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THE SHELL COMPANY OF CHINA LIMITED

DIRECTORS' REPORT

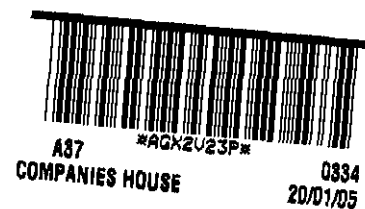
AND ACCOUNTS

2003

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Registered in England & Wales: 130587



THE SHELL COMPANY OF CHINA LIMITED
DIRECTORS' REPORT

The Directors submit their annual report and audited accounts for the year ended 31 December 2003.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The Company has carried on no trading activity during the year. The Company's loss for the financial year decreased from £4,283 to £2,137.

No significant change in the business of the Company has taken place during the year or is expected in the immediately foreseeable future.

The Directors do not recommend payment of a dividend for the year ended 31 December 2003 (2002: £nil).

DIRECTORS

The Directors of the Company, who served throughout the year and to the date of this report (except as noted) were:

N. Boyce	Resigned 30 June 2003
S.M.S Man	
R.L.P. Tien	

Since the year-end, Shell Corporate Director Ltd has been appointed.

DIRECTORS' INTERESTS

The interests of the Directors of the Company in shares of Royal Dutch Petroleum Company under share option schemes as recorded in the Register of such interests were as follows:

	€0.56 each Options Outstanding 1 January 2003	Options Granted	€0.56 each Options Outstanding 31 December 2003
S.M.S Man	6,000	4,075	10,075
R.L.P. Tien	2,400	-	2,400

According to the Register of Directors' interests, no other Directors had any such interests in the above-named undertaking nor in any other undertaking requiring disclosure under the Companies Act 1985.

POST BALANCE SHEET EVENT

Refer to Note 10 "Post balance sheet events".

THE SHELL COMPANY OF CHINA LIMITED

DIRECTORS' REPORT (Continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act 1985 requires the Directors 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 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 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 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 accounts comply with the Companies Act 1985. They are 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.

AUDITORS

The Company has passed an Elective Resolution in accordance with the Companies Act 1985 to dispense with the holding of annual general meetings, the laying of accounts and reports before general meetings and the annual reappointment of Auditors. PricewaterhouseCoopers LLP will, accordingly, continue in office as Auditors of the Company pursuant to Section 386 of the Companies Act 1985. However, pursuant to Section 253(2) of the Companies Act 1985, any Member or the Auditors 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



C. Bushay
Authorised signatory
Shell Corporate Secretary Ltd

14/01/2005

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THE SHELL COMPANY OF CHINA LIMITED

We have audited the accounts which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the annual report and the accounts in accordance with Applicable United Kingdom law and accounting standards are set out in the statement of Directors' responsibilities.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. 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 accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the accounts, 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 is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with 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 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 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the Company's affairs as at 31 December 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and
Registered Auditors

14 January 2005

1 Embankment Place,
LONDON, WC2N 6RH

THE SHELL COMPANY OF CHINA LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2003

Continuing operations	Note	2003 £	2002 £
Administrative expenses		(3,674)	(4,283)
OPERATING LOSS		(3,674)	(4,283)
Other interest receivable and similar income	2	1,537	-
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(2,137)	(4,283)
Tax on loss on ordinary activities	4	-	-
LOSS FOR THE FINANCIAL YEAR		(2,137)	(4,283)

The reported loss on ordinary activities and the amount retained 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 previous years and accordingly a statement of total recognised gains and losses has not been presented.

THE SHELL COMPANY OF CHINA LIMITED

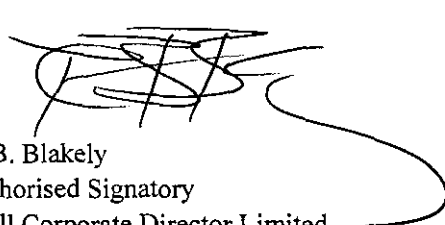
BALANCE SHEET

At 31 December 2003

	Note	2003 £	2002 £
CURRENT ASSETS			
Debtors	5	4	129
CREDITORS: amounts falling due within one year	6	(307,932)	(21,871)
NET CURRENT LIABILITIES		(307,928)	(21,742)
TOTAL ASSETS LESS CURRENT LIABILITIES		(307,928)	(21,742)
CREDITORS: amounts falling due after more than one year	7	-	(284,049)
		(307,928)	(305,791)
CAPITAL AND RESERVES			
Called up share capital	8	2,000,000	2,000,000
Profit and loss account	9	(2,307,928)	(2,305,791)
EQUITY SHAREHOLDERS' FUNDS	9	(307,928)	(305,791)

The notes on pages 6 to 9 form part of these accounts.

The accounts were approved by the Board of Directors on *14 Jan. 2005* and were signed on its behalf by:


R. B. Blakely
Authorised Signatory
Shell Corporate Director Limited
Director

THE SHELL COMPANY OF CHINA LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 2003

1. Accounting policies

a) Accounting convention and compliance with Accounting Standards

The accounts have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable Accounting Standards, in the United Kingdom and the accounting policies as described below.

b) Group accounts

The immediate parent company is The Shell Petroleum Company Limited.

The ultimate parent company is N.V. Koninklijke Nederlandsche Petroleum Maatschappij (Royal Dutch Petroleum Company), which is incorporated in the Netherlands. The ultimate parent company owns 60% of the share capital of The Shell Petroleum Company Limited, which is the main holding company in the UK, of which this Company is a direct subsidiary. The remaining 40% is owned by The "Shell" Transport and Trading Company, p.l.c ("ST&T").

The accounts of the Company are incorporated in the accounts of the Royal Dutch/Shell Group of Companies, which are included in the Annual Reports of Royal Dutch Petroleum Company and ST&T.

Copies of the accounts of the Royal Dutch/Shell Group of Companies are available from:

Publications and Communications Administration
Group External Affairs
PXXC Division
Shell Centre
London
SE1 7NA
United Kingdom

c) Fundamental accounting concept

The balance sheet as at 31 December 2003 reports a net liability of £307,928 (2002: £305,791). The accounts have been prepared under a going concern concept due to the subsequent issue of additional equity shares to its immediate parent undertaking, which will enable the Company to meet its liabilities as they fall due. Further details in respect of this transaction are provided in note 10.

d) Foreign currency translation

Income and expense items denominated in foreign currencies are translated into Sterling at the rate ruling on their transaction date.

Monetary assets and liabilities recorded in foreign currencies have been expressed in Sterling at the rates of exchange ruling on 31 December 2003. Differences on translation are included in the profit and loss account.

THE SHELL COMPANY OF CHINA LIMITED

NOTES TO THE ACCOUNTS (Continued)

For the year ended 31 December 2003

1. Accounting policies (Continued)

e) 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.

f) 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 Royal Dutch/Shell Group or investees of the Group qualifying as related parties.

2. Other interest receivable and similar income

	2003 £	2002 £
Profit on currency translation	1,537	-

3. Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging the following:

	2003 £	2002 £
Auditors' remuneration for audit services	2,200	2,100

No fees were paid to the auditor in respect of any other work (2002: £nil).

None of the Directors received any emoluments (2002: £nil) in respect of their services to the Company.

The Company had no employees during 2003 (2002: nil).

4. Tax on loss on ordinary activities

The charge/(income) for the year is made up as follows:

	2002 £	2001 £
United Kingdom corporation tax at the standard rate of 30% (2002: 30%)	-	-

No charge to United Kingdom corporation tax nor for local tax in Taiwan arises for the year, as the Company did not trade during the year (2002: £nil).

There are no amounts of unprovided deferred tax.

THE SHELL COMPANY OF CHINA LIMITED

NOTES TO THE ACCOUNTS (Continued)

For the year ended 31 December 2003

5. Debtors

	2003	2002
	Within	Within
	1 Year	1 Year
	£	£
Other debtors	4	129

6. Creditors: amounts falling due within one year

	2003	2002
	£	£
Amounts owed to Group undertakings:		
Parent undertaking	285,049	-
Fellow subsidiary undertaking	17,957	18,145
Accruals	4,926	3,726
	<u>307,932</u>	<u>21,871</u>

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

	2003	2002
	£	£
Amounts owed to parent undertaking	-	284,049

8. Called up share capital

	2003	2002
	£	£
Authorised		
200,000 (2002: 200,000) ordinary shares of £10 each	2,000,000	2,000,000
Allotted, called up and fully paid		
200,000 (2002: 200,000) ordinary shares of £10 each	2,000,000	2,000,000

THE SHELL COMPANY OF CHINA LIMITED

NOTES TO THE ACCOUNTS (Continued)

For the year ended 31 December 2003

9. Reconciliation of movements in reserves and shareholders' funds

	Share capital £	Profit and loss account £	Shareholders' funds £
At 1 January 2002	2,000,000	(2,301,508)	(301,508)
Retained loss for the year	-	(4,283)	(4,283)
At 1 January 2003	2,000,000	(2,305,791)	(305,791)
Retained loss for the year	-	(2,137)	(2,137)
At 31 December 2003	2,000,000	(2,307,928)	(307,928)

10. Post balance sheet event

On 21 December 2004, the authorised share capital of the Company was increased to £2,312,000 by the creation of 31,200 new ordinary shares of £10 each.

On 21 December 2004, the Company issued 31,200 ordinary shares of £10 each to The Shell Petroleum Company Limited, its immediate parent undertaking. As a result, the Company's allotted, called up and fully paid up share capital increased to £2,312,000.