



BASF and SINOPEC expand capacity for propionic acid in Nanjing, China

- **Propionic acid keeps food and feed grain fresh in light of increasing demand**
- **Investment underlines confidence in development of Asia Pacific and China markets**
- **Startup planned in 2019**

Ludwigshafen, Germany and Nanjing, China – June 1, 2017 – BASF and SINOPEC will expand the capacity of existing propionic acid production with an additional 30,000 metric tons annually at their state-of-the-art Verbund site, BASF-YPC Company Limited, a 50-50 joint venture in Nanjing, China. The expansion will go on stream in 2019. With this expansion, the annual propionic acid production capacity will increase to 69,000 metric tons at its Verbund site in Nanjing, China. BASF YPC Company Limited will remain one of the leading producers for propionic acid in Asia.

Propionic acid keeps feedgrain fresh for a long time because it prevents molding. Feedgrain preservation based on propionic acid offers clear economic and ecological benefits over other methods, as an eco-efficiency analysis confirms. This study shows that using this acid to preserve feedgrain is much more eco-efficient than feedgrain preservation by means of drying or storage in air-tight silos. Propionic acid is also widely used in production of pharmaceuticals, crop protection agents, solvents and thermoplastics.

“The expansion is driven by growing demand for food and feed grain preservation due to population increase and enhanced living standards in Asian countries, particularly in China and India,” said Narayan Krishnamohan, Senior Vice President, BASF Intermediates Asia Pacific. “The higher use of preservation is a result of growing meat demand which requires longer shelf life and improvements in animal feed safety and

hygiene. This expansion enables us to provide crucial intermediate chemicals to the market while contributing to a sustainable future with less feed or food waste.”

“The investment marks a new chapter in the strategic partnership between SINOPEC and BASF during China’s 13th Five-Year Plan period. It is an industrial adjustment and upgrading project and addresses supply-side structural reform trends, in order to meet the increasing demand for stringent food safety in China. Both SINOPEC and BASF have confidence in Nanjing, Jiangsu, and its future prospects, as an ideal investment destination,” said Mr Li Cheng Feng, Chairman of Sinopec Yangzi Petrochemical Company Limited and BASF-YPC Company Limited.

About BASF-YPC

BASF-YPC Co., Ltd. (“BASF-YPC”) is a 50-50 joint venture between BASF and Sinopec, founded in 2000, with a total investment of \$5.2 billion. The integrated petrochemical site produces three million tons of high-quality chemicals and polymers for the Chinese market annually. The products serve the rapid-growing demand in multiple industries including agriculture, construction, electronics, pharmaceutical, hygiene, automotive and chemical manufacturing. All BASF-YPC plants are interconnected in order to use products, by-products and energy in the most efficient way, to save cost and minimize environmental impact. BASF-YPC posted sales of approximately RMB17.3 billion in 2016 and employed 1,880 people as of the end of that year. More information on BASF-YPC is available on the Internet at www.basf-ypc.com.cn

About BASF

At BASF, we create chemistry for a sustainable future. We combine economic success with environmental protection and social responsibility. The approximately 114,000 employees in the BASF Group work on contributing to the success of our customers in nearly all sectors and almost every country in the world. Our portfolio is organized into five segments: Chemicals, Performance Products, Functional Materials & Solutions, Agricultural Solutions and Oil & Gas. BASF generated sales of about €58 billion in 2016. BASF shares are traded on the stock exchanges in Frankfurt (BAS), London (BFA) and Zurich (BAS). Further information at www.basf.com.

About SINOPEC / YPC

SINOPEC is one of the largest integrated energy and chemical companies with upstream, midstream and downstream operations in China. Its principal operations include: the exploration and production, pipeline transportation and sales of petroleum and natural gas; the sales, storage and transportation of

petroleum products, petrochemical products, synthetic fiber, fertilizer and other chemical products; and the research, development and application of technologies and information. SINOPEC implements strategies of resources, markets, integration, internationalisation, differentiation and green low-carbon development with a view to realize its vision of building a world first class energy and chemical company. Sinopec generates sales of 1.97 trillion Yuan RMB in 2016. More information on SINOPEC is available on the Internet at www.sinopec.com

YPC is one of Sinopec's largest integrated sites of refinery and petrochemical operation with sales of 54.7 billion Yuan RMB in 2016. Located in Nanjing, Jiangsu, China, it implements shareholder's management over BYC on behalf of Sinopec. More information on YPC is available on the Internet at www.ypc.com.cn

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