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SUN TELEVISION CYBERNETWORKS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

ISSUE OF UP TO US\$26,000,000 UNLISTED REDEEMABLE CONVERTIBLE BONDS

On 6 June 2002, the Company and the Subscriber entered into the Subscription Agreement.

Under the Subscription Agreement (i) the Company has agreed to issue and the Subscriber has agreed to purchase the Tranche 1 Bonds with an aggregate principal amount of not less than US\$3,000,000 and not more than US\$6,000,000 (equivalent to approximately HK\$23,400,000 and HK\$46,800,000) and (ii) the Company granted the Subscriber an option during a limited period after the conversion of the last Tranche 1 Bonds, to subscribe and pay for the Tranche 2 Bonds in the principal amount of up to US\$20,000,000 (equivalent to approximately HK\$156,000,000) on substantially the same terms as in the Tranche 1 Bonds and a further option during a limited period after the conversion of the last Tranche 2 Bonds, to subscribe and pay for the Tranche 3 Bonds of up to such amount that when combined with Tranche 2 Bonds does not exceed US\$20,000,000. The Bonds does not bear any interest.

The Tranche 1 Bonds are convertible into Shares at a conversion price equal to, at the option of the Subscriber, either (i) the Fixed Conversion Price; or (ii) the Floating Conversion Price.

Unless converted, redeemed or purchased and cancelled earlier, all outstanding Bonds will be redeemed at 100% of their principal amount on maturity.

Pursuant to the Subscription Agreement, the Company has also granted an option to the holder of the Bond, pursuant to which the holder of the Bond is entitled to subscribe for up to 2.5% of the principal amount of the Bond so held at a subscription price equal to the applicable Fixed Conversion Price. Such Option is exercisable at any time from and including the date of issue of the respective Bonds up to and including the Maturity Date.

The terms of the Subscription Agreement were negotiated on an arm's length basis and the Directors believe that they are fair and reasonable so far as the Company is concerned.

At the request of the Company, trading in the Shares was suspended on the Stock Exchange with effect from 9:30 a.m. on Thursday, 6 June 2002 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares from 9:30 a.m. on Monday, 10 June 2002.

SUBSCRIPTION AGREEMENT:

Date:

6 June 2002

Issuer:

The Company

Form of Bonds/Option for the issue of the Tranche 2 Bonds and Tranche 3 Bonds:

The convertible bonds shall be issued in up to 3 tranches with the Tranche 1 Bonds being issued on the Tranche 1 Bonds Closing Date.

The Company has granted an option to the Subscriber under the Subscription Agreement to require the Company to issue the Tranche 2 Bonds and the Tranche 3 Bonds, such option to be exercisable within 180 calendar days following and subject to the conversion of the final Tranche 1 Bonds and Tranche 2 Bonds (as the case may be) and subject to the satisfaction of certain conditions. The Tranche 2 Bonds and the Tranche 3 Bonds shall be issued by the Company within 30 business days after exercise by the Subscriber of such option.

The Tranche 2 Bonds shall, if issued, be for a principal amount of up to US\$20,000,000 (equivalent to approximately HK\$156,000,000) and be on substantially the same terms as the Tranche 1 Bonds set out below save that, among other things, the Fixed Conversion Price for the Tranche 2 Bonds shall be determined by reference to the closing prices of the Shares immediately prior to the issue of the exercise notice by the Subscriber to acquire the Tranche 2 Bonds. The Tranche 3 Bonds shall, if issued, be for a principal amount that when combined with Tranche 2 Bonds does not exceed US\$20,000,000 and be on substantially the same terms as the Tranche 1 Bonds save that, among other things, the Fixed Conversion Price for Tranche 3 Bonds shall be determined by reference to the closing prices of the Shares immediately prior to the issue of the exercise notice by the Subscriber to acquire the Tranche 3 Bonds.

Subscriber of the Tranche 1 Bonds:

The Subscriber

Principal amount of Tranche 1 Bonds:

Between, at the discretion of the Subscriber, US\$3,000,000 to US\$6,000,000, payable in cash by the Subscriber on the Tranche 1 Bonds Closing Date.

Tranche 1 Bonds Closing Date:

Within 30 business days of the execution of the Subscription Agreement, subject to the satisfaction of the conditions set out below.

Principal terms of the Bonds:**Interest:**

The Bonds does not bear any interest.

Transferability:

The Subscriber may assign or transfer any of the Bonds to any third party. Any such assignment or transfer may also be subject to the prior approval of the Stock Exchange (if so required).

The Company and its Directors undertake to the Stock Exchange that they will inform the Stock Exchange of any dealings by any connected persons (as defined under the Listing Rules) of the Company or their respective associates (as defined under the Listing Rules) in respect of the Tranche 1 Bonds (or the Tranche 2 Bonds or the Tranche 3 Bonds, if issued) from time to time immediately upon the Company becoming aware of any such dealings.

Conversion Price:

At the option of the Subscriber, either (a) in respect of the Tranche 1 Bonds, at the Fixed Conversion Price which is the lower of (i) HK\$0.15 and (ii) 120% of the average closing price per Share for between 10 to 30 consecutive trading days immediately following the signing of the Subscription Agreement; in respect of the Tranche 2 Bonds, at the Fixed Conversion Price which is the lower of (i) the last actual conversion price of the Tranche 1 Bonds prior to the issue of Tranche 2 Bonds and (ii) 120% of the average of the closing prices of the Shares for between 10 to 30 consecutive trading days as selected by the bondholder immediately preceding the date of issue of the notice to subscribe for Tranche 2 Bonds; in respect of the Tranche 3 Bonds, at the Fixed Conversion Price which is the lower (i) the last actual conversion price of the Tranche 2 Bonds prior to issue of Tranche 3 Bonds and (ii) 120% of the average of the closing prices of the Shares for between 10 to 30 consecutive trading days as selected by the bondholder immediately preceding the date of issue of the notice to subscribe for Tranche 3 Bonds; subject to adjustment as set out in the Subscription Agreement; or (b) at the Floating Conversion Price which is 93% of the average of any 5 consecutive closing prices per Share as selected by the Subscriber during the 30 trading days immediately prior to conversion.

Conversion Period:

1. If the Fixed Conversion Price is used to determine the number of Shares to be issued on conversion, Bonds may be converted at any time from and including:
 - (i) the Tranche 1 Bonds Closing Date up to the close of business on the day falling one week prior to the Maturity Date in respect of the Tranche 1 Bonds; and
 - (ii) the Tranche 2 Bonds Closing Date up to the close of business on the day falling one week prior to the Maturity Date in respect of the Tranche 2 Bonds; or
 - (iii) the Tranche 3 Bonds Closing Date up to the close of business on the day falling one week prior to the Maturity Date in respect of the Tranche 3 Bonds.

2. If the Floating Conversion Price is used to determine the number of Shares to be issued on conversion, Bonds may be converted at any time from and including:
- (i) the date falling 14 calendar days after the Tranche 1 Bonds Closing Date up to the close of business on the day falling one week prior to the Maturity Date in respect of the Tranche 1 Bonds; and
 - (ii) the Tranche 2 Bonds Closing Date up to the close of business on the day falling one week prior to the Maturity Date in respect of the Tranche 2 Bonds; and
 - (iii) the Tranche 3 Bonds Closing Date up to the close of business on the day falling one week prior to the Maturity Date in respect of the Tranche 3 Bonds.

Conversion Shares:

The Tranche 1 Bonds (and the Tranche 2 Bonds and the Tranche 3 Bonds, if issued) are convertible into new Shares at the option of the Subscriber at either (i) the Fixed Conversion Price, or (ii) the Floating Conversion Price, in each case at any time during the relevant conversion period (as set out above). Such Shares which fall to be issued on conversion of the Bonds shall rank pari passu in all respects with Shares in issue on the date of issue of such conversion Shares; provided that the Conversion Price shall not be less than the Downside Price.

Maturity:

The maturity date of the Bonds shall be 3 years from the date of the issue of the relevant Bonds. On maturity, unless previously redeemed, converted or purchased and cancelled, the Tranche 1 Bonds (or the Tranche 2 Bonds or the Tranche 3 Bonds if issued) will be redeemed by the Company at 100% of their principal amount.

Conditions precedent to closing:

The conditions precedent to the closing of the subscription and issue of the Bonds include the following:–

- (i) the issue and delivery of a legal opinion of legal advisers to the Company as to Bermuda law, and a legal opinion of legal advisers to the Company as to Hong Kong law, in relation to the Subscription Agreement and the Bonds;
- (ii) the issue and delivery of a letter from the external auditors of the Company, to the Subscriber;
- (iii) the representations, warranties and undertakings given by the Company as set out in the Subscription Agreement shall be accurate and correct and performed in all respects;
- (iv) the approval of the Stock Exchange for the issue of the Shares upon the conversion of the Bonds and the exercise of the Option (as referred to below); and
- (v) the approval of the Shareholders in respect of the Tranche 2 Bonds and the Tranche 3 Bonds and the new shares to be issued upon the conversion thereof and the exercise of the addition option refer to the paragraph heading opinion below.

Early Redemption Option:

Option to holders of the Bonds: If at any time during the conversion period of the Bonds the closing price per Share is (subject to adjustment as set out in the Subscription Agreement) less than or equal to the Downside Price for 5 consecutive business days or the trading volume of the Shares is less than HK\$5,000,000 per day for 5 consecutive trading days then holders of the Bonds may (by giving not less than 5 business days' notice) require the Company to redeem any of the Bonds in cash of the amount of the Bonds.

Option:

Pursuant to the Subscription Agreement, the Company has also granted an option to the holder of the Bond, pursuant to which the holder of the Bond is entitled to subscribe for up to 2.5% of the principal amount of the Bond so held at a subscription price equal to the applicable Fixed Conversion Price. Such Option is exercisable at any time from and including the date of issue of the respective Bonds up to and including the Maturity Date.

General Mandate:

The maximum number of new Shares which may be issued upon conversion of the Tranche 1 Bonds is approximately 850,909,091 shares (assuming the conversion price is equivalent to the Downside Price), representing approximately 9.13% and approximately 8.37% of the Existing Issued Share Capital and the Enlarged Issued Share Capital respectively. Upon exercise of the Option in full (assuming the conversion price is equivalent to the Downside Price), 21,272,727 new Shares, representing approximately 0.23% and approximately 0.23% of the Existing Issued Share Capital and Enlarged Issued Share Capital respectively, will be issued by the Company. The total number of Shares which may be issued upon full conversion of the Tranche 1 Bonds and the exercise in full of the Option is 872,181,818 Shares, representing approximately 9.36% and approximately 8.56% of the Existing Issued Share Capital and the Enlarged Issued Share Capital respectively, which Shares, will be issued pursuant to the general mandate granted to the board of Directors on 18 February 2002 (the "General Mandate").

Use of Proceeds:

The net proceeds of approximately US\$3,000,000 to US\$6,000,000 (equivalent to approximately HK\$23,400,000 to HK\$46,800,000) derived from the issue of the Tranche 1 Bonds, together with the amount of HK\$585,000 to HK\$1,170,000 which would be received subject to and upon exercise of the Option (subject to adjustment as set out in the Subscription Agreement), will be used for general working capital purpose and capital expenditure of the Group in relation to the expansion of its programme production and broadcasting business including strategic acquisitions, PROVIDED THAT proceeds from the sale of the Tranche 1 Bonds (or Tranche 2 Bonds or Tranche 3 Bonds if issued) shall not be used to pay dividends to its shareholders, for the purposes of or in relation to any repayment to or reduction of the debt of a Related Party (as defined under Hong Kong Statement of Standard Accounting Practice 20) or to repurchase Shares. The Company currently has no specific plan as to the use of proceeds raised by the issue of the Tranche 1 Bonds and any exercise of the Option.

Shareholding Structure:

Sina.com is currently the single largest shareholder of the Company, holding 2,028,122,000 Shares, representing approximately 21.77% of the Existing Issued Share Capital. If the maximum possible number of Shares are issued pursuant to the conversion of the Tranche 1 Bonds and the Option is exercised in full, 872,181,818 new Shares will be issued. The shareholding interests of all the shareholders of the Company will be proportionately decreased by approximately 8.56% and the shareholding interest of Sina.com in the Company will decrease correspondingly from approximately 21.77% to approximately 19.90%.

To maintain the listing status of the Shares, the Company will procure that not less than 25% of the issued Shares, from time to time, will be held by the public.

Listing:

No application will be made for the listing of, or permission to deal in, the Bonds and the Option on the Stock Exchange or any other stock exchange. Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares to be issued upon conversion of the Tranche 1 Bonds (and the Tranche 2 Bonds or the Tranche 3 Bonds, if issued) or upon exercise of the Option.

General:

Any alterations in the terms of the Option after issue must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of the Option.

The Tranche 2 Bonds and the Tranche 3 Bond may or may not be issued. The Company will issue a further announcement as required by the Listing Rules if any of the Tranche 2 Bonds or the Tranche 3 Bonds are issued.

The terms of the Subscription Agreement were negotiated on an arm's length basis and the Directors believe that they are fair and reasonable so far as the Company is concerned.

Suspension and Resumption of Trading

At the request of the Company, trading in the Shares was suspended on the Stock Exchange with effect from 9:30 a.m. on Thursday, 6 June 2002 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares from 9:30 a.m. on Monday, 10 June 2002

Definitions:

“Bond(s)”	Tranche 1 Bonds and/or Tranche 2 Bonds and/or Tranche 3 Bonds
“Company”	Sun Television Cybernetworks Holdings Limited, a company incorporated in Bermuda with limited liability, the securities of which are listed on the Stock Exchange
“Directors”	directors of the Company

“Downside Price”	the Conversion Price shall not be less than (a) in respect of the Tranche 1 Bonds, HK\$0.055 and in respect of Tranche 2 and Tranche 3 Bonds, 40% of the average closing prices of the Shares for between 10 to 30 consecutive trading days as selected by the holders of the Bond immediately preceding the date of the issue of the notice to subscribe for the Tranche 2 Bonds or Tranche 3 Bonds (as the case may be) and (b) the par value of the Shares (currently HK\$0.02) unless permitted by law and in compliance note the Listing Rules.
“Enlarged Issued Share Capital”	the total issued ordinary share capital of the Company as enlarged by the issue of the maximum possible number of Shares upon full conversion of the Tranche 1 Bonds and exercise of the Option in full
“Equity-Linked Securities”	securities convertible into Shares excluding: (i) Shares; (ii) warrants relating to Shares; (iii) employee share options; (iv) convertible bonds or exchangeable bonds that are issued by the Company other than for cash consideration; and (v) convertible preference shares issued to shareholders of the Company without preference among the shareholders
“Existing Issued Share Capital”	the total issued ordinary share capital of the Company as at the date of this Announcement is 9,317,105,715
“Fixed Conversion Price”	the conversion price of the Bonds into the Shares which is set at is the lower of (i) HK\$0.15 or 120% of the average closing price per Share for between 10 to 30 consecutive trading days immediately following the signing of the Agreement; in respect of the Tranche 2 Bonds, at the Fixed Conversion Price which is the lower of (i) the last actual conversion price of the Tranche 1 Bonds prior to the issue of Tranche 2 Bonds and (ii) 120% of the average of the closing prices of the Shares for between 10 to 30 consecutive trading days as selected by the bondholder immediately preceding the date of issue of the notice to subscribe for Tranche 2 Bonds; in respect of the Tranche 3 Bonds, at the Fixed Conversion Price which is the lower of (i) the last actual conversion price of the Tranche 2 Bonds prior to issue of Tranche 3 Bonds and (ii) 120% of the average of the closing prices of the Shares for between 10 to 30 consecutive trading days as selected by the bondholder immediately preceding the date of issue of the notice to subscribe for Tranche 3 Bonds; subject to adjustment as set out in the Subscription Agreement
“Floating Conversion Price”	the conversion price of the Tranche 1 Bonds or, as the case may be, the Tranche 2 Bonds and the Tranche 3 Bonds into the Shares which is set at 93% of the average of any 5 consecutive closing prices per Share as selected by the Subscriber during the 30 business days immediately prior to conversion

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	third anniversary from the date of issue of the Bonds
“Option”	the option granted by the Company to the holders of the each of the Bonds to subscribe for up to 2.5% of the principal amount of the each of the Bonds pursuant to the Subscription Agreement
“Share(s)”	ordinary share(s) of HK\$0.02 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Cosmos Media Investments Limited, a wholly-owned subsidiary of FB Gemini Asset Management Limited, together with its ultimate beneficial owners, are independent third parties not connected with any of the directors, chief executives of the Company and its subsidiaries or any of their associates (as defined under the Listing Rules)
“Subscription Agreement”	the agreement dated 6 June 2002 entered into between the Company and the Subscriber relating to the subscription of the Bonds
“Tranche 1 Bonds”	convertible bonds with an aggregate principal amount of between US\$3,000,000 to US\$6,000,000 due 2005 to be issued by the Company and are purchased by the Subscriber pursuant to the Subscription Agreement
“Tranche 2 Bonds”	convertible bonds with an aggregate principal amount of up to US\$20,000,000 which are to be issued by the Company on substantially the same terms as in the Tranche 1 Bonds
“Tranche 3 Bonds”	convertible bonds with an aggregate principal amount when aggregate with the Tranche 2 Bonds does not exceed US\$20,000,000 which are to be issued by the Company on substantially the same terms as in the Tranche 1 Bonds
“Tranche 2 Bonds Closing Date”	the date on which the Tranche 2 Bonds are issued
“Tranche 3 Bonds Closing Date”	the date on which the Tranche 3 Bonds are issued

Unless otherwise specified in this announcement, US\$1.00 = HK\$7.80. No representation is made that any amounts in US\$ or HK\$ could have been or could be converted at such a rate or at any other rates or at all.

By Order of the Board
Yang Lan
Chairperson

Hong Kong, 7 June 2002

“Please also refer to the published version of this announcement in The Standard”.