

IMPORTANT ANNOUNCEMENT TO THE BONDHOLDERS OF THE

**265,000,000 6.250% Guaranteed Bonds due 2019 issued by
China Energy Reserve and Chemicals Group International Holding Limited (the "Issuer")
and unconditionally and irrevocably guaranteed by
China Energy Reserve and Chemicals Group Company Limited (中國國儲能源化工集團股份公司)
(the "Guarantor")
(ISIN: XS1524892939 Common Code: 152489293)
(the "Bonds")**

1. DEFINITIONS AND INTRODUCTION

- 1.1 This announcement is made by the Issuer and the Guarantor.
- 1.2 In this announcement, "**Bondholders**" means the holders of the Bonds.
- 1.3 In this announcement, the "**Group**" means the Guarantor and its consolidated subsidiaries, taken as a whole.

2. UPDATE ON ENFORCEMENT ACTION IN RELATION TO 2021 BONDS

- 2.1 Reference is made to (i) the announcement dated 31 May 2019 from the Issuer and the Guarantor informing Bondholders of a demand and acceleration notice received from Bank of Communications Trustee Limited (the "**Trustee**") declaring the US\$400,000,000 5.55% guaranteed bonds due 2021 (the "**2021 Bonds**") to be immediately due and payable at their principal amount together with accrued interest (the "**Acceleration Notice**"); (ii) the notices dated 14 October 2019 and 5 December 2019 from the Trustee to Bondholders in relation to legal proceedings (the "**Proceedings**") the Trustee has instituted in the Fourth Intermediate People's Court of Beijing (the "**Beijing Court**") against the Guarantor to enforce the deed of guarantee in relation to the 2021 Bonds (the "**Deed of Guarantee**"); and (iii) the announcement dated 8 November 2019 from the Issuer and the Guarantor in relation to the Proceedings.
- 2.2 The Beijing Court has granted an asset preservation order against the Guarantor (the "**Asset Preservation Order**") as an interim measure pending the ongoing Proceedings, but the decision of the Beijing Court as to whether it has jurisdiction in respect of the enforcement of the Deed of Guarantee remains pending. If the Beijing Court makes a finding that it does not have jurisdiction in respect of enforcement of the Deed of Guarantee, the Guarantor will make an application for the Asset Preservation Order to be extinguished.
- 2.3 The Guarantor is continuing to rigorously defend its legal position whilst the Proceedings remain ongoing.

3. DELAY IN PUBLICATION OF FINAL TERMS AND CONDITIONS OF RESTRUCTURING PLAN

- 3.1 Reference is made to the announcement dated 8 November 2019 informing Bondholders about the publication of the updated restructuring proposal (the "**Updated Restructuring Proposal**") further to the proposal originally released by the Guarantor on 17 August 2018.
- 3.2 Since the publication of the Updated Restructuring Proposal on 8 November 2019, the Issuer and the Guarantor, together with their advisors, have been soliciting feedback from Bondholders on the Updated Restructuring Proposal.

- 3.3 The Updated Restructuring Proposal included an estimated proposed timetable which envisaged circulating of the final terms and conditions of the restructuring plan (the "**Final Restructuring Plan**") by 29 November 2019. As it has taken longer to engage and gather feedback from Bondholders than expected and the Issuer and the Guarantor still need time to discuss the Final Restructuring Plan with the Bondholders, there will be delays expected in the publication of the Final Restructuring Plan, most likely till the end of December 2019. The Issuer and the Guarantor will update Bondholders once the Final Restructuring Plan is made available.
- 3.4 The Issuer and the Guarantor remain committed to taking a collaborative and constructive approach with all Bondholders to facilitate a consensual restructuring of their debt.
4. **COUPON PAYMENTS**
- 4.1 The Issuer and the Guarantor propose that all interest payments on the outstanding Bonds continue to be suspended pending further notice.

By Order of the Boards of

China Energy Reserve and Chemicals Group International Holding Limited
China Energy Reserve and Chemicals Group Company Limited

12 December 2019

THIS ANNOUNCEMENT IS IMPORTANT AND REQUIRES THE IMMEDIATE ATTENTION OF BONDHOLDERS. IF BONDHOLDERS ARE IN ANY DOUBT AS TO THE ACTION THEY SHOULD TAKE, THEY SHOULD SEEK THEIR OWN FINANCIAL AND LEGAL ADVICE, INCLUDING AS TO ANY TAX CONSEQUENCES, IMMEDIATELY FROM THEIR STOCKBROKER, SOLICITOR, ACCOUNTANT OR OTHER INDEPENDENT FINANCIAL OR LEGAL ADVISOR.

THIS ANNOUNCEMENT IS PROVIDED BY THE ISSUER AND THE GUARANTOR. THE TRUSTEE ACCEPTS NO RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF THIS ANNOUNCEMENT OR THE INFORMATION CONTAINED IN IT.

THERE CAN BE NO ASSURANCE THAT ANY DISCUSSIONS WITH THE ISSUER'S AND THE GUARANTOR'S CREDITORS WILL LEAD TO A PROPOSAL ACCEPTABLE TO THE CREDITORS GENERALLY OR THAT DISCUSSIONS WITH THE CREDITORS CAN BE PROGRESSED TO ANY POSITIVE CONCLUSION. ACCORDINGLY, THE ISSUER AND THE GUARANTOR OFFER NO ASSURANCE THAT THEIR CREDITORS WILL GRANT ANY WAIVERS OR FORBEARANCE WITH RESPECT TO THE BONDS OR THAT ANY PART OF THEIR INDEBTEDNESS CAN BE SUCCESSFULLY RESTRUCTURED. IN ADDITION, THERE IS NO CERTAINTY OR ASSURANCE THAT ANY OF THE PROPOSED TRANSACTIONS OR INITIATIVES DISCUSSED HEREIN WILL BE COMPLETED. HOLDERS OF THE BONDS AND POTENTIAL INVESTORS IN THE ISSUER AND THE GUARANTOR ARE ADVISED TO EXERCISE CAUTION WHEN DEALING WITH THE ISSUER AND THE GUARANTOR.