

SINOPEC SHANGHAI PETROCHEMICAL CO LTD

Form 6-K

April 02, 2007

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SECURITIES AND EXCHANGE COMMISSION

Washington D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

PURSUANT TO RULE 13a-16 OR 15d-16 UNDER

THE SECURITIES EXCHANGE ACT OF 1934

For the month of March 2007

Commission File Number: 1-12158

Sinopec Shanghai Petrochemical Company Limited

(Translation of registrant's name into English)

Jinshanwei, Shanghai

The People's Republic of China

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): _____

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): _____

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82- Not Applicable

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SINOPEC SHANGHAI PETROCHEMICAL COMPANY LIMITED

Date: March 30, 2007

By: /s/ Rong Guangdao
Name: Rong Guangdao
Title: Chairman

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To: Business Editor

[For Immediate Release]

Shanghai Petrochemical Announces 2006 Annual Results

Profit Affected by High Oil Prices; Sales Soared to a Record High

Hong Kong, March 30, 2007 Sinopec Shanghai Petrochemical Company Limited (Shanghai Petrochemical or the Company) (HKEx:338; SSE: 600688; NYSE: SHI) announced today the audited operating results of the Company and its subsidiaries (the Group) prepared under the International Financial Reporting Standards for the year ended December 31, 2006 (the Year).

Turnover of the Group for 2006 amounted to RMB50,599.5 million, representing an increase of 10.10% as compared to 2005. Profit before tax was RMB964.2 million, representing a decrease of 57.85% as compared to 2005. Profit attributable to equity shareholders of the Company was RMB844.4 million, representing a decrease of 54.37% as compared to 2005. Earnings per share was RMB0.12 (2005: RMB0.26). The board of directors of the Company has recommended a final dividend of RMB0.04 (inclusive of tax) (2005: RMB0.10), equivalent to RMB4.00 per American Depositary Share.

Mr. Rong Guangdao, Chairman of Shanghai Petrochemical, said, In 2006, the world s economy maintained relatively fast growth while the global petrochemical industry witnessed solid development in overall terms. However, due to the continued rise in international crude oil prices, the Group s production cost witnessed a substantial rise as compared to 2005. In addition, the Chinese government continued to maintain price controls on petroleum products. Despite being granted a subsidy of RMB282.1 million by the Ministry of Finance, the Group was unable to fully cover the loss arising from the sales of petroleum products. As a result, the Group s economic efficiency saw a substantial fall over 2005, even though its turnover in 2006 broke the RMB50 billion threshold.

In 2006, total net sales of the Group increased by 10.46% as compared with 2005 to RMB49,918.1 million. The demand for petrochemical products in China remained strong, thus causing the price of many products to increase as compared with 2005. The weighted average prices (exclusive of tax) of synthetic fibres, resins and plastics, intermediate petrochemicals and petroleum products increased 4.26%, 9.02%, 3.47% and 14.11%, respectively, as compared to 2005.

In 2006, the Group processed 8,920,300 tons of crude oil, down 6.03% over 2005. The Group produced 761,500 tons of gasoline, 2,742,100 tons of diesel oil and 533,800 tons of jet fuel, all representing decreases in production outputs over 2005. The Group also produced 960,300 tons of ethylene and 517,700 tons of propylene, similar to the respective figures for 2005. The Group produced 1,087,800 tons of synthetic resins and polymers; 549,500 tons of synthetic fibre monomers; 604,600 tons of synthetic fibre polymers; and 330,000 tons of synthetic fibres, representing increases of 1.94%, 11.29% and 1.47% and a decrease of 7.46%, respectively, as compared to 2005. The Shanghai Secco 900,000 tons/year ethylene joint venture project between the Company, Sinopec Corp. and BP Chemicals East China Investments Ltd. operated in a normal manner in 2006, whereby 978,000 tons of ethylene were produced during the year, up 52.33% over 2005. The Group s ethylene production output was among the nation s top, while its production output of acrylic fibre continued to top the nation.

The Group s crude oil costs for the Year amounted to RMB33,307.6 million, representing 67.72% of the Group s cost of sales. The Group s crude oil costs increased by RMB3,731.2 million as compared to 2005. The average cost of crude oil processed was RMB3,780.56 per ton, up 17.84% over 2005.

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During the Year, the Company made significant progress on the construction of key projects. In particular, the 3,300,000 tons/year diesel hydrogenation project and the 380,000 tons/year ethylene glycol plant was mechanically completed in December. The Group's structural adjustment project, which aims at further adjusting and optimizing businesses and products, was fully commenced by the year's end. The project includes the addition of flue gas desulphurization facilities to the furnaces of the coal-fired power plants, the 620 tons of steam/hour boiler, the 100MW power generation unit project, the 1,200,000 tons/year delayed coking plant project, among other projects.

Looking ahead, Mr. Rong Guangdao said, In 2007, the steady and robust growth in both the international and the domestic economies will bring about good development potential to the petroleum and petrochemical industry. The domestic petrochemicals market is expected to remain prosperous due to the gradually increasing demand for petroleum, natural gas, petroleum products and major petrochemicals. However, the Group will still be exposed to a number of challenges: the fact that international crude oil prices are expected to continue to fluctuate at high levels; the State's refusal to loosen control over prices of domestic petroleum products; intensifying market competition caused by rapid expansion of domestic and foreign production capacity of petrochemicals; and further reduction of tariffs for imported petrochemicals. In response to the changes in the economic environment, the Group will be committed to fully implementing its strategy to streamline costs. Through strengthening the development of the structural adjustment program, strengthening internal management and carrying out reforms in a pro-active and steady manner, the Group's competitiveness and economic benefits will then be enhanced and improved.

Shanghai Petrochemical is one of the largest petrochemical companies in China and was one of the first Chinese companies to complete a global securities offering. Located in the Jinshan District which is at the southwest of Shanghai, it is a highly integrated petrochemical enterprise which processes crude oil into a broad range of products in synthetic fibres, resins and plastics, intermediate petrochemicals and petroleum products.

This press release contains statements of a forward-looking nature. These statements are made under the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. You can identify these forward-looking statements by terminology such as will, expects, anticipates, future, intends, plans, believes, estimates and similar statements. The accuracy of these statements may be impacted by a number of business risks and uncertainties that could cause actual results to differ materially from those projected or anticipated, including risks such as: the risk that the PRC economy may not grow at the same rate in future periods as it has in the last several years, or at all, the risk that the PRC government's implementation of macro-economic control measures to curb over-heating of the PRC economy may adversely affect the company; uncertainty as to global economic growth in future periods; the risk that prices of the Company's raw materials, particularly crude oil, will continue to increase; the risk of not being able to raise the prices of the Company's products as is appropriate thus adversely affecting the Company's profitability; the risk that new marketing and sales strategies may not be effective; the risk that fluctuations in demand for the Company's products may cause the Company to either over-invest or under-invest in production capacity in one or more of its four major product categories; the risk that investments in new technologies and development cycles may not produce the benefits anticipated by management; the risk that the trading price of the Company's shares may decrease for a variety of reasons, some of which may be beyond the control of management; competition in the Company's existing and potential markets; and other risks outlined in the Company's filings with the U.S. Securities and Exchange Commission. The Company does not undertake any obligation to update this forward-looking information, except as required under applicable law.

End

Encl: Consolidated Income Statement (Audited)

For further information, please contact:

Ms. Sally Wong / Ms. Jane Kun

Rikes Communications Limited

Tel: (852) 2520 2201

Fax: (852) 2520 2241

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(Prepared under International Financial Reporting Standards)

Consolidated Income Statement (Audited)

Year ended 31 December 2006

	<i>2006</i> <i>RMB 000</i>	<i>2005</i> <i>RMB 000</i>
Turnover	50,599,485	45,955,903
Less: Sales taxes and surcharges	(681,362)	(765,689)
Net sales	49,918,123	45,190,214
Other income	282,142	632,820
Cost of sales	(49,182,232)	(42,887,742)
Gross profit	1,018,033	2,935,292
Selling and administrative expenses	(521,990)	(444,449)
Other operating income	297,394	238,611
Other operating expenses:		
Employee reduction expenses	(83,603)	(109,410)
Others	(156,927)	(92,084)
Profit from operations	552,907	2,527,960
Share of profits / (losses) of associates and jointly controlled entities	576,682	(60,968)
Net financing costs	(165,389)	(179,398)
Profit before taxation	964,200	2,287,594
Taxation	(53,238)	(366,300)
Profit after taxation	910,962	1,921,294
Attributable to:		
Equity shareholders of the Company	844,407	1,850,449
Minority interests	66,555	70,845
Profit after taxation	910,962	1,921,294
Basic earnings per share	RMB0.12	RMB0.26
Dividends attributable to the year	288,000	720,000

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(A joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 338)

Resolutions of the 18th Meeting of the Fifth Session of the Board of Directors

The Company and all members of the board of directors warrant that the information contained in this announcement is truthful, accurate and complete, and jointly accept full responsibility for any false presentations or misleading statements contained in, or material omissions from, this announcement.

The notice for convening the 18th meeting of the fifth session of the board of directors of Sinopec Shanghai Petrochemical Company Limited (the Company) (the Meeting) was sent to all directors on 15 March 2007 by way of facsimile transmission and mail. The Meeting was held at conference room No.8 of the Company's main building on 29 March 2007. Of the 12 directors entitled to attend the Meeting, 11 directors were in attendance. Mr. Lei Dianwu, director, was absent due to business engagement and had authorized Mr. Rong Guangdao, chairman of the Company, as his irrevocable voting proxy. Members of the supervisory committee and the senior management of the Company attended the Meeting. The convening of the Meeting complied with the PRC Company Law and the articles of association of the Company. Mr. Rong Guangdao, chairman of the Company, presided over the Meeting. The Meeting considered and approved the following resolutions:

- Resolution 1 The president's work report of 2006 was approved with 12 votes in favor, 0 vote against and 0 abstained vote;
- Resolution 2 The board of directors' work report of 2006 was approved with 12 votes in favor, 0 vote against and 0 abstained vote. The resolution will be submitted to the annual general meeting for approval;
- Resolution 3 The 2006 audited financial report and 2007 financial budget were approved with 12 votes in favor, 0 vote against and 0 abstained vote. The resolution will be submitted to the annual general meeting for approval;
- Resolution 4 The 2006 profit appropriation plan was approved with 12 votes in favor, 0 vote against and 0 abstained vote. The board of directors has recommended that a final dividend for the year of RMB0.4 (including tax) for every 10 shares to be distributed to all shareholders, with total dividends amounting to RMB288,000,000. Accordingly, under the PRC Accounting Rules and Regulations, the undistributed profit was RMB375,166,000 (under International Financial Reporting Standards: RMB482,722,000) which will be carried forward to 2007. The resolution will be submitted to the annual general meeting for approval;
- Resolution 5 The 2006 annual report (full report and its summary) was approved with 12 votes in favor, 0 vote against and 0 abstained vote;
- Resolution 6 The re-appointments of KPMG Huazhen as the Company's domestic auditors for 2007 and KPMG as the Company's international auditors were approved with 12 votes in favor, 0 vote against and 0 abstained vote. The directors were authorized to determine their remuneration. The resolution will be submitted to the annual general meeting for approval;
- Resolution 7 The Company's Internal Control Manual (2007 edition) was approved with 12 votes in favor, 0 vote against and 0 abstaining vote.

Sinopec Shanghai Petrochemical Company Limited

Shanghai, the PRC, 29 March 2007

As at the date of this announcement, the executive directors of the Company are Rong Guangdao, Du Chongjun, Han Zhihao, Shi Wei, Li Honggen and Dai Jinbao; the non-executive directors of the Company are Lei Dianwu and Xiang Hanyin, and the independent non-executive directors of the Company are Chen Xinyuan, Sun Chiping, Jiang Zhiquan and Zhou Yunnong.

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(A joint stock limited company incorporated in the People's Republic of China)

Resolutions of the 9th Meeting of the Fifth Session of the Supervisory Committee

The Company and all members of the supervisory committee warrant that the information contained in this announcement is truthful, accurate and complete, and jointly accept full responsibility for any false presentations or misleading statements contained in, or material omissions from, this announcement.

The notice for convening the 9th meeting of the fifth session of the supervisory committee of Sinopec Shanghai Petrochemical Company Limited (the Company) (the Meeting) was sent to all supervisors on 15 March 2007 by way of facsimile transmission or by courier. The Meeting was held at conference room No.4 of the Company's main building in the afternoon of 28 March 2007. Of the 7 supervisors entitled to attend the Meeting, 4 supervisors were in attendance. Supervisor, Mr. Yin Yongli, was absent due to business engagement and had appointed Mr. Gao Jinping, chairman of the supervisory committee, to vote on his behalf. Supervisors, Mr. Liu Xiangdong and Ms. Wang Yanjun, were absent due to business engagement and had appointed supervisor, Mr. Zhang Chenghua, to vote on their behalf. The Meeting was in compliance with the relevant rules and regulations of the Company Law, the Securities Law and the articles of association of the Company.

The resolutions for the Meeting were considered by the supervisors and were approved as follows:

(1) The Company's 2006 Annual Report was approved

The Supervisory Committee of the Company has conscientiously reviewed the Company's 2006 annual report in accordance with the relevant requirements of Article 68 of the Securities Law and No. 2 `Content and Format of Annual Report' of the Standards of Content and Format on Information Disclosure for Publicly Listed Companies (2006 Edition). Supervisors who attended the Meeting unanimously agreed that:

1. The preparation and review procedures for the 2006 annual report were in compliance with the requirements of the relevant law, regulations and the articles of association of the Company.
 2. The content and format of the 2006 annual report were in compliance with the relevant requirements of the China Securities Regulatory Commission and the Shanghai Stock Exchange. The information contained therein gave a truthful view of the Company's 2006 operation management and financial position in various respects.
 3. Before the Supervisory Committee issued its review opinion on the Company's 2006 Annual Report, no violation of the confidentiality requirements has been found in respect of the individuals who participated in the preparation and review of the 2006 annual report.
 4. The information contained in the Company's 2006 annual report is truthful, accurate and complete, without any false presentations, misleading statements or material omissions, and that it shall jointly accept full responsibility for the truthfulness, accuracy and completeness of the information contained therein.
- (with 7 votes in favor, 0 vote against and 0 abstaining vote)

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(2) The 2006 Work Report of the Supervisory Committee of the Company was approved

All supervisors in attendance unanimously agreed that: 1) the work report gave an objective analysis on the operating results, not only acknowledging the achievements made but also indicating the gap between leading peer corporations and the Company; 2) the work report acknowledged that the 2006 annual report gave a truthful and fair view of the financial position and operating results of the Company. The unqualified financial statements, issued by KPMG Huazhen was truthful and fair; 3) the work report acknowledged the work efforts made by the supervisory committee in 2006, and that the proposed work objectives for 2007 were in line with the actual operation of the Company. At the Meeting, the work report was approved to be submitted to the 2006 annual general meeting for consideration.

(with 7 votes in favor, 0 vote against and 0 abstaining vote)

(3) Comments on the 2006 annual report by the Supervisory Committee were considered and approved

(with 7 votes in favor, 0 vote against and 0 abstaining vote)

(4) Major work items in 2007 for the Supervisory Committee were considered and approved

(with 7 votes in favor, 0 vote against and 0 abstaining vote)

Sinopec Shanghai Petrochemical
Company Limited
Supervisory Committee

Shanghai, the PRC, 29 March 2007

As at the date of this announcement, the executive directors of the Company are Rong Guangdao, Du Chongjun, Han Zhihao, Shi Wei, Li Honggen and Dai Jinbao; the non-executive directors of the Company are Lei Dianwu and Xiang Hanyin, and the independent non-executive directors of the Company are Chen Xinyuan, Sun Chiping, Jiang Zhiquan and Zhou Yunnong.

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(A joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 338)

2006 Annual Report Summary

1 IMPORTANT MESSAGE

1.1 The Board of Directors (the Board) and Supervisory Committee of Sinopec Shanghai Petrochemical Company Limited (the Company or SPC) as well as its directors, supervisors, senior management warrant that there are no material omissions from, or misrepresentation or misleading statement contained in this report, and severally and jointly accept full responsibility for the truthfulness, accuracy and completeness of the information contained in this report.

This report summary is extracted from the Company's 2006 annual report. The full report will be posted on <http://www.sse.com.cn> simultaneously. Investors should read the full text of the 2006 annual report for details.

1.2 Mr. Lei Dianwu, director, was unable to attend the 18th meeting of the fifth session of the Board and appointed Mr. Rong Guangdao, chairman of the Company, as his irrevocable voting proxy. The 2006 annual report has been considered and approved by the Board.

1.3 The Company prepared the financial statements for the year ended 31 December 2006 (the Reporting Period) in accordance with the People's Republic of China (PRC) Accounting Rules and Regulations as well as the International Financial Reporting Standards (IFRS). They have been audited by KPMG Huazhen and KPMG respectively, and both firms have issued unqualified opinions on the financial statements in its auditors' report.

1.4 Mr. Rong Guangdao, chairman and president of the Company, Mr. Du Chongjun, vice chairman and vice president and Mr. Han Zhihao, director and chief financial officer overseeing the accounting operations, hereby warrant the truthfulness and completeness of the financial report contained in this report.

2 CORPORATE INFORMATION

2.1 Corporate information

Stock Abbreviation	S (A shares)	(H shares)	SHI (ADRs)
Stock code	600688	338	-
Stock Exchange Listings	Shanghai Stock Exchange	Hong Kong Stock Exchange	New York Stock Exchange
Registered Address and Business Address	48 Jinyi Road, Jinshan District, Shanghai, PRC		
Postal Code	200540		
Company's website	www.spc.com.cn		
E-mail address	spc@spc.com.cn		

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	Company Secretary	Securities Representative
Name	Zhang Jingming	Tang Weizhong
Address	48 Jinyi Road Jinshan District Shanghai, PRC	Suite B, 28/F Huamin Empire Plaza 728 West Yan'an Road Shanghai, PRC
	Postal code: 200540	Postal code: 200050
Telephone	86-21-57943143/52377880	86-21-52377880
Fax	86-21-57940050/52375091	86-21-52375091
E-mail	spc @spc.com.cn	tom @spc.com.cn

3. HIGHLIGHTS OF FINANCIAL DATA AND FINANCIAL INDICATORS

Prepared under PRC Accounting Rules and Regulations

3.1 Major Financial Data

Unit: RMB '000

	For the years ended 31 December			
	2006	2005	(%)	2004
Major Financial Data				
Income from principal operations	50,479,436	45,897,807	9.98	39,402,533
Total profit	843,669	2,137,208	-60.52	4,693,059
Net profit	736,851	1,704,627	-56.77	3,971,265
Net profit excluding non-recurring items	577,682	1,298,766	-55.52	4,078,483
Net cash flow from operating activities	2,040,679	4,245,115	-51.93	4,908,020

	As at 31 December			
	2006	2005	(%)	2004
Total assets	27,684,200	27,101,918	2.15	28,757,089
Shareholders' equity (excluding minority interest)	19,273,088	19,166,908	0.55	18,902,281

3.2 Major Financial Indicators

	For the years ended 31 December			
	Increase/ decrease compared			
	to the previous year			
Major financial indicators	2006	2005	(%)	2004
Earnings per share (RMB)	0.102	0.237	-56.96	0.552
Return on net assets(%)			Decrease 5.07 percentage points	21.01
Return on net assets based on net profit excluding non-recurring items (%) (fully diluted)	3.82	8.89	Decrease 3.78 percentage points	21.58
Net cash flow per share from operating activities (RMB)	0.283	0.590	-52.03	0.682

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	As at 31 December			
			Increase/ decrease compared to the previous year	
	2006	2005	(%)	2004
Net asset value per share (RMB)	2.677	2.662	0.56	2.625
Adjusted net asset value per share (RMB)	2.651	2.660	-0.34	2.623

3.3 Non-recurring items

Unit: RMB 000

Non-recurring Items	Amount
Non-operating expenses (excluding provision for impairment losses on fixed assets)	(221,036)
Gain on disposal of long-term equity investments	56,194
Non-operating income	69,958
Subsidy income	282,142
Less: Tax effect for the above items	(28,089)
Total	159,169

3.4 Financial information prepared under IFRS for the past five years

RMB million	2006	2005	2004	2003	2002
For the year ended 31 December:					
Net sales	49,918.1	45,190.2	38,664.1	28,942.7	21,723.0
Profit before taxation	964.2	2,287.6	4,696.2	1,590.4	1,045.0
Profit after taxation	911.0	1,921.3	4,059.2	1,445.3	960.5
Profit attributable to equity shareholders of the Company	844.4	1,850.4	3,971.1	1,401.7	916.4
Earnings per share	RMB0.12	RMB0.26	RMB0.55	RMB0.20	RMB0.13
As at 31 December:					
Total equity attributable to equity shareholders of the Company	18,976.3	18,830.0	18,417.0	15,021.9	13,980.2
Total assets	27,406.1	26,810.4	28,276.6	27,101.5	26,085.9
Total liabilities	8,093.7	7,632.9	9,486.5	11,738.4	11,739.0

3.5 Differences between financial statements prepared under PRC Accounting Rules and Regulations and IFRS

Unit: RMB 000

	Under PRC Accounting Rules and Regulations	Under IFRS
Net profit	736,851	844,407
Explanation of differences	For details, please refer to section 9.4	

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Unit: share

	Before change		Change (+, -)				After change		
	Shares	Ratio (%)	Rational share	Bonus share	Shares transferred from reserve funds	Others	Sub-total	Shares	Ratio (%)
I. Shares not in circulation									
1. Promoter's shares comprising:	4,000,000,000	55.56						4,000,000,000	55.56
State-owned shares	4,000,000,000	55.56						4,000,000,000	55.56
Domestic legal person shares									
Overseas legal person shares									
Others									
2. Legal person shares	150,000,000	2.08						150,000,000	2.08
3. Internal staff shares									
4. Priority shares or others									

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