

SINOPEC SHANGHAI PETROCHEMICAL CO LTD

Form 20-F

June 26, 2008

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 20-F**

**“ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**  
**OR**

**x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
**For the fiscal year ended December 31, 2007**

**OR**

**“ TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
**Date of event requiring this shell company report**

**OR**

**“ SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
**Commission file number 1-12158**

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(Exact name of Registrant as specified in its charter)

**Sinopec Shanghai Petrochemical Company Limited**

(Translation of Registrant's name into English)

**The People's Republic of China**

(Jurisdiction of incorporation or organization)

**No. 48 Jinyi Road, Jinshan District, Shanghai, PRC 200540**

(Address of principal executive offices)

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**The People's Republic of China**

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(Name, Telephone, Email and/or Facsimile number and Address of Company Contact Person)

**Securities registered or to be registered pursuant to Section 12(b) of the Act.**

<b>Title of each class</b>	<b>Name of each exchange on which registered</b>
<b>American Depositary Shares, each representing 100 Class H Ordinary Shares, par value RMB1.00 per Share Class H Ordinary Shares, par value RMB1.00 per Share</b>	<b>New York Stock Exchange</b>
	<b>The Stock Exchange of Hong Kong Limited</b>

**Securities registered or to be registered pursuant to Section 12(g) of the Act.**

**None**

(Title of Class)

**Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.**

**None**

(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

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**2,330,000,000 H Shares, par value RMB1.00 per Share**

**4,870,000,000 Domestic Shares, par value RMB1.00 per Share**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or (15) (d) of the Securities Exchange Act of 1934. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer  Accelerated Filer  Non-Accelerated Filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this file:

U.S. GAAP  International Financial Reporting Standards as issued by the International Accounting Standards Board  Other   
If Other has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.  
Item 17  Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

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### **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

Information in this Annual Report which does not relate to historical financial information may be deemed to constitute forward-looking statements. The words or phrases may, will, expect, anticipate, plan, will likely result, estimate, project, believe, intends to or identify forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are subject to risks and uncertainties that could cause actual results to differ materially from historical results and those presently anticipated or projected in the forward-looking statements. We caution readers not to place undue reliance on any forward looking statements, which speak only as of the date made. We undertake no obligations to update any forward-looking statements to reflect events and circumstances after the date on which the statements are made or reflect the occurrence of unanticipated events. Among the factors that could cause our actual results in the future to differ materially from the forward-looking statements are crude oil purchasing channels and methods, effects of the macroeconomic policy of The People's Republic of China and government control of currency conversion, and the prices of refined oil products.

### **EXCHANGE RATES**

Unless otherwise specified, references in this Annual Report to US dollars or US\$ are to United States dollars, references to HK dollars or HK\$ are to Hong Kong dollars and references to Renminbi or RMB are to Renminbi yuan, the legal tender currency of the PRC.

We publish our financial statements in Renminbi. Unless otherwise indicated, all translations from Renminbi to US dollars have been made at a rate of RMB7.2946 to US\$1.00, the noon buying rate as certified for customs purposes by the Federal Reserve Bank of New York on December 31, 2007. We do not represent that Renminbi or US dollar amounts could be converted into US dollars or Renminbi, as the case may be, at any particular rate.

### **CERTAIN TERMS AND CONVENTIONS**

References to we or us are references to Sinopec Shanghai Petrochemical Company Limited and our subsidiaries, unless the context requires otherwise. Before our formation, these references relate to the petrochemical businesses carried on by Shanghai Petrochemical Complex.

References to China or the PRC are references to The People's Republic of China which, for the purpose of this Annual Report and for geographical reference only, excludes Hong Kong, Macau and Taiwan.

References to our A Shares are references to 720,000,000 of our domestic shares, par value RMB1.00 per share, which are ordinary shares subscribed for and traded exclusively on the Shanghai Stock Exchange by and between Chinese investors.

References to ADSs are references to our American Depositary Shares, which are listed and traded on the New York Stock Exchange. Each ADS represents 100 H Shares.

References to our domestic shares are references to all of our domestic shares, par value RMB1.00 per share, which are ordinary shares held by Chinese investors.

References to our H Shares are references to our overseas-listed foreign ordinary shares, par value RMB1.00 per share, which are listed and traded on the Stock Exchange of Hong Kong Limited (HKSE) under the number 338.

Rated Capacity is the output capacity of a given production unit or, where appropriate, the throughput capacity, calculated by estimating the number of days in a year that the production unit is expected to operate, including downtime for regular maintenance, and multiplying that number by an amount equal to the unit's optimal daily output or throughput, as the case may be.

All references to tons are to metric tons.

Unless otherwise noted, references to sales volume are to sales to entities other than us or our divisions and subsidiaries.

**Table of Contents****PART I****ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISORS.**

Not applicable.

**ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE.**

Not applicable.

**ITEM 3. KEY INFORMATION.****A. Selected Financial Data.**

Our selected consolidated statements of income and cash flow data for each of the years ended December 31, 2005, 2006 and 2007 and the selected consolidated balance sheet data as of December 31, 2006 and 2007 are derived from our consolidated financial statements included in Item 18. Financial Statements. Our selected consolidated statements of income and cash flow data for the years ended December 31, 2003 and 2004 and the selected consolidated balance sheet data as of December 31, 2003, 2004 and 2005 are derived from our consolidated financial statements not included in this Annual Report. Our selected consolidated financial data should be read in conjunction with our consolidated financial statements, and the notes thereto, and Item 5. Operating and Financial Review and Prospects. Our consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ( IFRS ), as issued by the International Accounting Standards Board.

## Selected Consolidated Financial Data

(in thousands, except per share and per ADS data)

	Years Ended December 31,				
	2003 (RMB)	2004 (RMB)	2005 (RMB)	2006 (RMB)	2007 (RMB)
<b>CONSOLIDATED STATEMENTS OF INCOME DATA</b>					
Net sales:					
Synthetic fibers	4,092,590	4,751,773	4,763,993	4,711,667	4,328,742
Resins and plastics	8,864,266	12,085,967	13,958,329	15,753,304	15,878,803
Intermediate petrochemicals	3,851,333	5,896,580	6,555,953	6,775,721	9,372,658
Petroleum products	10,329,149	13,101,919	17,954,954	19,387,666	21,036,581
All others	1,805,345	2,827,820	1,956,985	3,289,765	3,637,905
Income from operations	2,006,403	5,025,152	2,527,960	552,907	892,656
Income before income tax	1,590,365	4,696,229	2,287,594	964,200	2,151,352
Net income attributable to equity shareholders of the Company	1,401,690	3,971,103	1,850,449	844,407	1,634,080
Net income attributable to minority interests	43,610	88,065	70,845	66,555	49,056
Basic earnings per share(a)	0.20	0.55	0.26	0.12	0.23
Basic earnings per ADS(a)	19.47	55.15	25.70	11.73	22.70

- (a) The calculation of earnings per share is based on the weighted average number of shares outstanding during the year of 7,200,000,000 in each of 2007, 2006, 2005, 2004 and 2003, respectively. Earnings per ADS is calculated on the basis that one ADS is equivalent to 100 shares.



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	Years Ended December 31,				
	2003 (RMB)	2004 (RMB)	2005 (RMB)	2006 (RMB)	2007 (RMB)
<b>CONSOLIDATED CASH FLOW DATA</b>					
Net cash flow generated from operating activities	2,276,957	4,589,711	3,943,578	1,696,615	1,441,998
Capital expenditures	1,284,868	2,205,957	1,142,927	2,008,779	2,134,123
Net proceeds from issuance of corporate bonds				2,977,800	
Proceeds from loans	7,490,040	5,214,936	9,836,199	13,939,126	17,605,887
Repayment of loans	7,619,254	6,981,696	11,393,941	15,910,127	16,166,938

	Years Ended December 31,				
	2003 (RMB)	2004 (RMB)	2005 (RMB)	2006 (RMB)	2007 (RMB)
<b>CONSOLIDATED BALANCE SHEET DATA</b>					
Property, plant and equipment, net	16,020,104	15,206,325	14,651,167	13,359,862	14,977,237
Total assets	27,101,481	28,276,601	26,810,371	27,406,060	29,853,050
Short term debt(a)	5,574,729	5,000,305	3,926,742	4,270,337	4,091,969
Long term debt (excluding current portion)	3,206,848	2,014,614	1,477,261	1,063,654	639,289
Total equity attributable to equity shareholders of the Company	15,021,886	18,416,989	18,829,987	18,976,343	20,648,038

(a) Including corporate bonds and current portion of long term debt.

**Dividends**

The following table sets forth certain information concerning the dividends since January 1, 1994:

Dividend Period	Dividend per Share
January 1, 1994-June 30, 1994	RMB0.04 (US\$0.0055)
July 1, 1994-December 31, 1994	RMB0.085 (US\$0.0117)
January 1, 1995-June 30, 1995	RMB0.04 (US\$0.0055)
July 1, 1995-December 31, 1995	RMB0.09 (US\$0.0123)
January 1, 1996-June 30, 1996	RMB0.04 (US\$0.0055)
July 1, 1996-December 31, 1996	RMB0.08 (US\$0.0110)
January 1, 1997-December 31, 1997	RMB0.06 (US\$0.0082)
January 1, 1998-December 31, 1998	RMB0.03 (US\$0.0041)
January 1, 1999-December 31, 1999	RMB0.05 (US\$0.0069)
January 1, 2000-December 31, 2000	RMB0.06 (US\$0.0082)
January 1, 2001-December 31, 2001	No dividend
January 1, 2002-December 31, 2002	RMB0.05 (US\$0.0069)
January 1, 2003-December 31, 2003	RMB0.08 (US\$0.0110)
January 1, 2004-December 31, 2004	RMB0.20 (US\$0.0274)
January 1, 2005-December 31, 2005	RMB0.10 (US\$0.0137)
January 1, 2006-December 31, 2006	RMB0.04 (US\$0.0055)
January 1, 2007-December 31, 2007	RMB0.09 (US\$0.0123)

See also [Item 8.A. Financial Information](#) Consolidated Statements and Other Financial Information [Dividend Policy](#).



**Table of Contents****Exchange Rates**

The Chinese government controls its foreign currency reserves in part through direct regulation of the conversion of Renminbi into foreign exchange and through restrictions on foreign trade. See [Item 10.D. Additional Information Exchange Controls](#).

The following table sets forth information concerning exchange rates between Renminbi and US dollars for the periods indicated:

Period	Noon Buying Rates (RMB/US\$)			
	Period End	Average <sup>(1)</sup>	High	Low
2003	8.2767	8.2771	8.2800	8.2765
2004	8.2765	8.2768	8.2774	8.2764
2005	8.0702	8.1828	8.2765	8.0702
2006	7.8041	7.9579	8.0702	7.8041
2007	7.2946	7.5806	7.8127	7.2946
December 2007	7.2946		7.4120	7.2946
January 2008	7.1818		7.2946	7.1818
February 2008	7.1115		7.1973	7.1100
March 2008	7.0120		7.1110	7.0105
April 2008	6.9870		7.0185	6.9840
May 2008	6.9400		7.0000	6.9377

Source: The noon buying rate in New York for cable transfers payable in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York.

Note: (1) Determined by averaging the rates on the last business day of each month during the respective period.

**B. Capitalization and Indebtedness.**

Not applicable.

**C. Reasons for the Offer and Use of Proceeds.**

Not applicable.

**D. Risk Factors.****Some of our major products are subject to government price controls, and we are not able to pass on all cost increases from rising crude oil prices through higher product prices.**

We consume large amounts of crude oil to manufacture our products. While we try to pass on crude oil cost increases with sales price increases, our ability to pass on cost increases to our customers is dependent on market conditions and government regulations. In particular, our major petroleum products such as gasoline, diesel, jet fuel, and LPG are subject to government price controls. In 2005, 2006 and 2007, approximately 58% and 53.96% and 54.06% of our net sales were from products subject to price controls. In 2007, our production costs in RMB terms increased slightly due to the fact that the price of crude oil on the international market continues to rise to record prices. The cost of crude oil accounted for 65.45% of our total cost of sales in 2007, and the average processing costs for crude oil increased by 2.26% compared to 2006. Moreover, the Chinese government controls the distribution of many petroleum products in China. Some of our petroleum products must be sold to designated customers such as the subsidiaries of China Petrochemical Corporation, and we cannot freely sell our petroleum products to take advantage of opportunities for higher prices. Therefore, in periods of high crude oil

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prices, such as now, we may not be able to fully cover increases in crude oil prices by increases in the sale prices of our petroleum products, which has had and will continue to have a material adverse effect on our financial condition, results of operations or cash flows.

### **Our operations may be adversely affected by the cyclical nature of the petroleum and petrochemical market and by the volatility of prices of crude oil and refined oil products.**

Most of our revenues are attributable to petrochemical products, which have historically been cyclical and sensitive to the availability and price of feedstocks and general economic conditions. Markets for many of our products are sensitive to changes in industry capacity and output levels, cyclical changes in regional and global economic conditions, the price and availability of substitute products and changes in consumer demand, which from time to time have had a significant impact on product prices in the regional and global markets. Historically, the markets for these products have experienced alternating periods of tight supply, causing prices and margins to increase, followed by periods of capacity additions, possibly resulting in oversupply and declining prices and margins. As tariffs and other import restrictions are reduced and the control of product allocation and pricing is relaxed in China, the markets for many of our products have become increasingly subject to the cyclical nature of regional and global markets. Historically, international prices of crude oil have fluctuated widely due to many other factors that are beyond our control. We cannot assure you that future growth in demand for our products will be sufficient to alleviate any existing or future conditions of excess industry capacity or that such conditions will not be sustained or further aggravated by anticipated or unanticipated capacity additions or other events. In addition, we expect that the volatility and uncertainty of the prices of crude oil and petrochemical products will continue. Increasing crude oil prices and declines in prices of petrochemical products may adversely affect our business and results of operations and financial condition.

### **Our development plans have significant capital expenditure and financing requirements, which are subject to a number of risks and uncertainties.**

The petrochemical business is a capital intensive business. Our ability to maintain and increase our revenues, net income and cash flows depends upon continued capital spending. Our current business strategy contemplates capital expenditures for 2008 of approximately RMB2.5 billion (US\$342.72 million), which will be provided through financing activities and use of our own capital. Our actual capital expenditures may vary significantly from these planned amounts due to our ability to generate sufficient cash flows from operations, investments and other factors that may be beyond our control. In addition, there can be no assurance as to whether, or at what cost, our capital projects will be completed or the success of these projects if completed.

As of March 31, 2008, we had aggregate outstanding indebtedness of approximately RMB4,528 million (US\$620.73 million). China Petroleum & Chemical Corporation ( Sinopec Corp ), our controlling shareholder, did not provide any guarantee or credit support for our debt for the year ended December 31, 2007 and for the three-month period ended March 31, 2008.

Our ability to obtain external financing in the future is subject to a variety of uncertainties, including:

our future results of operations, financial condition and cash flows;

the condition of the economy in China and the markets for our products;

the cost of financing and the condition of financial markets; and

the issuance of relevant government approvals and other project risks associated with the development of infrastructure in China. If we fail to obtain sufficient funding for our operations or development plans, our business, results of operations and financial condition could be adversely affected.

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### **We could face increased competition.**

Our principal market, Eastern China, which comprises of Shanghai, Jiangsu, Zhejiang, Anhui and Jiangxi, has enjoyed stronger economic growth and a higher demand for petrochemical products than other regions of China. As a result, we believe that competitors will try to expand their sales and build up their distribution networks in our principal market. We believe this trend will continue and probably accelerate. Increased competition may have a material adverse effect on our financial condition and results of operations.

### **Related party transactions; non-competition; conflicts of interests.**

We have engaged from time to time and will continue to engage in a variety of transactions with Sinopec Corp and China Petrochemical Corporation, the controlling shareholder of Sinopec Corp, and their various subsidiaries or affiliates who provide a number of services to us, including sales and marketing, educational and community services. Our transactions with these companies are governed by a number of service and other contracts, the terms of which were negotiated on an arm's length basis. Our business and results of operations could be adversely affected if Sinopec Corp refuses to engage in such transactions or if it seeks to amend our contracts with it in a way adverse to us. In addition, Sinopec Corp has interests in businesses which compete or are likely to compete, either directly or indirectly, with our businesses. Because Sinopec Corp is our controlling shareholder and its interests may conflict with our own interests, Sinopec Corp may take actions that favor itself over our interests.

### **We are controlled by Sinopec Corp, whose interests may not be aligned with yours.**

As of June 1, 2008, Sinopec Corp owned 55.56% of our shares. Accordingly, it has voting and management control over us, and its interests may be different from your interests and the interests of our other shareholders. Subject to our Articles of Association and applicable laws and regulations, Sinopec Corp will be in a position to cause us to declare dividends, determine the outcome of corporate actions requiring shareholder approval or effect corporate transactions without the approval of the holders of the H shares and ADSs. Any such increase in our dividend payout would reduce funds available for reinvestment in our business and any such actions or transactions could adversely affect us or our minority shareholders. Additionally, Sinopec Corp completed its initial public offering of shares in late 2000. As a public company, Sinopec Corp may experience changes in its own business strategy and policies. Although we are not currently aware of any such changes, they could, in turn, lead Sinopec Corp to change its policies or practices toward us in ways that we cannot predict, with corresponding unpredictable consequences for our business.

### **Our business operations may be adversely affected by present or future environmental regulations.**

We are subject to extensive environmental protection laws and regulations in China. These laws and regulations permit:

the imposition of fees and penalties for the discharge of waste substances;

the levy of fines and payments for damages for environmental offenses; and

the government to close or suspend any facility which fails to comply with orders and require it to correct or stop operations causing environmental damage.

Our production operations produce substantial amounts of waste materials. In addition, our production facilities require operating permits that are subject to renewal, modification and revocation. We believe that our operations substantially comply with all applicable Chinese environmental laws and regulations as they have been previously interpreted and enforced. The Chinese government, however, has moved, and may move further, toward more rigorous enforcement of applicable laws, and toward the adoption of more stringent environmental standards. There can be no assurance that Chinese national or local authorities will not impose additional regulations or apply more rigorous enforcement of such regulations which would require additional expenditures on environmental matters.

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### **Our business may be limited or adversely affected by government regulations.**

The central and local Chinese governments continue to exercise a certain degree of control over the petrochemical industry in China by, among other things:

mandating distribution channels for our petroleum products;

setting the allocations and pricing of certain resources, products and services;

assessing taxes and fees payable;

setting import and export quotas and procedures; and

setting safety, environmental and quality standards.

As a result, we may face significant constraints on our flexibility and ability to expand our business operations or to maximize our profitability. In the past, we have benefited from favorable regulatory policies that have, for example, reduced the competition we face from illegal imports of petroleum products. Existing policies that favor our industry may change in the future and our business could be adversely affected by any such changes.

### **Our development plans may require regulatory approval.**

We are currently engaged in a number of construction and expansion projects. Most of our projects are subject to governmental review and approval. The timing and cost of completion of these projects will depend on numerous factors, including approvals from relevant government authorities and general economic conditions in China.

While in general we attempt to obtain governmental approval as far in advance as practicable, we may not be able to control the timing and outcome of these governmental reviews and approvals. If any of our important projects required for our future growth are not approved, or not approved on a timely basis, our results of operations and financial condition could be adversely affected.

### **China's entry into the World Trade Organization, or WTO, may significantly increase foreign competition in our lines of business.**

China joined the WTO on December 11, 2001. As part of its membership, China has committed to eliminate some tariff and non-tariff barriers to foreign competition in the domestic petrochemical industry that benefited us in the past. In particular, China:

has reduced tariffs on imported petrochemicals products that compete with ours from 5% to 17% to 0% to 14%;

increased levels of permitted foreign investment in the domestic petrochemicals industry, allowing foreign investors to own 100% of a domestic petrochemicals company from December 11, 2004;

has gradually relaxed restrictions on the import of crude oil by non-state owned companies;

has granted foreign-owned companies the right to import petrochemical products; and

has permitted foreign-owned companies to distribute and market petroleum products in both retail and wholesale markets in China. As a result of these measures, we face increased competition from foreign companies and imports. Overall, we think that China's WTO entry also creates substantial amounts of new investment and business in China, with a potential increase in sales opportunities for us. We do, however, believe that our products have been and will continue generally to be competitive with imported products in the PRC. Tariff reductions, however, could reduce our profit margins or otherwise negatively impact our revenue from certain products, including a small

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number of significant products. The PRC government may also reduce the tariffs imposed on production equipment that we may import in the future, as well as the restrictions on availability of imported raw materials (such as crude oil) currently enforced by the government. Although we believe that China's accession to the WTO may provide us with opportunities to increase our sales, we cannot be certain of its effect on our business or results of operations. In addition, we believe that major international petrochemical companies are preparing to enter the Chinese market amid industry restructuring on a global basis. Apart from posing direct competition against us in petroleum and petrochemical products, these international companies are characterized by large-scale investments across different sectors, full vertical integration and streamlined organization. We expect that domestic companies will face intense competition from their international counterparts as the China market becomes increasingly internationalized.

### **Political and economic policies in China could affect our business in unpredictable ways.**

The economy of China differs from the economies of most countries belonging to the Organization for Economic Co-operation and Development in a number of respects, including:

structure;

level of government involvement;

level of development;

level of capital reinvestment;

control of foreign exchange; and

allocation of resources.

Before its adoption of reform and open-door policies beginning in 1978, China was primarily a planned economy. Since that time, the Chinese government has been reforming the Chinese economic system, and has also begun reforming the government structure. These reforms have resulted in significant economic growth and social progress. Although the Chinese government still owns a significant portion of the productive assets in China, economic reform policies since the late 1980s have emphasized autonomous enterprises and the utilization of market mechanisms. We currently expect that the Chinese government will continue these reforms, further reduce government intervention and rely more heavily on market mechanisms to allocate resources. Although we believe these reforms will have a positive effect on our overall long-term development, we cannot predict whether changes to China's political, economic and social conditions, laws, regulations and policies will have any adverse effect on our current or future business or results of operations.

### **If the Chinese government changes current regulations that allow us to make payments in foreign currencies, we may be unable to obtain the foreign currency which is necessary for our business.**

The Renminbi currently is not a freely convertible currency. We receive most of our revenue in Renminbi. A portion of our Renminbi revenue must be converted into other currencies to meet our foreign currency obligations. We have substantial requirements for foreign currency, including:

debt service costs on foreign currency-denominated debt;

purchases of imported equipment;

payment of any cash dividends declared in respect of the H shares; and

import of crude oil and other materials.

Under existing foreign exchange regulations in China, we may undertake current account foreign exchange transactions, including the payment of dividends, without prior approval from the State Administration of Foreign Exchange by producing commercial documents evidencing the foreign exchange transactions, provided that they are processed through Chinese banks licensed to engage in foreign exchange transactions. The Chinese

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government has stated publicly that it intends to eventually make the Renminbi freely convertible in the future. However, uncertainty exists as to whether the Chinese government may restrict access to foreign currency for current account transactions if foreign currency becomes scarce in China.

Foreign exchange transactions under the capital account (international revenues and expenditures that increase or decrease debt or equity, including principal payments in respect of foreign currency-denominated obligations) continue to be subject to limitations and require the prior approval of the State Administration of Foreign Exchange. These limitations could affect our ability to obtain foreign exchange through debt financing, or to make capital expenditures in foreign currency.

If the Chinese government restricts our ability to make payments in foreign currency, we may be unable to obtain the foreign currency which is necessary for our business. In that case, our business may be materially adversely affected, and we may default on our obligations.

Franklin Templeton Investments Australia Limited:

571,800

Fiduciary Trust Company International:

41,735

Templeton Asset Management Ltd.:

33,410



Franklin Templeton Investments Japan Limited:

16,710

(ii)

Shared power to vote or to direct the vote

Templeton Global Advisors Limited:

121,800

Templeton Asset Management Ltd.:

51,700

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(iii)	Sole power to dispose or to direct the disposition of	
	Franklin Resources, Inc.:	0
	Charles B. Johnson:	0
	Rupert H. Johnson, Jr.:	0
	Templeton Global Advisors Limited:	44,039,427
	Templeton Investment Counsel, LLC:	19,068,351
	Franklin Templeton Investments Corp.:	7,024,600
	Franklin Templeton Investment Management Limited:	3,597,153
	Franklin Templeton Investments (Asia) Ltd.:	1,687,969
	Franklin Templeton Portfolio Advisors, Inc.:	825,258
	Templeton Asset Management Ltd.:	487,680
	Franklin Templeton Investments Australia Limited:	372,850
	Fiduciary Trust Company International:	43,235
	Franklin Templeton Investments Japan Limited:	16,710
(iv)	Shared power to dispose or to direct the disposition of <u>[2]</u>	
	Templeton Global Advisors Limited:	1,326,280

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Franklin Templeton Investments Corp.:	352,570
Franklin Templeton Investments Australia Limited:	198,950
Templeton Investment Counsel, LLC:	75,940
Templeton Asset Management Ltd.:	51,700

Item 5. Ownership of Five Percent or Less of a Class

If this statement is being filed to report the fact that as of the date  
hereof the reporting person has ceased to be the beneficial owner  
of more  
than five percent of the class of securities, check the following  
[ ].

Item 6. Ownership of More than Five Percent on Behalf of Another Person

The clients of the Investment Management Subsidiaries, including  
investment  
companies registered under the Investment Company Act of 1940 and  
other  
managed accounts, have the right to receive or power to direct the  
receipt of  
dividends from, and the proceeds from the sale of, the  
Securities.

Item 7. Identification and Classification of the Subsidiary Which  
Acquired the

Security Being Reported on By the Parent Holding Company

See Attached Exhibit C

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Item 8. Identification and Classification of Members of the Group

Not Applicable

Item 9. Notice of Dissolution of Group

Not Applicable

Item 10. Certification

By signing below I certify that, to the best of my knowledge and belief, the

securities referred to above were acquired and are held in the ordinary course of

business and were not acquired and are not held for the purpose of or with the effect

of changing or influencing the control of the issuer of the securities and were not

acquired and are not held in connection with or as a participant in any transaction

having that purpose or effect.

By signing below I certify that, to the best of my knowledge and belief, the foreign

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regulatory scheme applicable to Franklin Templeton Investments Australia Limited

is substantially comparable to the regulatory scheme applicable to the functionally

equivalent U.S. institution(s). I also undertake to furnish to the Commission staff,

upon request, information that would otherwise be disclosed in a Schedule 13D.

This report shall not be construed as an admission by the persons filing the report

that they are the beneficial owner of any securities covered by this report.

Exhibits.

Exhibit A Joint Filing Agreement

Obligations  
Exhibit B Limited Powers of Attorney for Section 13 Reporting

Exhibit C Item 7 Identification and Classification of Subsidiaries

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that

the information set forth in this statement is true, complete and correct.

Dated: February 1, 2011

Franklin Resources, Inc.

Charles B. Johnson

Rupert H. Johnson, Jr.

By: /s/ROBERT C. ROSSELOT

Robert C. Rosselot

Assistant Secretary of Franklin Resources, Inc.

Attorney in Fact for Charles B. Johnson pursuant to Power of Attorney  
attached to this Schedule 13G

Attorney in Fact for Rupert H. Johnson, Jr. pursuant to Power of  
Attorney  
attached to this Schedule 13G

Templeton Global Advisors Limited

By: /s/GREGORY E. MCGOWAN

Gregory E. McGowan

Executive Vice President of Templeton Global Advisors Limited



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EXHIBIT A

JOINT FILING AGREEMENT

In accordance with Rule 13d 1(k) under the Securities Exchange Act of 1934,  
as

amended, the undersigned hereby agree to the joint filing with each other  
of the

attached statement on Schedule 13G and to all amendments to such statement  
and that

such statement and all amendments to such statement are made on behalf of  
each of

them.

IN WITNESS WHEREOF, the undersigned have executed this agreement on  
February 1, 2011.

Franklin Resources, Inc.

Charles B. Johnson

Rupert H. Johnson, Jr.

By: /s/ROBERT C. ROSSELOT

Robert C. Rosselot

Assistant Secretary of Franklin Resources, Inc.

Attorney in Fact for Charles B. Johnson pursuant to Power of Attorney  
attached to this Schedule 13G

Attorney  
Attorney in Fact for Rupert H. Johnson, Jr. pursuant to Power of  
Attorney

attached to this Schedule 13G

Templeton Global Advisors Limited

By: /s/GREGORY E. MCGOWAN

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Gregory E. McGowan

Executive Vice President of Templeton Global Advisors Limited

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EXHIBIT B

LIMITED POWER OF ATTORNEY

FOR

SECTION 13 REPORTING OBLIGATIONS

Know all by these presents, that the undersigned hereby makes, constitutes

and appoints each of Robert Rosselot and Maria Gray, each acting individually, as the

undersigned s true and lawful attorney in fact, with full power and authority as

hereinafter described on behalf of and in the name, place and stead of the undersigned to:

(1) prepare, execute, acknowledge, deliver and file Schedules 13D and 13G

(including any amendments thereto or any related documentation) with the United

States Securities and Exchange Commission, any national securities exchanges and

Franklin Resources, Inc., a Delaware corporation (the Reporting Entity ), as

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considered necessary or advisable under Section 13 of the Securities Exchange Act of

1934 and the rules and regulations promulgated thereunder, as amended from time to

time (the Exchange Act ); and

(2) perform any and all other acts which in the discretion of such attorney in fact are necessary or desirable for and on behalf of the undersigned in connection with the foregoing.

The undersigned acknowledges that:

(1) this Limited Power of Attorney authorizes, but does not require, each such

attorney in fact to act in their discretion on information provided to such attorney in fact without independent verification of such information;

(2) any documents prepared and/or executed by either such attorney in fact on

behalf of the undersigned pursuant to this Limited Power of Attorney will be in such

form and will contain such information and disclosure as such attorney in fact, in

his or her discretion, deems necessary or desirable;

(3) neither the Reporting Entity nor either of such attorneys in fact assumes (i)

any liability for the undersigned's responsibility to comply with the requirements of

the Exchange Act or (ii) any liability of the undersigned for any failure to comply

with such requirements; and

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(4) this Limited Power of Attorney does not relieve the undersigned from responsibility for compliance with the undersigned's obligations under the Exchange

Act, including without limitation the reporting requirements under Section 13 of the

Exchange Act.

The undersigned hereby gives and grants each of the foregoing attorneys in fact

full power and authority to do and perform all and every act and thing whatsoever

requisite, necessary or appropriate to be done in and about the foregoing matters as

fully to all intents and purposes as the undersigned might or could do if present,

hereby ratifying all that each such attorney in fact of, for and on behalf of the

undersigned, shall lawfully do or cause to be done by virtue of this Limited Power of

Attorney.

This Limited Power of Attorney shall remain in full force and effect until revoked

by the undersigned in a signed writing delivered to each such attorney in fact.

IN WITNESS WHEREOF, the undersigned has caused this Limited Power of Attorney to be

executed as of this 30th day of April, 2007

Johnson

/s/Charles B.

Signature

Charles B. Johnson

Print Name

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LIMITED POWER OF ATTORNEY

FOR

SECTION 13 REPORTING OBLIGATIONS

Know all by these presents, that the undersigned hereby makes, constitutes

and appoints each of Robert Rosselot and Maria Gray, each acting individually, as the

undersigned s true and lawful attorney in fact, with full power and authority as

hereinafter described on behalf of and in the name, place and stead of the undersigned to:

(1) prepare, execute, acknowledge, deliver and file Schedules 13D and 13G

(including any amendments thereto or any related documentation) with the United

States Securities and Exchange Commission, any national securities exchanges and

Franklin Resources, Inc., a Delaware corporation (the Reporting Entity ), as

considered necessary or advisable under Section 13 of the Securities Exchange Act of



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1934 and the rules and regulations promulgated thereunder, as amended from time to

time (the Exchange Act ); and

(2) perform any and all other acts which in the discretion of such attorney in fact are necessary or desirable for and on behalf of the undersigned in

connection with the foregoing.

The undersigned acknowledges that:

(1) this Limited Power of Attorney authorizes, but does not require, each such

attorney in fact to act in their discretion on information provided to such attorney in fact without independent verification of such information;

(2) any documents prepared and/or executed by either such attorney in fact on

behalf of the undersigned pursuant to this Limited Power of Attorney will be in such

form and will contain such information and disclosure as such attorney in fact, in

his or her discretion, deems necessary or desirable;

(3) neither the Reporting Entity nor either of such attorneys in fact assumes (i)

any liability for the undersigned s responsibility to comply with the requirements of

the Exchange Act or (ii) any liability of the undersigned for any failure to comply

with such requirements; and

(4) this Limited Power of Attorney does not relieve the undersigned from

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responsibility for compliance with the undersigned's obligations under the Exchange

Act, including without limitation the reporting requirements under Section 13 of the

Exchange Act.

The undersigned hereby gives and grants each of the foregoing attorneys in fact

full power and authority to do and perform all and every act and thing whatsoever

requisite, necessary or appropriate to be done in and about the foregoing matters as

fully to all intents and purposes as the undersigned might or could do if present,

hereby ratifying all that each such attorney in fact of, for and on behalf of the

undersigned, shall lawfully do or cause to be done by virtue of this Limited Power of

Attorney.

This Limited Power of Attorney shall remain in full force and effect until revoked

by the undersigned in a signed writing delivered to each such attorney in fact.

IN WITNESS WHEREOF, the undersigned has caused this Limited Power of Attorney to be

executed as of this 25th day of April, 2007

Jr.

/s/ Rupert H. Johnson,

Signature

Rupert H. Johnson, Jr.

Print Name

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EXHIBIT C

Franklin Templeton Investment Management Limited  
Classification: 3(e) Item 3

Franklin Templeton Investments (Asia) Ltd.  
Classification: 3(e) Item 3

Franklin Templeton Investments Corp.  
Classification: 3(e) Item 3

Franklin Templeton Portfolio Advisors, Inc.  
Classification: 3(e) Item 3

Templeton Asset Management Ltd.  
Classification: 3(e) Item 3

Templeton Global Advisors Limited  
Classification: 3(e) Item 3

Templeton Investment Counsel, LLC  
Classification: 3(e) Item 3

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Franklin Templeton Investments Australia Limited Item 3  
Classification: 3(j)

Fiduciary Trust Company International Item 3  
Classification: 3(b)

Franklin Templeton Investments Japan Limited Item 3  
Classification: 3(e)

Footnotes to Schedule 13G

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[1] Franklin Templeton Portfolio Advisors, Inc. ( FTPA ) may beneficially own these

securities pursuant to various separately managed account investment management

arrangements. Under these arrangements, underlying clients may, from time to time,

delegate to FTPA the power to vote such securities, in which case FTPA has sole voting

power. To the extent that the underlying client retains voting power over any

securities, FTPA disclaims any power to vote or direct the vote of such securities.

[2] One or more of the investment management contracts that relates to these securities provides

that the applicable FRI affiliate share investment power over the securities held in the

applicable account(s) with another unaffiliated entity. The issuer's securities held in

any such account(s) are less than 5% of the outstanding shares of the class. In addition,

FRI does not believe that any such contract causes such client or unaffiliated entity to be

part of a group with FRI or any FRI affiliate within the meaning of Rule 13d 5 under the

Act.



