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SUN MEDIA GROUP HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

COMPLETION OF SUBSCRIPTION OF US\$6,000,000 UNLISTED REDEEMABLE CONVERTIBLE BONDS AND VARIATION OF TERMS OF SUBSCRIPTION AGREEMENT DATED 6 JUNE 2002

The Board refers to the announcement of the Company dated 7 June 2002 in relation to the Subscription Agreement entered into between the Company and the Subscriber relating to the subscription of a series of convertible bonds by the Subscriber to be issued by the Company in the aggregate principal amount of up to US\$26,000,000 in up to 3 tranches. The Board is pleased to announce that the subscription of the Tranche 1 Bonds for the principal amount of US\$6,000,000 has been completed on 9 July 2002.

Pursuant to the Subscriber's request, the Company has on 9 July 2002 agreed with the Subscriber to vary certain conversion rights attached to the Tranche 1 Bonds.

In addition, the Subscriber has served notice to the Company for the conversion of the principal amount of US\$3,500,000 into Shares at the Floating Conversion Price of HK\$0.102. The 266,360,000 Shares converted represent approximately 2.86% of the existing issued share capital of the Company and approximately 2.78% of such issued share capital as enlarged by the issue of these Shares.

The Board refers to the announcement of the Company dated 7 June 2002 ("**Announcement**") in relation to the Subscription Agreement entered into between the Company and Cosmos Media Investments Limited (the "**Subscriber**") relating to the subscription of a series of convertible bonds by the Subscriber to be issued by the Company in the aggregate principal amount of up to US\$26,000,000 in up to 3 tranches. Terms used in this announcement have the same meaning as defined in the Announcement.

The Board is pleased to announce that the subscription of the Tranche 1 Bonds for the principal amount of US\$6,000,000 has been completed on 9 July 2002 in accordance with the terms of the Subscription Agreement.

According to the terms and conditions attached to the Tranche 1 Bonds, if the Floating Conversion Price is used to determine the number of Shares to be issued on conversion, the bondholder may exercise its right of conversion at any time from the date falling 15 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.

The Subscriber indicated to the Company that it wished to convert a certain portion of the Tranche 1 Bonds by using the Floating Conversion Price as soon as practicable after the completion of the subscription of the Tranche 1 Bonds. Pursuant to the Subscriber's request, the Company has on 9 July 2002 agreed with the Subscriber to vary the conversion right to the extent that, if the Floating Conversion Price is used, the Subscriber may exercise its right of conversion at any time from and including the Tranche 1 Bonds Closing Date up to the close of business on the day falling one week prior to the Maturity Date PROVIDED THAT if the date of conversion falls on a day prior to the date falling 15 calendar days after the Tranche 1 Bonds Closing Date, the Floating Conversion Price shall be 93% of the average of any 5 closing prices per Share as selected by the relevant bondholder during the period commencing from 10 June 2002 until the Conversion Date. In consideration of the Company so agreeing, the Subscriber has served notice to the Company on the Tranche 1 Bonds Closing Date to convert the principal amount of US\$3,500,000 of the Tranche 1 Bonds Note into Conversion Shares at the Conversion Price of HK\$0.102 being 93% of the average of the 5 closing prices per Share selected by the Subscriber and agreed not to exercise its option to subscribe for the Tranche 2 Bonds prior to the day falling 6 months from the date of the Subscription Agreement.

The 266,360,000 Shares to be issued to the Subscriber pursuant to the conversion of the Tranche 1 Bonds in the principal amount of US\$3,500,000 mentioned above represent approximately 2.86% of the existing issued share capital of the Company and approximately 2.78% of such issued share capital as enlarged by the issue of these Shares.

The Board considers that the variation of the conversion rights in the manner described above will allow the conversion rights attached to the Tranche 1 Bonds to be exercised immediately after the Tranche 1 Bonds Closing Date which will in turn enlarge the capital base of the Company prior to the original conversion periods stipulated in the Bonds. Accordingly, the Board considers that such variation, which was arrived at after arm's length negotiations between the Company and the Subscriber, is fair and reasonable and in the interests of the Company.

Save to the extent mentioned above, all other terms and conditions of the Subscription Agreement and the Bonds as set out in the Announcement remain unchanged and are in full force and effect.

By Order of the Board
Yang Lan
Chairperson

Hong Kong, 10 July 2002

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