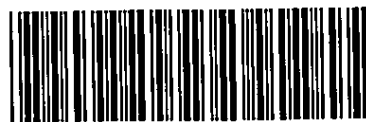


CHRISTIE'S HONG KONG (HOLDINGS) LIMITED

Directors' Report and Financial Statements

31 December 2006

Registered number 2353474



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COMPANIES HOUSE

CHRISTIE'S HONG KONG (HOLDINGS) LIMITED

Directors' Report and Financial Statements

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CHRISTIE'S HONG KONG (HOLDINGS) LIMITED

Directors' Report

The Directors present their annual report and the audited financial statements for the year ended 31st December 2006

Principal Activities

The Company is an investment holding company which owns the whole of the issued share capital of Christie's Hong Kong Limited, which engages in the business of fine art auctioneering in the Far East

Business Review

During the year, the Company received dividend income of £21.5m (2005 £24.3m) from Christie's Hong Kong Limited

The principal risk that the Company faces is that the carrying value of its investment could be diminished. An annual review is carried out and provisions are made against it if necessary.

The Directors are satisfied with the net asset position of the Company at £0.4m (2005 £0.3m)

Dividend

The Directors have declared an interim dividend of £19,946,000 in respect of the year ended 31 December 2006 (2005 £22,214,000)

Directors

The Directors who held office during the year were as follows

R H Aydon

J B Chesworth

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the reappointment of KPMG Audit Plc as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By Order of the Board

R H Aydon
Director



16 October 2007

8 King Street
St James's
London
SW1Y 6QT

CHRISTIE'S HONG KONG (HOLDINGS) LIMITED

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

CHRISTIE'S HONG KONG (HOLDINGS) LIMITED

Independent Auditors' Report to the Members of Christie's Hong Kong (Holdings) Limited

We have audited the financial statements of Christie's Hong Kong (Holdings) Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities on page 2, the Company's Directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the Directors' Report is not consistent with the financial statements.

In addition, we report to you if in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31st December 2006 and of its profit for the year then ended,
- have been properly prepared in accordance with the Companies Act 1985 and
- are consistent with the information given in the Directors' Report.

KPMG Audit Plc
Chartered Accountants
Registered Auditor
London

KPMG Audit Plc

19 October 2007

CHRISTIE'S HONG KONG (HOLDINGS) LIMITED

Profit and Loss Account For the year ended 31st December 2006

	Note	2006	2005
		£'000	£'000
Administrative and other expenditure		<u>(3)</u>	<u>(2)</u>
Operating loss		(3)	(2)
Income from shares in group undertakings		21,517	24,337
Net interest income	4	<u>1</u>	<u>1</u>
Profit on ordinary activities before taxation	5	21,515	24,336
Taxation on profit on ordinary activities	6	<u>(1,467)</u>	<u>(1,885)</u>
Profit for the financial year		<u>20,048</u>	<u>22,451</u>

The Company has no recognised gains or losses other than the result for this or the last financial year
Accordingly a statement of total recognised gains and losses has not been prepared

For the current and preceding year there were no discontinued operations or acquisitions

The notes to the accounts on pages 6 to 10 form part of these financial statements

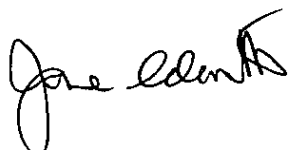
CHRISTIE'S HONG KONG (HOLDINGS) LIMITED

Balance Sheet
As at 31st December 2006

	Note	2006	2005
		£'000	£'000
		£'000	£'000
Fixed assets			
Investments	8	1,049	1,049
Current assets:			
Debtors	9	-	194
Cash at bank and in hand		797	41
		<u>797</u>	<u>235</u>
Creditors:			
Amounts falling due within one year	10	<u>(1,472)</u>	<u>(3)</u>
Net current (liabilities) / assets		<u>(675)</u>	<u>232</u>
Total assets less current liabilities		374	1,281
Creditors:			
Amounts falling due after more than one year	11	<u>-</u>	<u>(1,009)</u>
Net assets		<u>374</u>	<u>272</u>
Capital and reserves			
Called up equity share capital	12	1	1
Profit and loss account	13	<u>373</u>	<u>271</u>
Shareholders' funds	14	<u>374</u>	<u>272</u>

The notes to the accounts on pages 6 to 10 form part of these financial statements

These accounts were approved by the Board of Directors on 16 October 2007
and were signed on its behalf by



J B Chesworth
Director

CHRISTIE'S HONG KONG (HOLDINGS) LIMITED

Notes to the Accounts

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements

Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards

The Company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements therefore present the results of the entity, and not its group.

The Company is exempt from the requirements of FRS1 "Cash Flow Statements (Revised 1996)" to prepare a cash flow statement, as it is a wholly owned subsidiary undertaking of Financière Pinault SCA, an EC incorporated company, and its cash flows are included within the consolidated cash flow statement of that company.

The Company is exempt from the requirement to disclose related party transactions with other group companies under FRS8 "Related Party Disclosures" as it is a wholly owned subsidiary as detailed above.

Fixed asset investments

Fixed asset investments are shown at historical cost less any provision for impairment. If the carrying value of an investment exceeds the recoverable amount, it would be written down to its recoverable amount and an impairment loss would be recognised in the profit and loss account for the period.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Taxation

The charge for taxation is based on the profit for the year and takes into account deferred taxation because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred taxation is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

CHRISTIE'S HONG KONG (HOLDINGS) LIMITED

Notes to the Accounts (*continued*)

2. Directors emoluments

The Directors did not receive any emoluments in respect of their service for this company during the year (2005 £nil)

3. Staff numbers and costs

The company employs no staff (2005 nil)

4. Net Interest

	2006	2005
	£'000	£'000
Bank interest received	<u>1</u>	<u>1</u>

5. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is shown after charging

	2006	2005
	£'000	£'000
Auditor's Remuneration		
Fees paid to the Company's auditor for the audit of the Company's annual accounts	2	2
Fees paid to the Company's auditor and its associates for other services		
The audit of the Company's subsidiaries, pursuant to legislation	23	22
Tax services	3	13

The audit fees borne by the Company were £2,000 (2005 £2,000) All other fees were borne by its subsidiary undertaking

6. Taxation on profit on ordinary activities

a) Analysis of charge in period

	2006	2006	2005	2005
	£'000	£'000	£'000	£'000
<i>UK corporation tax</i>				
Current tax on income for the period	<u>1,467</u>		<u>1,885</u>	
Tax charge on profit on ordinary activities		<u>1,467</u>		<u>1,885</u>

CHRISTIE'S HONG KONG (HOLDINGS) LIMITED

Notes to the Accounts (*continued*)

b) Factors affecting the tax charge for the current period

The current tax charge (2005 charge) for the period is lower than (2005 lower than) the standard rate of corporation tax in the UK which is 30% (2005 30%)

	2006	2005
	£'000	£'000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	<u>21,515</u>	<u>24,336</u>
Current tax at 30% (2005 30%)	6,455	7,301
<i>Effects of</i>		
Underlying foreign tax credit	(3,195)	(3,113)
Tax loss rate differential	<u>(1,793)</u>	<u>(2,303)</u>
Total current tax charge (see note 6a)	<u>1,467</u>	<u>1,885</u>

7. Equity Dividends

	2006	2005
	£'000	£'000
Interim dividends paid	<u>19,946</u>	<u>22,214</u>

The Directors have declared and paid a dividend of £19,946,000 in respect of the year ended 31st December 2006 (2005 £22,214,000)

8. Fixed Asset Investments

The Company's wholly owned subsidiary undertaking, Christie's Hong Kong Limited, is incorporated in Hong Kong. The authorised share capital is HK\$12,500,000 divided into 1,250,000 ordinary shares of HK\$10 each, all of which have been issued to the Company. The principal activity of the subsidiary undertaking is to act as auctioneer for sales of fine art and to promote auctions and related activities throughout Asia.

	Shares in subsidiary undertakings
	£'000
Cost	
At beginning and end of year	<u>1,049</u>

In the opinion of the Directors the investment in the Company's subsidiary undertaking is worth at least the amount at which it is stated in the balance sheet

CHRISTIE'S HONG KONG (HOLDINGS) LIMITED

Notes to the Accounts (*continued*)

9 Debtors

	2006	2005
	£'000	£'000
Amounts due within one year		
Amounts owed by group undertaking	-	194

10. Creditors: amounts falling due within one year

	2006	2005
	£'000	£'000
Amounts owed to group undertaking	1,469	-
Accruals and deferred income	3	3
	<u>1,472</u>	<u>3</u>

11. Creditors: amounts falling due after more than one year

	2006	2005
	£'000	£'000
Loans from group undertakings	-	1,009

The above prior period loan was interest free and had no fixed repayment date

12. Share Capital

	2006	2005
	£'000	£'000
Authorised		
1,000 Ordinary shares of £1 each	<u>1</u>	<u>1</u>
Allotted, called up and fully paid		
1,000 Ordinary shares of £1 each	<u>1</u>	<u>1</u>

CHRISTIE'S HONG KONG (HOLDINGS) LIMITED

Notes to the Accounts (*continued*)

13. Movements in reserves

	Profit and loss account
	£'000
As at 1 st January 2006	271
Profit for the financial year	20,048
Dividend paid during the year	(19,946)
As at 31 st December 2006	<u>373</u>

14. Reconciliation of movements in shareholders' funds

	2006	2005
	£000	£000
Profit for the financial year	20,048	22,451
Equity dividends	(19,946)	(22,214)
Increase in shareholders' funds	<u>102</u>	<u>237</u>
At beginning of year	<u>272</u>	<u>35</u>
At end of year	<u>374</u>	<u>272</u>

15. Ultimate parent undertaking

The smallest and largest group in which the results of Christie's Hong Kong (Holdings) Limited are consolidated is Financière Pinault SCA, a company incorporated in France. Financière Pinault SCA is the ultimate parent undertaking of Christie's Hong Kong (Holdings) Limited. The financial statements of Financière Pinault SCA are filed with the Tribunal de Commerce de Paris, 1, Quai de Corse, 75004 Paris.