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**BRITISH OXYGEN (HONG KONG) LIMITED**  
**DIRECTORS' REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED**  
**30 SEPTEMBER 2005**



## **BRITISH OXYGEN (HONG KONG) LIMITED**

### **REPORT OF THE DIRECTORS**

The directors submit their report together with the audited accounts for the year ended 30 September 2005.

#### **Principal activity**

The company remained inactive during the year.

#### **Results and appropriations**

The results of the company for the year are set out in the profit and loss account on page 4.

The directors do not recommend the payment of a dividend.

#### **Directors**

The directors during the year were:

Mr Nicholas DEEMING

Mr Patrick Charles Gordon SPENCE

In accordance with Article 82 of the company's Articles of Association, Mr Patrick Charles Gordon SPENCE retires by rotation at the forthcoming annual general meeting and, being eligible, offers himself for re-election.

#### **Directors' interests**

No contracts of significance in relation to the company's business to which the company, its fellow subsidiaries or its holding companies were a party and in which a director of the company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

The directors were granted options to subscribe for shares of the ultimate holding company in respect of their services provided to other group companies.

Apart from the above, at no time during the year was the company, its fellow subsidiaries or its holding companies a party to any arrangement to enable the directors of the company to acquire benefits by means of the acquisition of shares in, or debentures of, the company or any other body corporate.

#### **Management contracts**

No contracts concerning the management and administration of the whole or any substantial part of the business of the company were entered into or existed during the year.

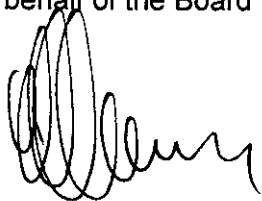
**BRITISH OXYGEN (HONG KONG) LIMITED**

**REPORT OF THE DIRECTORS (Continued)**

**Auditors**

The accounts have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

A handwritten signature in black ink, consisting of several loops and a trailing flourish, positioned below the text 'On behalf of the Board'.

Chairman

Hong Kong 21 DEC 2005

**AUDITORS' REPORT TO THE SHAREHOLDERS OF  
BRITISH OXYGEN (HONG KONG) LIMITED**  
(incorporated in Hong Kong with limited liability)

We have audited the accounts on pages 4 to 8 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

**Respective responsibilities of directors and auditors**

The Hong Kong Companies Ordinance requires the directors to prepare accounts which give a true and fair view. In preparing accounts which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

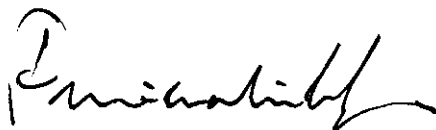
**Basis of opinion**

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Institute of Certified Public Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the circumstances of the company, 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 as to whether the accounts are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts. We believe that our audit provides a reasonable basis for our opinion.

**Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 30 September 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Hong Kong Companies Ordinance.



**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 11 Dec 2005

**BRITISH OXYGEN (HONG KONG) LIMITED**

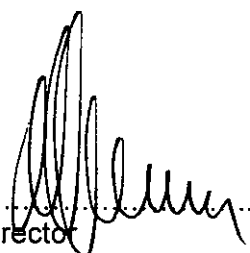
**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 SEPTEMBER 2005**

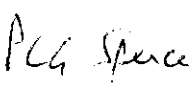
	Note	2005 HK\$	2004 HK\$
Turnover	2	-	-
Administrative expenses		(62,428)	(69,680)
Loss for the year	3	(62,428)	(69,680)
Retained profits brought forward		13,607,017	13,676,697
Retained profits carried forward		13,544,589	13,607,017

**BRITISH OXYGEN (HONG KONG) LIMITED**

**BALANCE SHEET  
AS AT 30 SEPTEMBER 2005**

	Note	2005 HK\$	2004 HK\$
Current assets			
Amount due from immediate holding company	6	81,043,617	81,103,545
Prepayments		2,375	2,375
		<u>81,045,992</u>	<u>81,105,920</u>
Current liabilities			
Accrued charges		(35,500)	(33,000)
Net assets		<u>81,010,492</u>	<u>81,072,920</u>
Financed by:			
Share capital	7	557,000	557,000
Share premium account		66,908,903	66,908,903
Retained profits		13,544,589	13,607,017
Shareholders' funds		<u>81,010,492</u>	<u>81,072,920</u>

  
.....  
Director

  
.....  
Director

**BRITISH OXYGEN (HONG KONG) LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2005**

	Share capital HK\$	Share premium HK\$	Retained profits HK\$	Total HK\$
As at 1 October 2003	557,000	66,908,903	13,676,697	81,142,600
Loss for the year	-	-	(69,680)	(69,680)
As at 30 September 2004 and 1 October 2004	557,000	66,908,903	13,607,017	81,072,920
Loss for the year	-	-	(62,428)	(62,428)
As at 30 September 2005	557,000	66,908,903	13,544,589	81,010,492

# BRITISH OXYGEN (HONG KONG) LIMITED

## NOTES TO THE ACCOUNTS

### 1 Principal accounting policies

The principal accounting policies adopted in the preparation of these accounts are set out below:

#### (a) Basis of preparation

The accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). They have been prepared under the historical cost convention.

The HKICPA has recently issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("new HKFRSs") which are effective for accounting periods beginning on or after 1 January 2005. The company has not early adopted these new HKFRSs in the accounts for the year ended 30 September 2005. The company has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a significant impact on its results of operations and financial position.

#### (b) Translation of foreign currencies

Transactions in foreign currencies are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated at rates of exchange ruling at the balance sheet date. All exchange differences arising are dealt with in the profit and loss account.

#### (c) Deferred taxation

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

### 2 Turnover

The company remained inactive during the year and no turnover has been generated.

### 3 Loss for the year

Loss for the year is stated after charging the following:

	2005 HK\$	2004 HK\$
Auditors' remuneration	22,500	20,000
Exchange loss	-	19
	<u>          </u>	<u>          </u>



# BRITISH OXYGEN (HONG KONG) LIMITED

## NOTES TO THE ACCOUNTS

### 4 Taxation

No provision for Hong Kong profits tax has been made in the accounts as the company has no estimated assessable profit for the year (2004: Nil).

The taxation on the company's loss for the year differs from the theoretical amount that would arise using the Hong Kong profits tax rate as follows:

	2005 HK\$	2004 HK\$
Loss for the year	(62,428)	(69,680)
Calculated at a taxation rate of 17.5% (2004: 17.5%)	(10,925)	(12,194)
Expenses not deductible for taxation purposes	10,925	12,194
Taxation charge	-	-

There is no material deferred taxation for the year and at the balance sheet date (2004: Nil).

### 5 Directors' emoluments

None of the directors received or will receive any fees or other emoluments in respect of their services to the company during the year (2004: Nil).

### 6 Amount due from immediate holding company

The amount due is unsecured, interest free and has no fixed terms of repayment.

### 7 Share capital

	2005 HK\$	2004 HK\$
Authorised, issued and fully paid		
55,700 ordinary shares of HK\$10 each	557,000	557,000

### 8 Ultimate holding company

The directors regard The BOC Group plc, a company incorporated and listed in the United Kingdom, as being the ultimate holding company.

### 9 Approval of accounts

The accounts were approved by the board of directors on 29 DEC 2005