

SHELL DEVELOPMENTS (CHINA) LIMITED

DIRECTORS' REPORT

AND ACCOUNTS

2007

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Registered in England & Wales 1570273



SHELL DEVELOPMENTS (CHINA) LIMITED
DIRECTORS' REPORT

The Directors submit their annual report and audited accounts for the year ended 31 December 2007

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 review on the activities of representative offices, management has closed all the offices in the PRC and plans to make the Company dormant

The Directors do not recommend the payment of dividend (2006 RMB Nil)

DIRECTORS

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

R T Blaney	Resigned on 1 March 2007
L S Cheong	Appointed on 1 March 2007
E T Fitzgerald	Resigned on 1 March 2007
C M Grant	Resigned on 1 February 2008
P K Lee	
S M Poon	

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 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

SHELL DEVELOPMENTS (CHINA) LIMITED

DIRECTORS' REPORT (Continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES (Continued)

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.

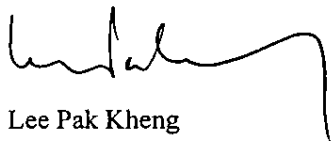
DISCLOSURE OF INFORMATION TO AUDITORS

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 auditors, PricewaterhouseCoopers LLP, have expressed their willingness to continue in office as auditors of the Company and a resolution proposing their reappointment will be put to the members at the annual general meeting.

By order of the Board



Lee Pak Kheng
Director
08 July 2008

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

We have audited the financial statements of Shell Developments (China) Limited for the year ended 31 December 2007, 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 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

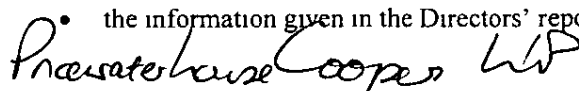
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 2007 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
Chartered Accountants and Registered Auditors
Glasgow
09 July 2008

SHELL DEVELOPMENTS (CHINA) LIMITED
PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2007

Discontinued operations	Note	2007 RMB '000	2006 RMB '000
Administrative expenses		(1,395)	(73)
OPERATING LOSS		(1,395)	(73)
Other interest receivable and similar income	2	1,089	42
Interest payable and similar charges	3	(14)	(131)
LOSS ON ORDINARY ACTIVITIES BEFORE TAX	4	(320)	(162)
Tax on loss on ordinary activities	5	-	-
LOSS FOR THE YEAR		(320)	(162)

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 loss for the prior year and accordingly a statement of total recognised gains and losses has not been presented

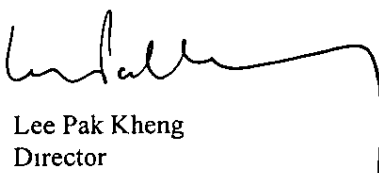
SHELL DEVELOPMENTS (CHINA) LIMITED**BALANCE SHEET**

At 31 December 2007

	Note	2007 RMB '000	2006 RMB '000
CURRENT ASSETS			
Debtors	6	70,215	121,410
Cash at bank and in hand		431	6,877
		<hr/>	<hr/>
		70,646	128,287
CREDITORS: amounts falling due within one year	7	(16)	(57,337)
		<hr/>	<hr/>
NET CURRENT ASSETS		70,630	70,950
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		70,630	70,950
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	8	88,658	88,658
Profit and loss account	9	(18,028)	(17,708)
		<hr/>	<hr/>
SHAREHOLDERS' FUNDS	9	70,630	70,950
		<hr/>	<hr/>

The Notes on pages 6 to 9 form part of these accounts

The accounts were approved by the Board of Directors on 8 July 2008 and were signed on its behalf by


Lee Pak Kheng
Director

SHELL DEVELOPMENTS (CHINA) LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 2007

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

b) Group accounts

The immediate parent company is Shell Overseas Holdings 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) 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 14 5824 GBP 1 (2006 RMB 15 3084 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

The Renminbi equivalent of exchange gains and losses arising as a result of foreign currency transactions are included in the loss for the year

d) 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

e) 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

SHELL DEVELOPMENTS (CHINA) LIMITED**NOTES TO THE ACCOUNTS (Continued)****For the year ended 31 December 2007****2. Other interest receivable and similar income**

	2007 RMB '000	2006 RMB '000
Interest from banks and similar income	187	23
Profit on currency translation	902	-
Other income	-	19
	<u>1,089</u>	<u>42</u>

3. Interest payable and similar charges

	2007 RMB '000	2006 RMB '000
Bank interest and charges	14	15
Loss on currency translation	-	116
	<u>14</u>	<u>131</u>

4. Loss on ordinary activities before tax

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

	2007 RMB '000	2006 RMB '000
Currency translation on financing activities	(902)	116
Auditors' remuneration for audit services	14	41

No fees were paid to the auditors in respect of any other work (2006 RMB Nil) In addition to the auditors' remuneration disclosed above and settled directly by the Company, audit fees of GBP 9,100 (2006 GBP 7,000) were paid by other entities in the Shell Group of Companies on behalf of the Company in respect of certain audit work which is performed in the UK

The Company had no employees during 2007 (2006 Nil)

None of the Directors received any emoluments in respect of their services to the Company (2006 RMB Nil)

SHELL DEVELOPMENTS (CHINA) LIMITED

NOTES TO THE ACCOUNTS (Continued)

For the year ended 31 December 2007

5. Tax on loss on ordinary activities

No charge to corporation tax arises for the year (2006 RMB Nil), as the Company did not trade during the year

	2007 RMB '000	2006 RMB '000
Chinese corporation tax at the standard rate of 33% (2006 33%)	-	-

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

	2007 RMB '000	2006 RMB '000
Loss on ordinary activities before tax	(320)	(162)
Tax on profit on ordinary activities at standard Chinese corporation tax rate of 33% (2006 33%)	(106)	(53)
Effects of Deferred tax asset not recognised	106	53
Current tax charge for the year	-	-

6 Debtors

	2007 RMB '000	2006 RMB '000
Within 1 Year		
Amounts owed by fellow subsidiary undertakings	70,215	121,410

7. Creditors: amounts falling due within one year

	2007 RMB '000	2006 RMB '000
Amounts owed to fellow subsidiary undertakings	-	57,297
Accruals	16	40
	16	57,337

SHELL DEVELOPMENTS (CHINA) LIMITED

NOTES TO THE ACCOUNTS (Continued)

For the year ended 31 December 2007

8. Called up share capital

	2007 RMB '000	2006 RMB '000
Authorised		
9,800,000 (2006 9,800,000) ordinary shares of £1 each	<u>88,658</u>	<u>88,658</u>
Allotted, called up and fully paid		
9,800,000 (2006 9,800,000) ordinary shares of £1 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 2006	88,658	(17,546)	71,112
Loss for the year	<u>-</u>	<u>(162)</u>	<u>(162)</u>
At 1 January 2007	88,658	(17,708)	70,950
Loss for the year	<u>-</u>	<u>(320)</u>	<u>(320)</u>
At 31 December 2007	<u>88,658</u>	<u>(18,028)</u>	<u>70,630</u>