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**APPROVAL OF APPLICATION FOR THE ADOPTION OF DE-MINIMIS CONCESSION,  
MODIFIED CALCULATION CONCESSION AND "MODIFIED ASSETS TEST"  
IN ACCORDANCE WITH THE GUIDELINES FOR ISSUERS WITH NEGATIVE OR  
NEGLIGIBLE NET TANGIBLE ASSETS AS SET FORTH IN THE ANNOUNCEMENTS  
BY THE STOCK EXCHANGE DATED 3RD MAY, 2001, 24TH AUGUST, 2001 AND 9TH OCTOBER, 2001**

The directors of the Company wish to announce that on 7th June, 2002, the Stock Exchange approved the Company's application for the adoption of the De-minimis Concession, Modified Calculation Concession and the right to apply the "modified assets test" (as described in the Stock Exchange's Announcements) for the purposes of certain provisions of the Listing Rules, as more fully described below.

The directors of Century City International Holdings Limited (the "Company" and together with its subsidiaries, the "Group") wish to announce that on 7th June, 2002, The Stock Exchange of Hong Kong Limited (the "Stock Exchange") approved the Company's application for the adoption of the De-minimis Concession, Modified Calculation Concession and the right to apply the "modified assets test" (as described in the Stock Exchange's announcements dated 3rd May, 2001, 24th August, 2001 and 9th October, 2001 (the "Announcements")) for the purposes of certain provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), as more fully described below.

**REASONS FOR THE COMPANY'S APPLICATION**

The Group has recorded an audited deficiency in net tangible assets as at 31st December, 2001 primarily as a result of disposal of certain assets as part of the Group's restructuring and the adoption of new accounting standards in relation to goodwill treatment. The Group's audited deficiency in net tangible assets as at 31st December, 2001 was approximately HK\$209.7 million. The audited deficiency in net tangible asset value of the Group did not arise as a result of operational losses in the ordinary and usual course of business during the current and/or prior financial years.

As a result of the audited deficiency in net tangible asset value of the Group as described above, the Company encounters difficulties in complying fully with those provisions of the Listing Rules which require comparisons to be made with its net tangible assets or net assets and render the Company subject to all of the disclosure and shareholders' approval requirements in respect of any acquisition and disposal notwithstanding the value of such transaction may be insignificant in monetary terms or compared to the total assets of the Group. Adoption of the De-minimis Concession, the Modified Calculation Concession, and the right to apply the "modified assets test" under the Modified Calculation Concession in accordance with the guidelines issued by the Stock Exchange as set forth in the Announcements would provide the Company with more flexibility to carry on its business activities whilst providing the market with sufficient information to appraise the position of the Group.

**BASIS FOR THE COMPANY'S APPLICATION OF "MODIFIED ASSETS TEST"**

The Company's application for the right to apply the "modified assets test" under the Modified Calculation Concession as described above was based on the Group's latest published audited financial statements as at 31st December, 2001. The "modified asset value" of the Group is equal to approximately HK\$7,560.6 million (the "Modified Asset Value", being the gross assets of the Group (approximately HK\$14,634.5 million) less intangibles (approximately HK\$49.4 million) and current liabilities (approximately HK\$7,024.5 million)).

**APPLICATION FOR THE ADOPTION OF THE DE-MINIMIS CONCESSION**

The Stock Exchange has approved the Company's application for the adoption of the De-minimis Concession for notifiable transactions (other than connected transactions). Each transaction carried out in the normal and ordinary course of business of the Group, which is entered into on normal commercial terms, and where the consideration or value of the transaction does not exceed HK\$1,000,000 will be considered as de-minimis. In such circumstances, the "assets test" and the "consideration test" shall not apply and such transaction shall not be subject to any disclosure or shareholder approval requirements.

**APPLICATION FOR THE ADOPTION OF THE MODIFIED CALCULATION CONCESSION**

The Stock Exchange has approved the Company's application for the adoption of the Modified Calculation Concession in accordance with the guidelines set forth in the Announcements in calculating the "assets test" and the "consideration test" in order to classify notifiable transactions (other than connected transactions) for the Company. Accordingly:

- (1) the "assets test" shall be performed by dividing the gross assets less intangibles and current liabilities of the asset to be acquired or realized by the Modified Asset Value; and
- (2) the "consideration test" shall be performed by dividing the consideration for the asset to be acquired or realized by the Modified Asset Value.

The "assets test" and the "consideration test" for the purposes of classifying notifiable transactions (other than connected transactions) shall be determined in accordance with the thresholds set out below.

**Classification of notifiable transactions (other than connected transactions)**

In relation to any transaction (other than a connected transaction and a transaction that is de-minimis) entered into by any member of the Group that:

- (1) is either an acquisition or realisation and the value of which does not exceed 5% of the Modified Asset Value (being approximately HK\$378.0 million), the Company shall not be required to comply with any disclosure or shareholder approval requirements in respect of such transaction;
- (2) is an acquisition of assets (including securities but excluding cash) for a consideration that includes the issue of securities by the Company for which listing will be sought, the Company shall comply with the requirements for share transactions in the event the value of the transaction is less than 5% of the Modified Asset Value (being approximately HK\$378.0 million);
- (3) is either an acquisition or realisation and the value of which is 5% of the Modified Asset Value (being approximately HK\$378.0 million) or above but does not exceed 15% of the Modified Asset Value (being approximately HK\$1,134.1 million), the Company shall comply with the requirements for discloseable transactions;
- (4) is an acquisition and the value of which is 15% of the Modified Asset Value (being approximately HK\$1,134.1 million) or above but does not exceed 25% of the Modified Asset Value (being approximately HK\$1,890.2 million), the Company shall comply with the requirements for major transactions;
- (5) is a realisation and the value of which is 15% of the Modified Asset Value (being approximately HK\$1,134.1 million) or above, the Company shall comply with the requirements for major transactions;

- (6) is an acquisition and the value of which is 25% of the Modified Asset Value (being approximately HK\$1,890.2 million) or above, the Company shall comply with the requirements for very substantial acquisitions.

These ratios would apply only to the "assets test" and the "consideration test". The "profits test" and "equity test" will remain applicable to the Company.

**APPLICATION OF THE "MODIFIED ASSETS TEST" UNDER THE MODIFIED CALCULATION CONCESSION**

The Stock Exchange has approved the Company's application for the right to apply the "modified assets test" under the Modified Calculation Concession with respect to the following items set forth in the Announcements:

**Application of Modified Calculation Concession only while maintaining the percentage ratios prescribed under the relevant provisions of the Listing Rules**

In relation to references to net tangible assets, or net assets, as applicable, in the following provisions of the Listing Rules, the basis set out in the "modified assets test" under the Modified Calculation Concession will be adopted as the basis for comparison to determine the relevant disclosure requirements under those provisions of the Listing Rules:

- (A) Paragraph 17(2) of Appendix 7B;
- (B) Paragraph 36 of Appendix 16;
- (C) Paragraph 5.1 of Practice Note 13;
- (D) Paragraph 3(e)(ii) of Practice Note 15; and
- (E) Paragraph 1.3 of Practice Note 19.

Since the numerator and denominator will be determined on the same modified basis, no change will be made to the current percentage ratios prescribed under the above provisions.

**Application of Modified Calculation Concession but applying different percentage ratios**

In relation to references to net tangible assets or net assets, as applicable, in the provisions of the Listing Rules set out in column (a) below, such assets of the Group shall be calculated in accordance with the "modified assets test" under the Modified Calculation Concession but applying the relevant percentage ratios as are set against such rule in column (b) below. The relevant monetary threshold that is applicable to each such rule is set out in column (c) below.

	(a)	(b)	(c)
(A)	Paragraph 15.2 of Appendix 16	Ratio of 1%	approximately HK\$75.6 million
(B)	Paragraph 23 of Appendix 16	Ratio of 5%	approximately HK\$378.0 million
(C)	Paragraph 3.2.1 of Practice Note 19	Ratio of 8%	approximately HK\$604.8 million
(D)	Paragraph 3.2.2 of Practice Note 19	Ratio of 3%	approximately HK\$226.8 million
(E)	Paragraph 3.3 of Practice Note 19	Ratio of 8%	approximately HK\$604.8 million

**Connected transactions - Rules 14.24(5), 14.25(1) and 14.25(2)(b)(i)**

In relation to references to net tangible assets or net assets, as applicable, set out in Rules 14.24(5), 14.25(1) and 14.25(2)(b)(i) of the Listing Rules for connected transactions, such assets of the Group shall be calculated in accordance with the "modified assets test" under the Modified Calculation Concession and the relevant percentage ratios applicable to such Listing Rules shall be as specified below.

- (A) For the purposes of Rule 14.24(5) of the Listing Rules, the threshold will be the higher of either:
  - (1) HK\$1,000,000; or
  - (2) 0.01% of the Modified Asset Value, being approximately HK\$756,060.
- (B) For the purposes of Rule 14.25(1) of the Listing Rules, the threshold will be the higher of either:
  - (1) HK\$10,000,000; or
  - (2) 1.0% of the Modified Asset Value, being approximately HK\$75.6 million.
- (C) For the purposes of Rule 14.25(2)(b)(i) of the Listing Rules, the threshold will be 5% of the Modified Asset Value, being approximately HK\$378.0 million.

**PERIOD FOR WHICH THE DE-MINIMIS CONCESSION, THE MODIFIED CALCULATION CONCESSION AND THE "MODIFIED ASSETS TEST" WILL APPLY**

The Stock Exchange's approval for the use of the De-minimis Concession, the Modified Calculation Concession and the "modified assets test" described above will remain in effect from 7th June, 2002 until the publication or the due date of publication of the Company's next annual report, whichever is earlier.

Details of the above approval shall be included in the Company's next published annual report.

By Order of the Board  
Century City International Holdings Limited  
Eliza Lam Sau Fun  
Secretary

Hong Kong, 10th June, 2002