

SHELL DEVELOPMENTS (CHINA) LIMITED

DIRECTORS' REPORT

AND ACCOUNTS

2008

CONTENTS

DIRECTORS' REPORT	1
INDEPENDENT AUDITORS' REPORT	3
PROFIT AND LOSS ACCOUNT	4
BALANCE SHEET	5
NOTES TO THE ACCOUNTS	6

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SHELL DEVELOPMENTS (CHINA) LIMITED

DIRECTORS' REPORT

The Directors submit their annual report and audited accounts for the year ended 31 December 2008.

The annual report and audited accounts of the Company have been prepared in accordance with the Companies Act 2006 and those provisions of the Companies Act 1985 which, by virtue of transitional provisions, continue to apply (as amended by the Companies Act 2006) to the Company as the Company's financial year commenced before 6 April 2008.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the Company was to provide liaison representation in the People's Republic of China (the "PRC") for Shell's global / international companies and Shell's associated companies.

As a result of a review on the activities prepared by the representative offices, management has closed all the offices in the PRC and plans to make the Company dormant with the intent to liquidate the Company in the near future.

The Directors do not recommend the payment of dividend for the year ended 31 December 2008 (2007: RMB Nil).

DIRECTORS

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

C. M. Grant

Resigned on 1 February 2008

L. S. Cheong

P. K. Lee

Resigned on 23 June 2009

S. M. Poon

Y. T. Li

Appointed on 23 June 2009

SHELL DEVELOPMENTS (CHINA) LIMITED

DIRECTORS' REPORT (Continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Companies Act 1985 provisions, which continue to apply to the Company's annual report and accounts for this financial year, 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 confirm that they have complied with the above requirements in preparing the accounts.

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 provisions which, as mentioned above, continue to apply to the Company's annual report and accounts for this financial year. 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.

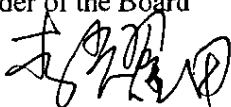
DISCLOSURE OF INFORMATION TO AUDITORS

All Directors in office at the date of approval of the accounts confirm that so far as each of the Directors 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. Each of the Directors believes that he or she has taken all steps that ought to have been taken to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

INDEPENDENT AUDITORS

The Company has passed an Elective Resolution pursuant to section 386 of the Companies Act 1985 to dispense with the annual reappointment of auditors. As this Elective Resolution was in force before 1 October 2007 and has not been revoked or ceased to have effect Pricewaterhouse Coopers LLP will continue in office as auditors of the Company pursuant to section 487(2) of the Companies Act 2006 as amended by the Companies Act 2006 (Commencement No 3 Consequential Amendments, Transitional Provisions and Savings) Order 2007 SI2007/2194.

By order of the Board



Yaotian Li
Director
11 August 2009

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SHELL DEVELOPMENTS (CHINA) LIMITED

We have audited the accounts of Shell Developments (China) Limited for the year ended 31 December 2008, which comprise the profit and loss account, the balance sheet and the related notes. These accounts have been prepared under the accounting policies set out therein.

Respective responsibilities of Directors and Auditors

The directors' responsibilities for preparing the accounts 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 accounts 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 accounts 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 accounts.

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

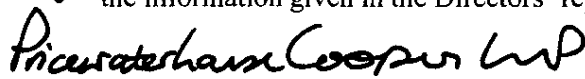
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2008 and of its loss for the year then ended;
- the accounts have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' report is consistent with the accounts.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Glasgow

17 August 2009

SHELL DEVELOPMENTS (CHINA) LIMITED**PROFIT AND LOSS ACCOUNT****For the year ended 31 December 2008**

Discontinued operations	Note	2008 RMB '000	2007 RMB '000
Administrative expenses		(14)	(1,395)
OPERATING LOSS		(14)	(1,395)
Other interest receivable and similar income	2	2,477	1,089
Interest payable and similar charges	3	(4,575)	(14)
LOSS ON ORDINARY ACTIVITIES BEFORE TAX	4	(2,112)	(320)
Tax on loss on ordinary activities	5	-	-
LOSS FOR THE YEAR		(2,112)	(320)

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

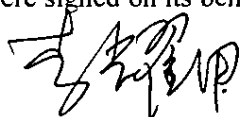
There were no recognised gains and losses other than the loss for the current year and the prior year and accordingly a statement of total recognised gains and losses has not been presented.

SHELL DEVELOPMENTS (CHINA) LIMITED**BALANCE SHEET**

At 31 December 2008

	Note	2008 RMB '000	2007 RMB '000
CURRENT ASSETS			
Debtors	6	68,533	70,215
Cash at bank and in hand		-	431
		<hr/> 68,533	<hr/> 70,646
CREDITORS: amounts falling due within one year	7	(15)	(16)
		<hr/>	<hr/>
NET CURRENT ASSETS		68,518	70,630
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		68,518	70,630
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	8	88,658	88,658
Profit and loss account	9	(20,140)	(18,028)
		<hr/>	<hr/>
SHAREHOLDERS' FUNDS	9	68,518	70,630
		<hr/>	<hr/>

The accounts on pages 4 to 9 were approved by the Board of Directors on 11 August 2009 and were signed on its behalf by:



Yaotian Li
Director

SHELL DEVELOPMENTS (CHINA) LIMITED

NOTES TO THE ACCOUNTS (Continued)

For the year ended 31 December 2008

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; in accordance with the Companies Act 1985; applicable Accounting Standards in the UK; and the accounting policies as described below. The accounting policies have been consistently applied. There have been no changes in accounting policies in 2008.

b) Group accounts

The immediate parent company is Shell Overseas Holdings Limited.

The ultimate parent company is 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) Foreign currency translation

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

Monetary assets and liabilities recorded in foreign currencies have been expressed in Renminbi at the rates of exchange ruling at year end RMB 9.8589: GBP 1 (2007: RMB 14.5824: GBP 1). Differences on translation are included in the profit and loss account. Non-monetary assets and liabilities that have been measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined. No subsequent translations are made once this has occurred.

Other income and expense items denominated in foreign currencies are translated at the rate ruling on the transaction date. Differences on translation are included in the profit for the year.

d) Cash flow statement

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

e) Related party disclosures

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

SHELL DEVELOPMENTS (CHINA) LIMITED**NOTES TO THE ACCOUNTS (Continued)****For the year ended 31 December 2008****1. Accounting policies (Continued)****f) Fundamental Accounting Concept**

The accounts have been prepared under the going concern concept, as there are not expected to be any differences in the values of the balances realised on a break up basis and those recorded on a going concern basis.

2. Other interest receivable and similar income

	2008	2007
	RMB '000	RMB '000
Interest from Group undertakings:		
Fellow subsidiary undertaking	2,476	92
Interest from banks and similar income	1	95
Profit on currency translation	-	902
	<hr/>	<hr/>
	2,477	1,089

3. Interest payable and similar charges

	2008	2007
	RMB '000	RMB '000
Bank interest and charges	14	14
Loss on currency translation	4,561	-
	<hr/>	<hr/>
	4,575	14

4. Loss on ordinary activities before tax

Loss on ordinary activities before tax is stated after charging/(crediting) the following:

	2008	2007
	RMB '000	RMB '000
Currency translation on financing activities	4,561	(902)
Auditors' remuneration for audit services	14	14

No fees were paid to the auditors in respect of any other work (2007: Nil). In addition to the auditors' remuneration disclosed above and settled directly by the Company, audit fees of GBP 9,162 (2007: GBP 9,100) were paid by a fellow subsidiary undertakings on behalf of the Company in respect of audit work performed in the UK.

The Company had no employees during 2008 (2007: none).

None of the Directors received any emoluments in respect of their services to the Company (2007: Nil).

SHELL DEVELOPMENTS (CHINA) LIMITED**NOTES TO THE ACCOUNTS (Continued)****For the year ended 31 December 2008****5. Tax on loss on ordinary activities**

No charge to corporation tax arises for the year (2007: Nil), as the Company did not trade during the year.

The tax assessed for the year differs from the standard rate of Chinese corporation tax of 25% (2007: 33%). The differences are explained below:

	2008 RMB '000	2007 RMB '000
Loss on ordinary activities before tax	(2,112)	(320)
Tax on profit on ordinary activities at standard Chinese corporation tax rate of 25% (2007: 33%)	(528)	(106)
Effects of:		
Deferred tax asset not recognised	528	106
Current tax charge for the year	-	-

An unrecognised deferred tax asset of RMB 5,035,000 (2007: RMB 5,949,000) arises in respect of losses that are uncertain to be recovered against future profits. The deferred tax asset has not been recognised as it is unlikely that this asset will be utilised as the Company is expected to become dormant in the near future.

6. Debtors

	2008 RMB '000	2007 RMB '000
Within 1 Year		
Amounts owed by fellow subsidiary undertakings	68,533	70,215

Amounts owed by a fellow subsidiary undertaking represents deposits placed with Shell Treasury Centre Limited which bear interest at rates ranging from 1.05% to 4.65% (2007: 4.65%) per annum and are repayable upon demand.

7. Creditors: amounts falling due within one year

	2008 RMB '000	2007 RMB '000
Accruals and deferred income	15	16

SHELL DEVELOPMENTS (CHINA) LIMITED

NOTES TO THE ACCOUNTS (Continued)

For the year ended 31 December 2008

8. Called up share capital

	2008 RMB '000	2007 RMB '000
Authorised 9,800,000 (2007: 9,800,000) ordinary shares of £1 (RMB 9.0467) each	<u>88,658</u>	<u>88,658</u>
Allotted, called up and fully paid 9,800,000 (2007: 9,800,000) ordinary shares of £1 (RMB 9.0467) each	<u>88,658</u>	<u>88,658</u>

9. Reconciliation of movements in reserves and shareholders' funds

	Share capital RMB '000	Profit and loss account RMB '000	Shareholders' funds RMB '000
At 1 January 2007	88,658	(17,708)	70,950
Loss for the year	-	(320)	(320)
At 1 January 2008	<u>88,658</u>	<u>(18,028)</u>	<u>70,630</u>
Loss for the year	-	(2,112)	(2,112)
At 31 December 2008	<u>88,658</u>	<u>(20,140)</u>	<u>68,518</u>

10. Post balance sheet events

The deposit of the Company with Shell Treasury Centre Limited of \$10,013,923 (RMB 68,298,960) matured on 10 June 2009, and has been transferred to Shell Overseas Holdings Limited on 10 June 2009 as a non-profit-bearing deposit.