

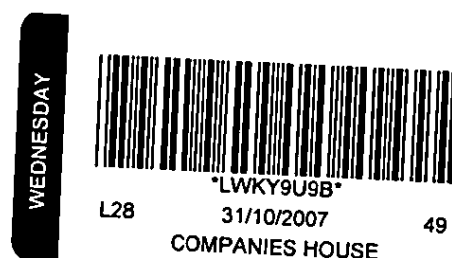
THE SHELL COMPANY OF CHINA LIMITED

**DIRECTOR'S REPORT
AND ACCOUNTS
2006**

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Registered in England & Wales 130587



THE SHELL COMPANY OF CHINA LIMITED

DIRECTOR'S REPORT

The Director submits the annual report and accounts for the year ended 31 December 2006

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the Company was to hold the Shell group's interests in the Republic of China (Taiwan). The branch in Taiwan conducted operations in the country on behalf of the Company. The Company incurred administrative expenses during the year.

The Taiwan Branch dissolved its operations effective from 3 April 2006. The formal liquidation of the branch was completed on 2 October 2006. The Director has the intention of winding down the Company over the next few years.

The Company's loss for the financial year was £393 (2005 Nil).

The Director did not recommend payment of a dividend for the year ended 31 December 2006 (2005 Nil).

DIRECTOR

The Director of the Company, who served throughout the year and to the date of this report (except as noted) is

Shell Corporate Director Limited

DIRECTOR'S INTERESTS

Following changes to UK company law by the Companies Act 2006 which came in to effect on 6 April 2007, the requirement to maintain a register of Director's interests and to disclose these interests in the Company's statutory report and accounts has been repealed. Consequently the Company no longer maintains a register of Director's interests nor makes a disclosure in this regard.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The Director is responsible for preparing the Annual Report and the accounts in accordance with applicable law and regulations.

The Companies Act 1985 requires the Director to prepare accounts for each financial year which 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 those accounts, the Director is required to

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

The Director confirms that the above requirements have been complied with in preparing the accounts.

The Director is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and to ensure that the accounts comply with the Companies Act 1985. The Director is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

THE SHELL COMPANY OF CHINA LIMITED

DIRECTOR'S REPORT

DISCLOSURE OF INFORMATION TO AUDITORS

So far as the Director is aware, there is no relevant audit information (meaning information needed by the Company's auditors in connection with preparing their report) that has not been disclosed to the Company's auditors. The Director believes that all the steps that ought to have been taken to make the auditors aware of any relevant audit information have been taken and to establish that the Company's auditors are aware of that information.

ELECTIVE REGIME

The Company has passed an Elective Resolution in accordance with the Companies Act 1985 to dispense with the holding of annual general meetings, and the laying of accounts and reports before general meetings. However, pursuant to Section 253(2) of the Companies Act 1985, any member of the Company may require the accounts and reports to be laid before a general meeting by depositing a notice to that effect at the registered office of the Company not later than 28 days after the despatch of the accounts and reports to members.

By order of the Board



G. White

Authorised signatory for
Shell Corporate Secretary Ltd

25 October 2007

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
THE SHELL COMPANY OF CHINA LIMITED**

We have audited the financial statements of The Shell Company of China 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.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 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 judgments 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 United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Glasgow

29 October

2007

THE SHELL COMPANY OF CHINA LIMITED**PROFIT AND LOSS ACCOUNT****For the year ended 31 December 2006**

| Discontinued operations | Note | 2006 £ | 2005 £ |
|---|-------------|-------------------|-------------------|
| Administrative expenses | | (4,756) | - |
| Other income | | 5,226 | - |
| OPERATING LOSS | | <u>470</u> | <u>-</u> |
| Interest payable and similar charges | 2 | (863) | - |
| LOSS ON ORDINARY ACTIVITIES BEFORE TAX | | <u>(393)</u> | <u>-</u> |
| Tax on loss on ordinary activities | | - | - |
| LOSS FOR THE YEAR | | <u>(393)</u> | <u>-</u> |

The reported loss on ordinary activities and the loss for the year are presented on a historical cost basis

There were no recognised gains and losses other than the loss for the current and the result for the prior year and accordingly a statement of total recognised gains and losses has not been presented

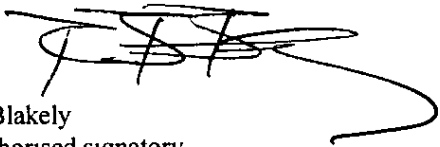
THE SHELL COMPANY OF CHINA LIMITED**BALANCE SHEET**

At 31 December 2006

| | Note | 2006 £ | 2005 £ |
|---|------|-------------|-------------|
| CURRENT ASSETS | | | |
| Debtors | 5 | - | 24,755 |
| CREDITORS: amounts falling due within one year | 6 | - | (24,362) |
| NET CURRENT ASSETS | | - | 393 |
| NET ASSETS | | - | 393 |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 7 | 2,312,000 | 2,312,000 |
| Profit and loss account | 8 | (2,312,000) | (2,311,607) |
| SHAREHOLDER'S FUNDS | 8 | - | 393 |

The Notes on pages 6 to 8 form part of these accounts

The accounts were approved by the Director on 25 October 2007 and were signed on its behalf by



R Blakely
Authorised signatory
Shell Corporate Director Limited
Director

THE SHELL COMPANY OF CHINA LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 2006

1 Accounting policies

a) Accounting convention and compliance with Accounting Standards

The accounts have been prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 1985 and applicable Accounting Standards in the UK and the accounting policies as described below

The accounts are prepared under going concern basis as the directors do not believe that there would be a material difference if the accounts were prepared on a break up basis and so the preparations of the accounts remain on a going concern basis

b) Group accounts

The immediate parent company is The Shell Petroleum Company Limited

The ultimate parent company is Royal Dutch Shell plc ("Royal Dutch Shell") which is incorporated in the UK

The accounts of the Company are incorporated in the annual report and accounts of Royal Dutch Shell

Copies of the annual report and accounts of Royal Dutch Shell are available from

Royal Dutch Shell plc
c/o Bankside
Tel +44 (0)1635 232700
email bbs@shellbankside.co.uk

c) Cash flow statement

In accordance with the exemption allowed by paragraph 5(a) of Financial Reporting Standard 1, a cash flow statement for the Company has not been provided

d) Related party disclosures

In accordance with the exemption allowed by paragraph 3(c) of Financial Reporting Standard 8, no disclosure is made of transactions with other member companies of the Shell Group or investees of the Group qualifying as related parties

e) Foreign currency translation

Assets and liabilities of the Taiwan branch are translated to Sterling at the year-end rates of exchange and income and expenditure accounts are translated at the average rates for the year. Translation differences thus arising are taken directly to the profit and loss account. The exchange rate at 31 December 2006 was GBP 1 = TWD 63 8700 (2005 GBP 1 = TWD 56 7286). The average exchange rate for 2006 was GBP 1 = TWD 59 9509 (2005 GBP 1 = TWD 58 5035).

THE SHELL COMPANY OF CHINA LIMITED

NOTES TO THE ACCOUNTS (Continued)

For the year ended 31 December 2006

2 Interest payable and similar charges

| | 2006 £ | 2005 £ |
|------------------------------|------------|-----------|
| Loss on currency translation | <u>863</u> | <u>-</u> |

3 Loss for year

Loss on ordinary activities before tax is stated after charging the following amounts

| | 2006 £ | 2005 £ |
|---|------------|-----------|
| Auditors' remuneration for audit services | <u>984</u> | <u>-</u> |

No fees were paid to the Auditors in respect of any other work (2005 Nil)

Audit fees of £6,700 (2005 Nil) in respect of the 2006 audit were paid by other entities in the Shell Group of Companies on behalf of the Company in respect of certain audit work performed in the UK

None of the Directors received any emoluments (2005 Nil) in respect of their services to the Company

The Company had no employees during 2006 (2005 Nil)

4 Tax on loss on ordinary activities

No charge to UK corporation tax nor for local tax in Taiwan arises for the year (2005 Nil)

There are no amounts of unprovided deferred tax

5 Debtors

| | 2006 Within 1 Year £ | 2005 Within 1 Year £ |
|------------------------------------|-------------------------------|-------------------------------|
| Amounts owed by Parent undertaking | - | 24,751 |
| Other debtors | - | 4 |
| | <u>-</u> | <u>24,755</u> |

THE SHELL COMPANY OF CHINA LIMITED

NOTES TO THE ACCOUNTS (Continued)

For the year ended 31 December 2006

6 Creditors: amounts falling due within one year

| | 2006 | 2005 |
|---|-------------|---------------|
| | £ | £ |
| Amounts owed to fellow subsidiary undertaking | - | 19,136 |
| Accruals | - | 5,226 |
| | <u>-</u> | <u>24,362</u> |

7 Called up share capital

| | 2006 | 2005 |
|--|------------------|------------------|
| | £ | £ |
| Authorised | | |
| 231,200 (2005 231,200) ordinary shares of £10 each | 2,312,000 | 2,312,000 |
| Allotted, called up and fully paid | | |
| 231,200 (2005 231,200) ordinary shares of £10 each | <u>2,312,000</u> | <u>2,312,000</u> |

8 Reconciliation of movements in reserves and shareholder's funds

| | Share capital | Profit and loss account | Shareholder's funds |
|---------------------|----------------------|--------------------------------|----------------------------|
| | £ | £ | £ |
| At 1 January 2005 | 2,312,000 | (2,311,607) | 393 |
| Loss for the year | <u>-</u> | <u>-</u> | <u>-</u> |
| At 1 January 2006 | 2,312,000 | (2,311,607) | 393 |
| Loss for the year | <u>-</u> | <u>(393)</u> | <u>(393)</u> |
| At 31 December 2006 | <u>2,312,000</u> | <u>(2,312,000)</u> | <u>-</u> |