

- Focused on safety and environmental protection
- Committed to system optimization and cost reduction

HONG KONG, Aug. 27, 2015 /PRNewswire/ -- Sinopec Shanghai Petrochemical Company Limited ("Shanghai Petrochemical" or the "Company") (HKEx: 00338; SSE: 600688; NYSE: SHI) today announced the unaudited operating results of the Company and its subsidiaries (the "Group"), prepared under International Financial Reporting Standards ("IFRS"), for the six months ended 30 June, 2015 (the "Period").

According to IFRS, turnover for the Group for the Period reached RMB42,125.5million, representing a decrease of 17.96% year-on-year. The Group recorded profit after income tax and non-controlling shareholder interests of RMB1,770.9 million (2014 interim: loss after income tax and non-controlling shareholder interests of RMB123.6 million). Basic earnings per share amounted to RMB0.164 (2014 interim: basic loss per share of RMB0.011). The Board of Directors did not recommend the distribution of 2015 interim dividend (2014 interim: Nil).

Mr. Wang Zhiqing, Chairman of Shanghai Petrochemical, said, "The global economy experienced a tortuous and slow recovery. Amidst such a complicated domestic and foreign economic environment and facing growing downward pressure, the PRC economy managed to show a slow-yet-steady development trend with growth within a reasonable range as a result of macroeconomic regulation and control and innovative reforms, signaling a further slowdown in economic growth. In the first half of the year, the PRC petrochemical sector generally remained stable. The performance of the refining sector continued to improve, and the petrochemicals sector even witnessed relatively rapid profit growth. Nonetheless, the market demand was still rather weak, with an overall slowdown in petroleum and petrochemical consumption growth. Overcapacity in the industry was overwhelming, market competition intensified further. Amidst complicated and severe market conditions in the first half of 2015, the Group strived to maintain steady operation in terms of safety, environmental protection and production, while ramping up efforts in structure optimization, cost-saving and profit-increasing."

In the first half of 2015, the Group's net sales reached RMB35,064.6 million, representing a decrease of 24.90% year-on-year. Of this, net sales of synthetic fibres, resins and plastics, intermediate petrochemicals and petroleum products declined by 13.46%, 11.35%, 27.54% and 35.33%, respectively. Net sales from the trading of petrochemical products increased by 2.20%.

In the first half of 2015, the total volume of goods produced by the Group amounted to 7,117,700 tons, representing an increase of 6.85% year-on-year. From January to June, the Group processed 7,348,700 tons of crude oil (including 687,400 tons of crude oil processed on a sub-contract basis), representing an increase of 1.70% year-on-year. Total production of refined oil products reached 4,412,300 tons, representing an increase of 3.79% year-on-year. Of this, the output of gasoline was 1,491,200 tons, representing a decrease of 1.55% year-on-year; the output of diesel was 2,141,400 tons, representing an increase of 5.32% year-on-year; and the output of jet fuel was 779,700 tons, representing an increase of 10.88% year-on-year. The Group produced 423,500 tons of ethylene and 340,900 tons of paraxylene, representing an increase of 4.65% and a decrease of 6.50% year-on-year, respectively. The Group also produced 531,900 tons of synthetic resins and plastic (excluding polyesters and polyvinyl alcohol), representing an increase of 9.02% year-on-year; 424,700 tons of synthetic fibre monomers, representing an increase of 17.42% year-on-year; 217,700 tons of synthetic fibre polymers, representing an increase of 6.35% year-on-year; and 115,800 tons of synthetic fibres, representing a decrease of 0.94% year-on-year. During the Reporting Period, the Group's output-to-sales ratio and receivable recovery ratio were 99.03% and 100.01%, respectively.

In the first half of 2015, the global supply of crude oil remained high, and due to a potential rebound in demand and a pending slowdown in oil production, global crude oil prices experienced a decline before showing a fluctuating rising trend, then leveling off. The average unit cost of crude oil processed (for the Group's own account) was RMB2,652.96 per ton, representing a decrease of RMB2,213.98 per ton, or 45.49% year-on-year. The Group's cost of crude oil accounted for 54.06% of the total cost of sales.

During the Period, the Group ramped up inspection efforts for the sake of safety and environmental protection, and successfully passed the Clean production check and acceptance conducted by the Shanghai Clean Production Center. The Group further advanced quantitative patrols and checks on equipment, thereby eliminating facilities hazards and realizing the stable and long-term operation of production devices. Meanwhile, the Group integrated its optimization model for the full process flow of oil refining, placed emphasis on estimating the cost-performance of different kinds of crude oil and optimized its crude oil structure. It also reinforced the tracking of marginal contribution from petrochemical facilities and adherence to dynamic optimization mechanisms with the aim of boosting efforts in further optimization to its integrated refining and petrochemical system. In respect of the implementation of key scientific research projects, the Group continued to make progress and facilitated industrial development and market exploration for its new products. The Group developed and produced 150,900 tons of new products, and submitted 22 patent applications, with nine patent authorizations granted. With the in-depth development of an e-commerce sales model for its products, the Group gradually increased the types and quantities of petrochemical products traded online on its e-commerce platform. The Group worked hard to promote its integrated management system and to optimize business flow. In April, the Group was duly recognized by the Ministry of Industry and Information Technology as one of the very first batch of enterprises to meet the national standards for management systems in regard to the integration of informatization and industrialization.

Looking ahead, Mr. Wang Zhiqing said, "In the second half of 2015, the global economy will continue to be in a stage of deep adjustments. The environment is less optimistic, with the sluggish economy struggling to recover and the major economies demonstrating diverse development trends. The Chinese economy realized a slow-yet-stable performance within a reasonable range in the first half of the year. However, as the economy is still under great pressure to maintain steady growth, to adjust

structure, to continue its reforms and to be innovative, it will continue to face downward pressure in the second half of the year. The prospects for the petrochemical industry will remain complicated. Overcapacity persists, along with weakening innovation abilities and relatively low product grades, resulting in internal pressure on the operation of the industry. Meanwhile, with the government continuing to strengthen its policies to support steady growth, market demand has increased steadily and the prices of petroleum and petrochemical products have continued to stabilize. The petrochemical industry in China is expected to continue to undergo steady development in the second half of the year. Facing a challenging market environment, we will focus on enhancing the quality and efficiency of its development and will continue to step up efforts in safety and environmental protection, production and operations, system optimization, cost-saving and expenses reduction as well as intensification of its management. The Group will also enhance its efficiency."

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 in the Jinshan District 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.

Encl: Condensed Consolidated Income Statement (Unaudited): <http://photos.prnasia.com/prnk/20150827/8521505585>

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; 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, 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 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.

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