

Company No. 03897929

**199 KNIGHTSBRIDGE PROJECT
MANAGEMENT LIMITED**

Report and Financial Statements

31 May 2002



REPORT AND FINANCIAL STATEMENTS 2002

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199 KNIGHTSBRIDGE PROJECT MANAGEMENT LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Antony Chiu
Sammy Sean Lee

SECRETARY

Temple Secretarial Limited

BANKERS

Bank of East Asia
75 Shaftsbury Avenue
London W1D 5BB

SOLICITORS

Withers
16 Old Bailey
London EC4M 7EG

REGISTERED OFFICE

16 Old Bailey
London
EC4M 7EG

AUDITORS

Deloitte & Touche
Chartered Accountants
London

199 KNIGHTSBRIDGE PROJECT MANAGEMENT LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 May 2002.

ACTIVITIES

The company is engaged in the business of project management. It is currently managing the development of a residential project.

RESULTS AND DIVIDENDS

The profit for the year amounted to £376,395 (2001: loss of £39,485). The directors do not recommend payment of a dividend (2001: £nil).

DIRECTORS AND THEIR INTERESTS

The directors of the company who served throughout the year (except as listed below) are as follows:

Antony Chiu (appointed 4 December 2001)
Sammy Sean Lee
Serenea Wan Yau (resigned 16 September 2002)

None of the directors had any interests in the share capital of the Company or any other UK group company at 31 May 2002 or 31 May 2001.

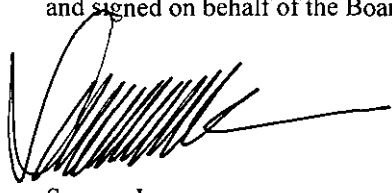
Sammy Sean Lee is also director of 199 Knightsbridge Management Limited which owns 15% of the share capital of the immediate parent company, 199 Knightsbridge Investment Limited.

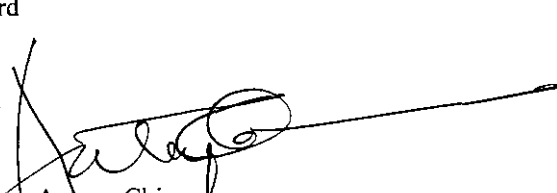
AUDITORS

The Company passed an Elective Resolution on 6 December 2001 in accordance with Section 386 of the Companies Act 1985 dispensing with the obligation to appoint auditors annually and accordingly, Deloitte & Touche shall remain in office until the Company or Deloitte & Touche otherwise determine.

This report has been prepared in accordance with the special provisions relating to small companies under section 246 of the Companies Act 1985.

Approved by the Board of Directors
and signed on behalf of the Board


Sammy Lee
Chairman


Antony Chiu
Director

23 May 2003

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period. In preparing those 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; 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 the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF 199
KNIGHTSBRIDGE PROJECT MANAGEMENT LIMITED**

We have audited the financial statements of 199 Knightsbridge Project Management Limited for the year ended 31 May 2002 which comprise the profit and loss account, the balance sheet and the related notes 1 to 13. 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 auditors' 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, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the Company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

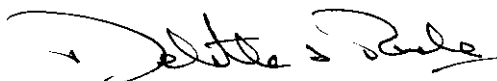
Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards 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 of the state of the Company's affairs as at 31 May 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985 applicable to small companies.



Deloitte & Touche
Chartered Accountants and Registered Auditors
London

28 May 2003

199 KNIGHTSBRIDGE PROJECT MANAGEMENT LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 May 2002

	Note	Year ended 31 May 2002 £	21 December 1999 to 31 May 2001 £
TURNOVER	2	2,071,292	1,273,452
Cost of sales		(1,770,335)	(1,045,737)
Gross profit		300,957	227,715
Administrative expenses - other	4	(67,927)	(299,576)
Exceptional item – prior year costs subsequently invoiced	4	228,665	-
Total administrative expenses		160,738	(299,576)
OPERATING PROFIT/(LOSS)	4	461,695	(71,861)
Interest receivable and similar income		59,878	32,698
Interest payable and similar charges		(788)	(322)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		520,785	(39,485)
Tax on profit/(loss) on ordinary activities	5	(144,390)	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR/PERIOD TRANSFERRED TO RESERVES		376,395	(39,485)
Retained profit/(loss) carried forward	10	336,910	(39,485)

There have been no recognised gains and losses attributable to shareholders other than shown above. Accordingly, no statement of total recognised gains and losses are shown.

All amounts relate to continuing operations.

199 KNIGHTSBRIDGE PROJECT MANAGEMENT LIMITED

BALANCE SHEET 31 May 2002

	Note	31 May 2002 £	31 May 2001 £
FIXED ASSETS			
Tangible assets	6	39,273	2,174
CURRENT ASSETS			
Debtors	7	430,391	31,684
Cash at bank and in hand		186,459	3,121,095
		616,850	3,152,779
CREDITORS: amounts falling due within one year	8	(319,211)	(3,194,436)
NET CURRENT ASSETS/(LIABILITIES)		297,639	(41,657)
TOTAL ASSETS LESS CURRENT LIABILITIES		336,912	(39,483)
CAPITAL AND RESERVES			
Called up share capital	9	2	2
Profit and loss account	10	336,910	(39,485)
EQUITY SHAREHOLDERS' FUNDS/(DEFICIT)		336,912	(39,483)

Advantage has been taken of the special provisions of Part VII of the Companies Act 1985 relating to small companies.

These financial statements were approved by the Board of Directors on 23 May 2003

Signed on behalf of the Board of Directors


 Sammy Lee
 Chairman


 Antony Chiu
 Director

NOTES TO THE ACCOUNTS**Year ended 31 May 2002****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted by the directors are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Fixtures, fittings, tools and equipment 25% straight line

Deferred tax

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

2. TURNOVER

Turnover represents project management fees from another group company, 199 Knightsbridge Development Limited, all of which arises in the United Kingdom.

3. DIRECTORS

The aggregate amount paid to the directors for their services to the Company during the year was £37,200 (2001: £45,738).

4. OPERATING PROFIT/(LOSS)

	Year ended 31 May 2002 £	21 December 1999 to 31 May 2001 £
Operating profit/(loss) is after charging:		
Depreciation	13,332	725
Rentals under operating leases:		
Hire of plant and machinery	9,395	6,990
Auditors' remuneration	8,000	8,000

During the year, the directors reviewed its management agreement with 199 Knightsbridge Development Limited to which management fees, project and administrative costs are recharged to 199 Knightsbridge Development Limited. This has resulted in additional administrative expenses borne by the company in 2001 subsequently being invoiced. A one-off credit to the profit and loss account has been shown separately as an exceptional item. Corporation tax is payable on this amount at the standard rate of 30%.

The invoicing of such costs has also been shown gross in the current and preceding year, with the credit shown in turnover and the debit shown in cost of sales.

NOTES TO THE ACCOUNTS

Year ended 31 May 2002

5. TAX ON LOSS ON ORDINARY ACTIVITIES

	Year ended 31 May 2002 £	21 December 1999 to 31 May 2001 £
United Kingdom corporation tax at 30% - current taxation	(144,716)	-
Adjustment in respect of prior year – deferred tax	326	-
	<hr/>	<hr/>
Tax on profit on ordinary activities	(144,390)	-
	<hr/>	<hr/>

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30%. The actual tax charge of the current and the previous year differs from the standard rate for the reasons set out in the following reconciliation:

	2002 £	2001 £
Profit/(loss) on ordinary activities before tax	520,785	(39,485)
	<hr/>	<hr/>
Tax on profit/(loss) on ordinary activities before tax at standard rate	(156,235)	11,846
Factors affecting charge for the year:		
Capital allowances in excess of depreciation	(356)	29
Tax losses relieved/unrelieved	11,875	(11,875)
	<hr/>	<hr/>
Current tax charge for the year	(144,716)	-
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS
Year ended 31 May 2002

6. TANGIBLE FIXED ASSETS

	Fixtures, fittings, tools and equipment £
Cost	
At 1 June 2001	2,899
Additions	50,431
	<hr/>
At 31 May 2002	53,330
	<hr/>
Accumulated depreciation	
At 1 June 2001	(725)
Charge for the year	(13,332)
	<hr/>
At 31 May 2002	(14,057)
	<hr/>
Net book value	
At 31 May 2002	39,273
	<hr/>
At 31 May 2001	2,174
	<hr/>

7. DEBTORS

	31 May 2002 £	31 May 2001 £
Amounts owed from group undertakings	96,401	-
Other debtors	104,520	2,750
Accrued income	229,470	28,934
	<hr/>	<hr/>
	430,391	31,684
	<hr/>	<hr/>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 May 2002 £	31 May 2001 £
Trade creditors	80,105	106,921
Amounts owed to group undertakings	-	3,006,694
Corporation tax	144,390	-
Other creditors	-	8,824
Accruals and deferred income	94,716	71,997
	<hr/>	<hr/>
	319,211	3,194,436
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS
Year ended 31 May 2002

9. CALLED UP SHARE CAPITAL

	31 May 2002 £	31 May 2001 £
Authorised:		
10,000 ordinary shares of £1 each	10,000	10,000
	<u> </u>	<u> </u>
Called up, allotted and fully paid:		
2 ordinary shares of £1 each	2	2
	<u> </u>	<u> </u>

10. PROFIT AND LOSS ACCOUNT

	Profit and loss account £
At 1 June 2001	(39,485)
Profit for the financial year	376,395
	<u> </u>
At 31 May 2002	336,910
	<u> </u>

11. OPERATING LEASE COMMITMENTS

At 31 May 2002 the company was committed to making the following payments during the next year in respect of operating leases:

	Office equipment £
Leases which expire:	
Within one to two years	29,326
	<u> </u>

12. RELATED PARTY TRANSACTIONS

Turnover of £2,071,292 (2001: £1,273,452) and the exceptional credit of £228,665 (2001: £nil) are derived solely from transactions with another group company, 199 Knightsbridge Development Ltd. Amounts due from group companies of £96,401 (2001: amounts due to group companies £3,006,694) relate to amounts due from or to 199 Knightsbridge Development Ltd.

13. IMMEDIATE AND ULTIMATE PARENT COMPANY

The immediate parent undertaking and parent company of the smallest and largest group which includes the company and for which group accounts are prepared is 199 Knightsbridge Investment Limited, a company incorporated in the British Virgin Islands. Copies of the accounts of 199 Knightsbridge Investment Limited may be obtained from its registered office, Craigmuir Chambers, PO Box 71, Road Town, Tortola, British Virgin Islands.

The ultimate parent company and controlling entity is Chow Tai Fok Enterprises Limited, a company registered in Hong Kong. Copies of the accounts for Chow Tai Fok Enterprises Limited may be obtained from its registered office, New World Tower (31st floor), 16-18 Queen's Road, Hong Kong.