



BASF and SINOPEC sign Memorandum of Understanding to expand cooperation in China

- **New 1,000,000 metric tons steam cracker in Nanjing will support further downstream portfolio development**
- **BASF-YPC joint venture will expand capacity**
- **Partners intend to explore new business opportunities in battery materials**

Ludwigshafen, Germany and Nanjing, China – October 29, 2018 – BASF and SINOPEC have signed a Memorandum of Understanding (MoU) in Beijing to further strengthen their partnership in upstream and downstream chemical production in China. The partners intend to build an additional steam cracker and to further expand their existing 50:50 joint venture, BASF-YPC Company, Limited (BASF-YPC). A joint pre-feasibility study will be concluded by the end of 2018. Additionally, the two companies will jointly explore new business opportunities in China's fast-growing battery materials market.

According to the MoU, BASF-YPC will invest in a 50% stake to build a second steam cracker with a capacity of 1,000,000 metric tons of ethylene per year. SINOPEC Yangtzi Petrochemical (YPC) will invest the other 50%. Both BASF-YPC and YPC will have access to all of the products of the new steam cracker to develop their downstream product portfolios.

Additionally, the basic chemicals provided by the new steam cracker enable BASF and SINOPEC to expand production capacity at BASF-YPC, their existing integrated joint venture "Verbund" site in Nanjing. At a Verbund site, plants are interconnected in order to utilize products, by-products and energy in the most efficient way, to save costs and minimize environmental impact.

“This additional investment into a new steam cracker and the expansion of our BASF-YPC joint venture in Nanjing underline the strong partnership between SINOPEC and BASF and the commitment to our customers in China,” said Dr. Martin Brudermueller, Chairman of the Executive Board of Directors, BASF SE.

“With the strengthened cooperation between Sinopec and BASF, we will provide high-quality chemicals that can enhance quality of life for the general consumers and add oil to better living. We aim to create further value by extending this partnership,” said Mr. Dai Hou-Liang, Chairman of the Board and the President of SINOPEC Incorporation.

The partners are also jointly exploring new business opportunities in battery materials. The rising importance of alternative energy in China, especially in the automotive industry, has led to a surge in demand for innovative battery materials for a range of applications.

BASF-YPC was founded in 2000, with a total investment to date of approximately \$5.2 billion. The integrated petrochemical site produces about three million tons of high-quality chemicals and polymers for the Chinese market annually. The products serve rapidly-growing demand in multiple industries including agriculture, construction, electronics, pharmaceutical, hygiene, automotive and chemical manufacturing. BASF-YPC posted sales of approximately CNY 21 billion in 2017 and employed 1,882 people as of the end of that year.

About BASF

At BASF, we create chemistry for a sustainable future. We combine economic success with environmental protection and social responsibility. The more than 115,000 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 four segments: Chemicals, Performance Products, Functional Materials & Solutions and Agricultural Solutions. BASF generated sales of more than €60 billion in 2017. BASF shares are traded on the stock exchanges in Frankfurt (BAS), London (BFA) and Zurich (BAS). Further information at www.basf.com.

About SINOPEC

Sinopec Corp. is one of the largest integrated energy and chemical companies in China. Its principal operations include the exploration and production, pipeline transportation and sale of petroleum and natural gas; the sale, storage and transportation of petroleum products, petrochemical products, coal chemical products, synthetic fibre and other chemical products; the import and export, including an import and export agency business, of petroleum, natural gas, petroleum products, petrochemical and chemical products, and other commodities and technologies; and research, development and application of technologies and information. Sinopec Group is the largest oil and petrochemical products suppliers and the second largest oil and gas producer in China, the largest refining company and the second largest chemical company in the world. Its total number of gas stations rank the second place in the world. It ranked the 3rd on Fortune's Global 500 List in 2017. www.sinopec.com

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