**Court Meeting**"), provided that the Privatization Scheme was not disapproved (by way of poll) by Scheme Independent Shareholders at the Court Meeting holding more than 10% in nominal value of all the Scheme Shares held by the Scheme Independent Shareholders. Accordingly, the Privatization Scheme was disapproved under the Takeovers Code and did not proceed.

As the Privatization Scheme did not receive the requisite approval, under the Takeovers Code, PCCW is not allowed to announce another privatization scheme within one year of the lapse of the Privatization Scheme. SUNDAY believes that PCCW's current proposal to purchase substantially all the businesses and assets of SUNDAY, followed by a withdrawal of the listing of SUNDAY's shares on the SEHK, a distribution of all the proceeds to SUNDAY's shareholders and the subsequent liquidation of SUNDAY is a better alternative for creating shareholder value than for SUNDAY to continue to operate as a stand alone provider of wholesale capacity to PCCW.

Pursuant to an offer letter dated September 25, 2006 from PCCW to SUNDAY, PCCW offered to acquire, either by itself or through any of its subsidiaries, the entire issued share capital of one of SUNDAY's subsidiaries, SUNDAY Holdings (Hong Kong) Corporation, which, at the time of purchase, would own substantially all the operating businesses and assets of SUNDAY (the "**Sale**").

The Sale requires the prior approval of the board of directors of SUNDAY. Furthermore, pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), the Sale would constitute a connected transaction and a very substantial disposal for SUNDAY. Accordingly, the Sale is, therefore, subject to approval by the independent shareholders of SUNDAY (being in this context all shareholders other than PCCW Mobile and its associates (as defined in the Listing Rules) (the "**Independent Shareholders**") (by way of poll) representing a simple majority of the SUNDAY's shares held by the Independent Shareholders attending and voting at the EGM (as defined below) in respect of the resolution relating to the Sale. In view of the strategic importance of the decision whether or not to accept PCCW's offer (the "**Offer**"), the board of directors of SUNDAY wishes to ascertain the views of the Independent Shareholders before deciding whether or not to accept the Offer. Accordingly, SUNDAY has requested that PCCW leave the Offer open for acceptance up to December 31, 2006 and to undertake to SUNDAY not to withdraw or vary the terms of the Offer prior to that date. On September 27, 2006, PCCW agreed to SUNDAY's request. In addition, pursuant to the Listing Rules, an independent committee of the board of directors of SUNDAY, comprising all of SUNDAY's independent non-executive directors, has been established to advise the Independent Shareholders in connection with the acceptance of the Offer and the Sale so far as the Independent Shareholders are concerned, and ING Bank N.V. ("**ING**") has been appointed as an independent financial adviser to advise the independent committee of the board of directors of SUNDAY and the Independent Shareholders in connection with the Offer and the Sale. The aggregate consideration for the Sale is HK\$1,943,500,000, equal to HK\$0.65 per share, to be settled partly in cash as to HK\$401,500,000 and partly by the assignment of a promissory note in the principal amount of HK\$1,542,000,000 to be issued by PCCW. The offer letter acknowledges that Mandarin Communications Limited ("**Mandarin**"), one of SUNDAY Holdings (Hong Kong) Corporation's subsidiaries, would be sold subject to an aggregate amount of indebtedness owed by Mandarin to PCCW and its subsidiaries (the "**PCCW Group**") on the completion of the proposed Sale. As of June 30, 2006, the aggregate amount of such indebtedness was approximately HK\$1,403,780,000 and would be increased by any additional advances made by the PCCW Group to Mandarin after June 30, 2006 and prior to the completion of the proposed Sale.

If the Offer is accepted and the Sale is completed, the board of directors of SUNDAY considers that it would be in the best interests of the shareholders of SUNDAY to return substantially all of those sale proceeds to those shareholders and allow the shareholders of SUNDAY to make their own individual decisions as to how those sale proceeds should be invested. Accordingly, if the Offer is accepted by SUNDAY and subject to the fulfillment of the conditions for the Distribution described below, the board of directors of SUNDAY proposes to declare a distribution of HK\$1,943,500,000, being all of the proceeds of the Sale, to its shareholders, with the promissory note being distributed to PCCW Mobile and the cash being distributed to the Independent Shareholders (the "**Distribution**"). SUNDAY wishes to distribute all proceeds from the Sale to its shareholders. This will not be permitted in the Cayman Islands without recourse to the courts in the Cayman Islands pursuant to the Companies Law, but will be permitted in the British Virgin Islands under the British Virgin Islands Business Companies Act, 2004 (as

amended from time to time) (the "**BC Act**"). SUNDAY wishes to enable the distribution of the proceeds of the Sale to its shareholders as quickly as possible and with the greatest amount of certainty that can be achieved. Therefore, SUNDAY intends to deregister in the Cayman Islands and continue as a company in the British Virgin Islands, but without prejudice to the rights, powers, authorities, functions and liabilities or obligations of SUNDAY or any other person. In order to deregister in the Cayman Islands and continue as a company in the British Virgin Islands with a new memorandum and articles of association, under SUNDAY's existing articles of association and under the Companies Law, SUNDAY is required to obtain the approval of not less than 75% of the votes cast by all the shareholders of SUNDAY as, being entitled to do so, vote in person or by proxy at the EGM (as defined below). Therefore, the Distribution is subject to the approval of not less than 75% of the votes cast by all the shareholders of SUNDAY as, being entitled to do so, vote in person or by proxy at the EGM (as defined below) in respect of the resolution relating to the Distribution. PCCW Mobile has confirmed that it will vote in favor of the relevant resolution in relation to the Distribution at the EGM.

The board of directors of SUNDAY is also proposing that, in conjunction with and as a condition precedent to, the Distribution, the Independent Shareholders consider approving a voluntary withdrawal of the listing of SUNDAY's shares on the SEHK (the "**Withdrawal**"). As required by the Listing Rules, the Withdrawal is subject to the approval of Independent Shareholders (by way of poll) representing at least 75% of the votes attaching to the SUNDAY Shares held by Independent Shareholders voting either in person or by proxy at the EGM (as defined below) in respect of the resolution relating to the Withdrawal, provided that the number of votes cast against the resolution for the Withdrawal at the EGM (as defined below) is not more than 10% of the votes attaching to the SUNDAY Shares held by Independent Shareholders permitted to vote in person or by proxy at the EGM (as defined below) in respect of the resolution relating to the Withdrawal. The independent committee of the board of directors of SUNDAY will advise the Independent Shareholders in connection with the Withdrawal proposal. ING will also advise the independent committee of the board of directors of SUNDAY and the Independent Shareholders whether the Withdrawal proposal is fair and reasonable so far as the Independent Shareholders are concerned. In considering whether the Withdrawal proposal is fair and reasonable so far as the Independent Shareholders are concerned, the independent committee of the board of directors of SUNDAY and ING will take into account the amount of the Distribution, which is intended to serve as a reasonable cash alternative under the applicable rules governing the voluntary withdrawal of a listing on the SEHK (which require a reasonable cash alternative or other reasonable alternative to be provided). The Withdrawal proposal also requires Independent Shareholders' approval as described below. If approved by the Independent Shareholders, the Withdrawal would occur before the Distribution is actually paid to the shareholders.

After the passing of the relevant resolution at the EGM in respect of the Distribution and upon the withdrawal of listing of SUNDAY's shares from the SEHK becoming effective, SUNDAY will make an application to the Registrar of Companies in the Cayman Islands (the "**Cayman Registrar**") to have SUNDAY de-registered from the Cayman Islands and to the Registrar of Corporate Affairs in the British Virgin Islands ("**BVI Registrar**") for the

registration of SUNDAY as a British Virgin Islands business company in the British Virgin Islands. The Cayman Registrar is obliged to de-register SUNDAY if the requirements of the Companies Law have been complied with. SUNDAY will file an application for continuance in the British Virgin Islands with the BVI Registrar together with, inter alia, the new memorandum and articles of association. Upon registration by the BVI Registrar of the continuance and the adoption by SUNDAY of the new memorandum and articles of association, the BVI Registrar will issue a certificate of continuance and SUNDAY will become a company to which the BC Act and any other laws in the British Virgin Islands apply as if SUNDAY had been incorporated in the British Virgin Islands on the date of the registration of the continuance. Upon approval by the Cayman Registrar of the application for de-registration, the Cayman Registrar will issue a certificate of de-registration.

Section 227(1) of the Companies Law provides that from the commencement date of the de-registration of a company, SUNDAY shall (1) cease to be a company for all purposes under the Companies Law; and (2) continue as a company under the laws of the jurisdiction in which its continuance has been registered provided that it will not operate to create a new legal entity in the relevant jurisdiction.

Section 183 of the BC Act provides that the continuation of a foreign company does not affect the continuity of the company as a legal entity.

If the Distribution is made and the Withdrawal occurs, the ADSs will be delisted from the NASDAQ Global Market. Subsequently, SUNDAY will be liquidated and dissolved and its shares deregistered under the Exchange Act.

Pursuant to the requirements of the Listing Rules, SUNDAY will send to its shareholders a document (the "**Circular**") in connection with the Offer, the Sale, the Distribution and the Withdrawal proposal containing, among other things, further details of the Offer, the Sale, the Distribution and the Withdrawal proposal, the expected timetable, the recommendations of an independent committee of the board of directors of SUNDAY in respect of the Offer, the Sale and the Withdrawal proposal, a letter of advice from ING in relation to the Offer, the Sale and the Withdrawal proposal, and notice of the extraordinary general meeting at which Independent Shareholders will vote on the Sale and the Withdrawal proposal and all shareholders of SUNDAY will vote on the Distribution in the manner described below (the "**EGM**"). The Circular is expected to be dispatched around November 7, 2006 and the EGM to be held in November 2006.

Consummation of the Sale is subject to the following conditions:

- implementation of an internal group reorganization, on completion of which SUNDAY Holdings (Hong Kong) Corporation would own substantially all the operating businesses and assets of SUNDAY;
- approval of the Sale by a resolution of the Independent Shareholders, passed at the EGM to be convened by a simple majority of the shares held by those Independent Shareholders attending and voting at the EGM in accordance with the Listing Rules; and

- the Sale not being subject to any approvals under the Listing Rules other than the approval of the Independent Shareholders specified above.

Acceptance of the Offer and completion of the Sale will not be conditional on the Distribution being approved by the shareholders or the Withdrawal proposal being approved by the Independent Shareholders.

Consummation of the Withdrawal proposal is subject to the following conditions:

- approval of the Withdrawal proposal (by way of poll) by Independent Shareholders representing at least 75% of the votes attaching to the shares of the Independent Shareholders voting either in person or by proxy at the EGM in respect of the resolution relating to the Withdrawal proposal; *provided* that the number of votes cast against the resolution for the Withdrawal proposal at the EGM is not more than 10% of the votes attaching to the shares held by Independent Shareholders permitted to vote in person or by proxy at the EGM in respect of the resolution relating to the Withdrawal proposal in accordance with the Listing Rules; and
- the resolution approving the Sale having been passed at the EGM.

Consummation of the Distribution is subject to the following conditions:

- acceptance of the Offer and completion of the Sale having occurred;
- the conditions of the Withdrawal proposal having been fulfilled and the listing of SUNDAY's shares having been withdrawn from the SEHK; and
- the Distribution having been approved at the EGM by a special resolution of shareholders, being a resolution passed by not less than 75% of the votes cast by such shareholders as, being entitled to do so, vote in person or by proxy at the EGM, such resolution including a resolution whereby SUNDAY is deregistered in the Cayman Islands and continued as a company in the British Virgin Islands under the British Virgin Islands Business Companies Act.

Assuming the requisite Independent Shareholders' approval for the Sale is obtained, the Offer will be accepted immediately following the EGM, and PCCW and SUNDAY would then enter into the definitive transaction documents setting out the detailed terms and timetable for completion of the Sale. The respective forms of the definitive transaction documents would be described in the Circular convening the EGM. Assuming that the conditions of the Withdrawal proposal and the Distribution have been each fulfilled, the Withdrawal and the Distribution would be made at substantially the same time, the Distribution occurring not more than 14 days after the Withdrawal. It is expected that the quotation of the SUNDAY ADSs on the Nasdaq Global Market will be withdrawn and that the SUNDAY ordinary shares will be liquidated and deregistered under the Exchange Act pursuant to Section 12(g)(4) of the Exchange Act. All the steps from the Sale to the liquidation and deregistration of SUNDAY are referred to as the "**Proposed Sale, Withdrawal and Distribution Transaction**".

III. Discussion of Issues

A. Definition of Rule 13e-3 Transaction

Rule 13e-3 under the Exchange Act requires, among other things, that an issuer or affiliate engaging in a Rule 13e-3 transaction file with the Commission (i) a Schedule 13E-3, including all exhibits, (ii) amendments to the Schedule 13E-3 reporting promptly any material changes in the information set forth in the schedule previously filed and (iii) a final amendment to Schedule 13E-3 reporting promptly the results of the Rule 13e-3 transaction.

Rule 13e-3(a)(3) defines a "Rule 13e-3 transaction" to include (A) a purchase of any equity security by the issuer of such security or by an affiliate of such issuer; (B) a tender offer for any equity security made by the issuer of such security or by an affiliate of such issuer; or (C) a solicitation subject to Regulation 14A under the Exchange Act of any proxy of, or a distribution subject to Regulation 14C under the Exchange Act of information statements to, any equity security holder by the issuer of such security or by an affiliate of such issuer, in connection with a merger, consolidation or similar transaction.

As described above, the liquidation of SUNDAY is proposed to be consummated through the Acquisition, the Tender Offer and the Proposed Sale, Withdrawal and Distribution Transaction.

The Acquisition was not subject to the provisions of Rule 13e-3 because, among other reasons, neither PCCW nor PCCW Mobile was an affiliate of SUNDAY prior to the consummation of the Acquisition.

As a result of the Acquisition, PCCW and PCCW Mobile were affiliates of SUNDAY at the time the Tender Offer commenced. The Tender Offer was exempt from the provisions of Rule 13e-3 pursuant to Rule 13e-3(g)(6), which provides exemptions for certain "cross-border" transactions. Rule 13e-3(g)(6) provides that Rule 13e-3 shall not apply to any tender offer or business combination made in compliance with Rule 802 ("**Rule 802**") under the Securities Act of 1933, as amended (the "**Securities Act**"), or Rules 13e-4(h)(8) ("**Rule 13e-4(h)(8)**") or 14d-1(c) ("**Rule 14d-1(c)**") under the Exchange Act.

Rule 802 provides an exemption from the registration requirements of Section 5 of the Securities Act for any exchange offer for the securities of a foreign private issuer, or an exchange of securities for the securities of a foreign private issuer in any business combination, if (i) U.S. ownership of the target company is 10 percent or less of the securities that are the subject of the exchange offer or business combination (excluding from such calculation greater-than-10 percent U.S. and non-U.S. shareholders), (ii) the issuer permits U.S. holders to participate in the exchange offer or business combination on terms at least as favorable as those offered any other holder of the subject securities, subject to certain exceptions, (iii) the issuer meets certain information requirements with respect to the offer and (iv) any informational document published or disseminated to U.S. holders contains a specific legend.

Similarly, Rules 13e-4(h)(8) and 14d-1(c) provide an exemption from Rules 13e-4 and 14d-1 under the Exchange Act, as applicable, for any tender offer for the securities of a foreign private issuer if (i) U.S. holders hold 10 percent or less of the class of securities sought in the offer (excluding greater-than-10 percent U.S. and non-U.S. shareholders), (ii) the issuer permits U.S. holders to participate in the offer on terms at least as favorable as those offered any other holder of the same class of securities that is subject to the tender offer, subject to certain exceptions, (iii) the issuer meets certain information requirements with respect to the offer and (iv) the issuer of the securities that are the subject of the tender offer is not an investment company registered or required to be registered under the Investment Company Act of 1940.

Because SUNDAY determined, pursuant to Instruction 2 to paragraphs (c) and (d) of Rule 14d-1 under the Exchange Act, that U.S. holders held less than 10 percent of the outstanding SUNDAY shares (excluding greater-than-10 percent U.S. and non-U.S. shareholders) as of June 8, 2005, the date 30 days prior to the commencement of the Tender Offer, and the other requirements of Rule 14d-1(c) as described in the preceding paragraph were complied with, the Tender Offer was exempt from the requirements of Rule 13e-3 pursuant to Rule 14d-1(c).

In addition, the Commission granted a no action letter to PCCW and SUNDAY on November 7, 2005 for an earlier attempt to privatize SUNDAY, the Privatization Scheme, because, although it was not exempt under 13e-3(g)(6), U.S. holders held 10 percent or less of the class of securities sought in the offer as of June 8, 2005 (excluding greater-than-10 percent U.S. and non-U.S. shareholders) and PCCW and SUNDAY agreed to comply, to the extent applicable, with the conditions of Rule 802, Rule 13e-4(h)(8) and Rule 14d-1(c). In connection with the Privatization Scheme, PCCW and SUNDAY complied, to the extent applicable, with the conditions of Rule 802, Rule 13e-4(h)(8) and Rule 14d-1(c).

Because (i) the Proposed Sale, Withdrawal and Distribution Transaction does not constitute a tender offer and (ii) the solicitation of proxies by SUNDAY and PCCW in connection with the Proposed Sale, Withdrawal and Distribution Transaction is not subject to Regulation 14A because SUNDAY is a foreign private issuer, neither clause (B) nor clause (C) of the definition of a Rule 13e-3 transaction would apply to the Proposed Sale, Withdrawal and Distribution Transaction. However, our understanding is that the Commission would consider the Proposed Sale, Withdrawal and Distribution Transaction as a "purchase of equity securities" under clause (A) of the definition of a Rule 13e-3 transaction (*see, e.g.,* Equant N.V., SEC No-Action Letter (April 18, 2005) (stating that Exchange Act Release No. 16075 (August 9, 1979) suggested that an asset sale followed by a liquidating distribution to the shareholders of the seller is a Rule 13e-3 transaction)). Because we understand that the Commission would view the Proposed Sale, Withdrawal and Distribution Transaction as a "purchase of equity securities" and the Proposed Sale, Withdrawal and Distribution Transaction is expected to result in the withdrawal of the SUNDAY ADSs from quotation on the NASDAQ Global Market and the liquidation of SUNDAY shares, absent the requested relief, the Proposed Sale, Withdrawal and Distribution Transaction would seem to be subject to the provisions of Rule 13e-3.

B. Request for No Action Relief from Rule 13e-3

PCCW and SUNDAY are requesting that the Staff confirm that it will not take action if they do not comply with the requirements of Rule 13e-3 in connection with the Proposed Sale, Withdrawal and Distribution Transaction based on the cross-border exemptions pursuant to Rule 13e-3(g)(6) applicable to transactions similar to the Proposed Sale, Withdrawal and Distribution Transaction. Rule 13e-3(g)(6) would not, on its face, be available for a transaction, such as the Proposed Sale, Withdrawal and Distribution Transaction, which meets the other requirements of the exemption but is structured neither as a tender offer (which could be exempt under Rule 13e-4(h)(8) or Rule 14d-1(c) regardless of the form of consideration used), nor as a statutory merger or other form of business combination for consideration including securities (which could be exempt under Rule 802). PCCW and SUNDAY are applying for such no action relief subject to the conditions that (i) U.S. holders of SUNDAY shares hold no more than 10 percent of SUNDAY's outstanding shares (as determined pursuant to Rule 800(h) under the Securities Act, Instruction 2 to paragraph (h)(8) and paragraph (i) of Rule 13e-4 under the Exchange Act and Instruction 2 to paragraphs (c) and (d) of Rule 14d-1 under the Exchange Act) and (ii) PCCW and SUNDAY otherwise comply, to the extent applicable, with the conditions set forth in such Rules.¹

If the Staff grants no action relief to PCCW and SUNDAY from complying with the provisions of Rule 13e-3, PCCW and SUNDAY will comply, to the extent applicable, with the conditions of Rules 802, 13e-4(h)(8) and 14d-1(c) as if such Rules applied to the Proposed Sale, Withdrawal and Distribution Transaction. In particular, as discussed in more detail in Section IV below, U.S. holders of SUNDAY's shares hold no more than 10 percent of such shares (as determined pursuant to Rule 800(h) under the Securities Act, Instruction 2 to paragraph (h)(8) and paragraph (i) of Rule 13e-4 under the Exchange Act and Instruction 2 to paragraphs (c) and (d) of Rule 14d-1 under the Exchange Act). In addition, PCCW and SUNDAY will:

- permit U.S. shareholders to participate in the Proposed Sale, Withdrawal and Distribution Transaction, including the Distribution, on terms at least as favorable as those offered to other shareholders;
- disseminate the Circular to U.S. shareholders, including any amendments thereto, in English, on a comparable basis to that provided to shareholders in Hong Kong; and
- furnish the Circular, including any amendments thereto, in English, to the Commission on Form CB and Form 6-K by the first business day after dissemination.

Assuming these conditions are met, we believe that the structure of the Proposed Sale, Withdrawal and Distribution Transaction, in particular its structure as a sale of assets followed by a withdrawal of the listing of

¹ We note that the Staff has previously granted such relief in similar situations. Please see Equant N.V., SEC No-Action Letter (April 18, 2005) and PCCW Limited, SEC No-Action Letter (November 7, 2005).

SUNDAY's shares on the SEHK, a distribution to the shareholders of SUNDAY and the liquidation of SUNDAY, should not disqualify it for the availability of cross-border relief from Rule 13e-3. The earlier two steps, the Acquisition and the Tender Offer, which allowed PCCW Mobile to obtain approximately 79.35% of the issued SUNDAY shares, did not subject PCCW or SUNDAY to the requirements of Rule 13e-3. The earlier attempt to privatize, the Privatization Scheme, was granted no action relief from compliance with Rule 13e-3. Furthermore, other than periodic and beneficial ownership reporting requirements under the Exchange Act, the Proposed Sale, Withdrawal and Distribution Transaction does not otherwise implicate dissemination and disclosure requirements under U.S. law. Moreover, this set of circumstances may not have been contemplated by the Commission at the time it proposed and adopted the cross-border tender offer and business combination rules.

We further submit that the Proposed Sale, Withdrawal and Distribution Transaction does not present the concerns that Rule 13e-3 seeks to address, namely overreaching by the issuer or its affiliates and the coercive effect of going-private transactions not subject to meaningful regulatory protections. The Proposed Sale, Withdrawal and Distribution Transaction would result in the Independent Shareholders of SUNDAY receiving HK\$0.65 per share in cash, the same price as paid in the Acquisition and in the Tender Offer. The Independent Shareholders also enjoy meaningful protections under the Listing Rules. U.S. and other SUNDAY shareholders will be provided with disclosure regarding the Proposed Sale, Withdrawal and Distribution Transaction that is reviewed by the SEHK and the disclosure will include the recommendation of an independent committee of the board of directors of SUNDAY and the advice of ING. Furthermore, Independent Shareholders have the right to appear, be heard and vote on the Sale and the Withdrawal proposal and, along with all the other shareholders of SUNDAY, on the Distribution at the EGM. The Sale and the Withdrawal proposal must also be approved by the Independent Shareholders and the Distribution by the shareholders of SUNDAY as described in Section II above.

We note that the Staff has previously granted no action relief from Rule 13e-3 in connection with the sale of substantially all of the assets of the issuer, followed by a liquidating distribution to the shareholders of the issuer.² The rationale for the relief granted in that no action letter was that 10 percent or less of the shareholders (excluding from such calculation greater-than-10 percent U.S. and non-U.S. shareholders) of the issuer were U.S. persons and the issuer would comply, to the extent applicable, with the conditions of Rule 802, Rule 13e-4(h)(8) and Rule 14d-1(c). PCCW and SUNDAY will meet both conditions in the Proposed Sale, Withdrawal and Distribution Transaction.

For the foregoing reasons, we believe that granting relief in the context of the Proposed Sale, Withdrawal and Distribution Transaction is consistent in all respects with the policy underlying Rules 802, 13e-4(h)(8) and 14d-1(c) and the extension of the exemptions provided by those Rules to transactions subject to Rule 13e-3 and, assuming compliance with the other conditions set forth in such Rules, would not be subject to abuse.

² Please see Equant N.V., SEC No-Action Letter (April 18, 2005).

IV. Calculation of the Percentage of SUNDAY Shares Held by U.S. Holders

In accordance with Rule 800(h), Instruction 2 to paragraph (h)(8) and paragraph (i) of Rule 13e-4 and Instruction 2 to paragraphs (c) and (d) of Rule 14d-1, SUNDAY calculated the U.S. ownership of SUNDAY as of August 31, 2006, which is expected to be the date 68 days prior to the distribution of the Circular, the first step of the Proposed Sale, Withdrawal and Distribution Transaction. Such rules require a company, in calculating U.S. ownership, to "look through" nominees in (i) the United States; (ii) the jurisdiction of incorporation of the issuer or target (in the case of SUNDAY, the Cayman Islands); and (iii) if different, the jurisdiction in which the issuer's or target's primary trading market is located (in the case of SUNDAY, Hong Kong).

As a Cayman Islands company, SUNDAY is required to maintain its principal share register in the Cayman Islands. As a company whose shares are listed on the SEHK, SUNDAY is also required to maintain a branch register in Hong Kong. Only those shares listed on the branch register in Hong Kong may be traded on the SEHK. Shares listed on the principal register in the Cayman Islands can only be issued in certificated form in the name of the relevant shareholder. Shares of SUNDAY listed on the branch register in Hong Kong can either be issued (i) in certificated form, in which case the shares are registered in the branch register in the name of the relevant shareholder; or (ii) in electronic form through the Central Clearing and Settlement System ("**CCASS**") maintained and operated by the Hong Kong Securities and Clearing Company Limited ("**HKSCC**"), in which case the shares are registered in the branch register in the name of HKSCC Nominees Limited ("**HKSCC Nominees**"). Shares registered in the name of HKSCC Nominees are credited to the account of the relevant person admitted to participate in CCASS, and transfers of shares are effected by way of book entries between such CCASS participants.

In order to assist in determining whether U.S. holders of SUNDAY's shares held no more than 10 percent of such shares (excluding greater-than-10 percent U.S. and non-U.S. shareholders), SUNDAY hired The Thomson Corporation Hong Kong Limited ("**Thomson**") to conduct a share investigation. Thomson conducts share investigations in the United States and abroad in a wide range of circumstances and is experienced in such investigations. Thomson has informed SUNDAY that in conducting its investigation it followed the procedures set forth below, based on the instructions provided by SUNDAY prior to the commencement of the investigation.

To identify U.S. holders of SUNDAY shares, Thomson reviewed SUNDAY's shareholders' registers and the list of holders provided by CCASS. Because the CCASS list of holders includes first-level intermediaries who hold securities on behalf of others, many of whom are often themselves nominee holders for other beneficial owners, Thomson conducted a "look-through" analysis to determine the beneficial ownership of SUNDAY shares held by the nominee holders included on the CCASS list. Thomson conducted the "look-through" analysis by mailing informational requests to its contacts at the financial intermediaries between August 31, 2006 and September 25, 2006. Based on its own database, at the same time it sent out information to the

first-level nominees identified in the CCASS list, Thomson also sent informational requests to second-level nominees who Thomson understands often have their shares held by the first-level nominees identified in the CCASS list. Thomson then began following up with phone calls to financial intermediaries that did not respond to the informational requests or whose responses required clarification. Based on the information provided by the depositary for SUNDAY's America Depositary Receipts, SUNDAY determined that 2.3% of SUNDAY's shares (excluding from such calculation greater-than-10 percent U.S. and non-U.S. shareholders) were held in the form of American Depositary Receipts as of August 31, 2006. Based on the results of Thomson's investigation, less than 0.1% (excluding from such calculation greater-than-10 percent U.S. and non-U.S. shareholders) of SUNDAY's shares were held directly by U.S. holders. Thomson could not determine the identity of the holders of 12.1% of SUNDAY's shares (excluding from such calculation greater-than-10 percent U.S. and non-U.S. shareholders). For the purposes of calculating U.S. ownership in accordance with Rule 800(h), Instruction 2 to paragraph (h)(8) and paragraph (i) of Rule 13e-4 and Instruction 2 to paragraphs (c) and (d) of Rule 14d-1, SUNDAY assumed that all of the American Depositary Receipts were held by U.S. holders, and with respect to the 12% of the shares (excluding from such calculation greater-than-10 percent U.S. and non-U.S. shareholders) for which ownership could not be determined, SUNDAY assumed that the proportion held by U.S. holders was the same (2.3%) as for those shares for which Thomson was able to determine ownership. As a result, SUNDAY determined that as of August 31, 2006, U.S. holders held approximately 2.6% of SUNDAY's shares (excluding from such calculation greater-than-10 percent U.S. and non-U.S. shareholders), significantly less than ten percent limit that determines for the cross-border exemptions set out in Rule 13e-3(g)(6).

PCCW and SUNDAY believe that it is appropriate to rely on the calculation of U.S. ownership of SUNDAY shares made as of August 31, 2006 for the purposes of their present request for no action relief from the requirements of Rule 13e-3 for the Proposed Sale, Withdrawal and Distribution Transaction. Rule 802 requires that the calculation be made as of 30 days before the commencement of an exchange offer or the solicitation for a business combination. Rule 13e-4(h)(8) and Rule 14d-1(c) require that the calculation be made as of 30 days before the commencement of the tender offer, which is the date when the bidder has first published, sent or given the means to tender to security holders. In all three cases, the calculation is made as of 30 days before the date when a decision regarding the transaction can be made. By analogy, in the present case, the event that determines when the calculation should be made would be the distribution of the Circular, which will contain the proxy that allows the shareholders to vote on the Sale, the Distribution and the Withdrawal proposal.

SUNDAY chose August 31, 2006 as the reference date for the share ownership calculation. This reference date for calculating the share ownership is expected to be 68 days before the Circular is distributed, which is greater than the 30 day period required under Rule 800(h), Instruction 2 to paragraph (h)(8) and paragraph (i) of Rule 13e-4 and Instruction 2 to paragraphs (c) and (d) of Rule 14d-1. SUNDAY chose this reference date based on several factors. Thomson advised SUNDAY that the reference date for the share ownership calculation should be the final day of a month,

because the greater logistical difficulties involved in using a reference date other than month-end would be likely to produce a significantly lower response rate among intermediaries and nominee holders, which could materially and adversely affect the accuracy of the calculation. SUNDAY wished to determine whether more than 10 percent of its shares (excluding from such calculation greater-than-10 percent U.S. and non-U.S. shareholders) were held by U.S. holders before making the announcement of the Proposed Sale, Withdrawal and Distribution Transaction (the "**Announcement**") since this determination could indicate whether the Proposed Sale, Withdrawal and Distribution Transaction would be required to comply with Section 13e-3 (which could have a significant impact on the time needed to prepare and clear the Circular), and, under the Listing Rules, the making of the Announcement would trigger a deadline for the distribution of the Circular. The Listing Rules require that the Circular be sent to SUNDAY's shareholders and the SEHK and published within 21 days after the Announcement is made (unless this 21-day period is extended at the discretion of the SEHK). Thomson informed SUNDAY that it requires at least three weeks to make the necessary investigations and inquiries of brokers and other nominee holders in the relevant jurisdictions. In addition, given the complexity of the proposed transactions, SUNDAY anticipated that the process of clearing with the SEHK the disclosure documents relating to the Proposed Sale, Withdrawal and Distribution Transaction, including the Announcement and the Circular, could require a significant amount of time. In light of these factors, SUNDAY believed that a later reference date, such as September 30, 2006, might not allow sufficient time to ensure proper calculation of U.S. ownership (pursuant to Rule 800(h), Instruction 2 to paragraph (h)(8) and paragraph (i) of Rule 13e-4 and Instruction 2 to paragraphs (c) and (d) of Rule 14d-1) prior to the Announcement (which was made on October 4, 2006). Consequently, SUNDAY believes August 31, 2006 to be the nearest practicable date upon which to base the share ownership calculation for purposes of the Proposed Sale, Withdrawal and Distribution Transaction. This reference date for calculating the share ownership is expected to be 68 days before the Circular is distributed, which is greater than the 30 day period required under Rule 800(h), Instruction 2 to paragraph (h)(8) and paragraph (i) of Rule 13e-4 and Instruction 2 to paragraphs (c) and (d) of Rule 14d-1. We note that the Staff has previously granted no action relief from Rule 13e-3 in connection with a proxy solicitation in which the calculation of U.S. ownership was made as of 52 days before the date of the distribution of the proxy materials.³ In addition, SUNDAY has no reason to believe that U.S. ownership of its shares would have been materially different if the reference date for the calculation were the 30th day prior to the distribution of the Circular. Accordingly, PCCW and SUNDAY believe the calculation made as of the August 31, 2006 reference date remains relevant, and may be appropriately relied upon, for the determination of U.S. ownership in the context of the Proposed Sale, Withdrawal and Distribution Transaction.

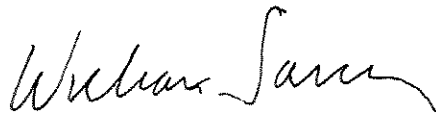
³ Please see Equant N.V., SEC No-Action Letter (April 18, 2005).

V. Conclusion

For the reasons set forth above, to the extent that the requirements of Rule 13e-3 apply to the Proposed Sale, Withdrawal and Distribution Transaction, PCCW and SUNDAY respectfully request that the Staff grant no action relief from such requirements if PCCW and SUNDAY comply with the conditions set forth in the relevant rules as described above.

Should you have any questions relating to this no action request, please do not hesitate to contact the undersigned at (852) 2533-3303.

Very truly yours,



William F. Barron

cc: Paul M. Dudek,
Securities and Exchange Commission

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