Committed to Meeting Safety and Environmental Protection Standards and Optimizing Operations
Continued to Exploring New Markets and Reducing Costs and Expenses

HONG KONG, March 15, 2017 /PRNewswire/ -- Sinopec Shanghai Petrochemical Company Limited ("Shanghai Petrochemical" or the "Company") (HKEx: 00338; SSE: 600688; NYSE: SHI) today announced the audited operating results of the Company and its subsidiaries (the "Group") prepared under International Financial Reporting Standards ("IFRS") for the year ended 31 December 2016 (the "Year").

According to IFRS, revenue of the Group for the Year amounted to RMB 77,842.9 million. The net profit attributable to owners of the Company amounting to RMB 5,968.5 million, representing a surge of 82.28% compared to the same period last year. Basic earnings per share amounted to RMB 0.553 (2015: basic earnings per share was RMB 0.303). The Board of Directors recommended the distribution of cash dividend in respect of the year ended 31 December 2016 of RMB 2.50 (VAT inclusive) for every 10 shares to all shareholders for the Year (2015: annual dividend was RMB 1.00 for every 10 shares).

Mr. Wang Zhiqing, Chairman of Shanghai Petrochemical, said, "In 2016, the global economy continued its recovery, growing at a rate higher than that in 2015. Growth in developed economies was more subdued than expected while a positive recovery was seen in emerging markets and developing economies. The Chinese economy encountered a slower growth rate, with an annual GDP growth at 6.7%, down by 0.2 percentage point from 2015. Structural problems associated with the overcapacity of refining and petrochemical production remained overwhelming and restrictions on resources, environmental protection and safety became more stringent. However, as compared with the significant drop of international oil prices during the year, the decline in prices for downstream refining and petrochemical products was less remarkable, which resulted in an increase in the gross profit of such products and a rise in the corporate returns. The Group actively responded to the complex market conditions in 2016. Focusing on overall efficiency, the Group made great efforts in safety production and environmental protection standards, optimizing operations, exploring new markets as well as cutting costs and expenses. As a result, a good performance was achieved in production and operations, and there was a significant increase in economic efficiency as compared to the previous year."

In 2016, the Group's net sales amounted to RMB 65,936.5 million, representing a slight decrease of 1.64% year-on-year. Of which, net sales of synthetic fibres, resins and plastics, intermediate petrochemicals and petroleum products decreased by 20.30%?1.95%?5.41%?and 22.07% respectively. Net sales of trading of petrochemical products increased by 50.06%.

For the year under review, the Group recorded a decline in total processing capacity due to maintenance of major refining plants. The deduction of total processing capacity resulted in a decrease in actual production volume of the Group, which amounted to 12,830,600 tons, down 7.47% from the previous year. In 2016, the Group processed 14,302,800 tons of crude oil (including 2,588,000 tons of crude oil processed on a sub-contract basis), representing a year-on-year decrease of 3.33%. Total production output of refined oil products amounted to 8,359,200 tons, down by 6.87%, among which the Group produced 2,878,700 tons of gasoline, down by 7.07%; 3,882,200 tons of diesel, down by 8.98%, and 1,598,300 tons of jet fuel, down by 0.91%. The Group produced 825,600 tons of ethylene, down by 1.3%; 670,600 paraxylene, up by 1.65%. Its output-to-sales ratio and receivable recovery ratio were 100.27% and 100%, respectively.

During 2016, international crude oil prices showed a rebound after a period of fluctuation. The average unit cost of crude oil processed by the Group (for its own account) was RMB 1,979.58 per ton, down by 21.86% over the previous year. The Group's cost of processing crude oil in 2016 accounted for 41.60% of the total cost of sales.

The Group thoroughly analyzed and implemented a safety and production accountability system, stringently managed contractor qualifications, personnel training as well as the assessment irregularities. Moreover, the Group actively promoted the hazard and operability study (HAZOP) analysis, and conducted in-depth investigations and the elimination of hidden safety hazards. On top of that, there was an optimization and adjustment in facilities and inspection plan to strengthen on-site maintenance management. The overall production and operation was continuously improved; efforts to intensify optimization and cost/expenditure reduction. The Group continued to implement its dynamic optimization mechanism and thoroughly improved the crude oil structure, equipment workload, raw materials, as well as product structure and processing procedures; continued to carry out various measures in energy conservation and emission reduction in compliance with the relevant state requirements, thereby achieve all targets set by the government. In terms of marketing, the Group continued to focus on the development of sales through Internet+, export expansion, advanced technical services and improvement in incentive mechanisms achieved in significant outcome in market development; facilitated project construction, R&D and IT projects steadily and implemented enhancement and transformation for multiple projects. The Group further optimized its organizational structure and work standards, revised the management requirements, improved appraisal methods and incentivized its departments so as to maximize the overall efficiency of the Company.

Looking forward, Mr. Wang Zhiqing said, "The outlook for growth in the global economy is pessimistic in 2017. Problems including the decline in the global potential growth rate, fragile financial market, weakened trade and investment, an increasingly obvious anti-globalization trend, coupled with the impact of uncertainties, such as geopolitics risk, refugee crisis, political cycles of the major countries and terrorism will have a great effect on the stability and development of the global economy and intensify the challenges for the global economic recovery. The Chinese economy has been experiencing a new normal and at the same time will maintain an L-shaped developing trend for a prolonged period. In 2017, China will accelerate its supply-side structural economic reform and will also endeavor to revitalize the real economy which further stimulates the market dynamism. However, at the same time, the gross demand is facing a downturn trend as the structural conflicts in China's economy remain prominent for a long period of time. The domestic growth momentum is greatly hindered by various challenges regarding economic development which poses a great downward pressure on the economic growth. In 2017, under the sustained yet complex market and operations environment, the Group will continue to adhere to the enhancement of development quality and effectiveness, enhance safety and environmental protection, strengthen production and operation standards, maximize system optimization, lower costs and enhance efficiency to promote further development of the company."

Shanghai Petrochemical is one of the largest petrochemical companies in China in terms of sales revenue and was one of the first Chinese companies to complete a global securities offering. Located at Jinshanwei in southwest Shanghai, the Group is a highly integrated petrochemicals enterprise which processes crude oil into a broad range of products such as 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, due to the PRC government's implementation of macro-economic control measures to curb over-heating of the PRC economy; the risk of 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 Company may not be able to raise the prices of its products as appropriate, which would adversely affect 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 the 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 the management; the risk of 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 laws.

Encl: Consolidated Income Statement

SOURCE Sinopec Shanghai Petrochemical Company Limited

Contact
Hill+Knowlton Strategies Asia, Ms. Iris Wong / Ms. Renee Chen, Tel: (852) 2894 6263 / (852) 2894 6232, Email: hl.wong@hkstrategies.com / renee.chen@hkstrategies.com