

**SUNDAY COMMUNICATIONS LTD :
THIS COMPANY IS FINANCIALLY SICK**

With Net Liabilities of about \$HK708.80 million, as at September 30, 1999, with Provisions for Doubtful Debts, hitting a record level of about \$HK40.51 million, as at September 30, 1999, with Total Indebtedness, standing at about \$HK1.93 billion, as at January 31, 2000, and having never come close to making a profit, Sunday Communications Ltd is trying to raise about \$HK2.35 billion in a Placing and New Issue of its shares.

And, probably, the market price of the shares of this new listing will go through the roof -- even though there appears to be no logic to pitching the 690 million shares at an Issue Price of \$HK3.78 per share.

TARGET differentiates between the fundamental strength of this Company and the perception that investors may have about this Company.

Sunday needs money to keep going, without question: This Company is tapping the investment market because it has to tap it, not that it may want to tap it.

Sunday is one of the smallest of mobile telecommunications providers in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), having about 252,000 subscribers, which represents about 7.60 percent of the total market for its cellular services in the 416 square miles that make up the HKSAR.

The Company has about the same level of subscribers as 2 other small operators in the HKSAR.

The mobile telephone market in the HKSAR is, presently, dominated by Cable and Wireless HKT Ltd, Hutchison Telecommunications (Hongkong) Ltd, and SmarTone Telecommunications Holdings Ltd.

These 3 providers have an undisputed stranglehold on the HKSAR telecommunications market, sharing, between them, about 80 percent.

Sunday, therefore, has an uphill battle if it wants to try to compete with the big guns of the HKSAR.

TARGET does not think that it can compete, at least, not successfully, and, certainly, not for any appreciable time period.

The stiff competition in this industry has vast sums of money behind them -- and Sunday has very little money -- that is the reason that it is tapping the capital marketplace.

Hence, the flotation.

Use Of The Proceeds

According to the Prospectus of Sunday, the Net Proceeds of this cash-raising exercise, amounting to about \$HK2.17 billion, will be used as follows:

1. \$HK900 million for capital expenditure;
2. \$HK461 million to repay certain Noteholders; and,
3. \$HK810 million to be used a Working Capital.

Sunday will have, after the completion of this flotation, as its substantial shareholders, the following companies:

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| 1. China Travel Service (Holdings) Hongkong Ltd | 3.70 percent |
| 2. The Hongkong Parkview Group Ltd | 3.70 percent |

3. Lai Sun Development Company Ltd	11.20 percent
4. USI Holdings Ltd	11.20 percent
5. Distacom Communications Ltd	44.80 percent

Since these shareholders have been suffering since the inception of Sunday, back in 1997, there can be no question that they are delighted to see Sunday as a publicly listed company since this will afford them an opportunity to take their money and run.

Lai Sun, especially, is known to be very heavily in debt, having recently unloaded The Furama Hotel in Central to an investment arm of the Singapore Government.

The Hongkong Parkview Group suffered a \$HK485-million loss in 1999, while China Travel Service, a subsidiary of publicly listed China Travel International Investment Hongkong Ltd, helped to lose about \$HK411 million in the 1998 Financial Year.

As for USI, it suffered a \$HK78-million loss in the 1998 Financial Year.

It stands to reason that the above-mentioned 4 companies, all publicly listed, will take the first opportunity to get out of Sunday in order to shore up liquidity ... [CLICK TO ORDER FULL ARTICLE](#)