

IMPORTANT ANNOUNCEMENT TO THE BONDHOLDERS OF THE

**US\$400,000,000 6.125% Bonds due 2019 issued by
China Energy Reserve and Chemicals Group International Company Limited (the
"Issuer") with the benefit of a keepwell deed and a deed of equity interest purchase and
investment undertaking provided by China Energy Reserve and Chemicals Group
Company Limited (中國國儲能源化工集團股份公司) (the "Keepwell Provider")
(ISIN: XS1328315723 Common Code: 132831572)
(the "Bonds")**

1. DEFINITIONS AND INTRODUCTION

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

2. UPDATE ON ENFORCEMENT ACTION IN RELATION TO 2021 BONDS

- 2.1 Reference is made to the announcements dated 8 November 2019 and 12 December 2019 from the Issuer and the Keepwell Provider in relation to the legal proceedings instituted by the Trustee in the Fourth Intermediate People's Court of Beijing (the "**Beijing Court**") against the Keepwell Provider to enforce the deed of guarantee in relation to the 2021 Bonds (the "**Deed of Guarantee**").
- 2.2 The Beijing Court passed its judgment on 20 December 2019 and has dismissed the Trustee's claim, upholding the Keepwell Provider's submission that the Beijing Court does not have jurisdiction in connection with any proceedings relating to the Deed of Guarantee. The Trustee has a right to appeal the decision within 10 days of the Beijing Court's judgment being served on the Trustee.

3. UPDATE ON SHANGHAI SINOIL

- 3.1 Reference is made to the announcement dated 29 October 2019 informing Bondholders about the appointment of Mr Cosimo Borelli and Mr Tai Shaw Hoong of Borrelli Walsh as joint and several receivers and managers to Shanghai Sinoil Energy Holding (HongKong) Co., Limited ("**Shanghai Sinoil**") and certain of its subsidiaries and assets ("**Appointment**") in relation to a facilities agreement between Shanghai Sinoil and UBS AG, Singapore Branch, as lender and facility agent to the syndicate of lenders (the "**Facilities Agreement**") for the provision of a US\$400,000,000 credit facility to Shanghai Sinoil (the "**Facility**") and a security agreement between Shanghai Sinoil as chargor and UBS AG as security agent to the syndicate of lenders (the "**Security Agreement**").
- 3.2 There have been certain press reports indicating that China Energy Reserve and Chemicals Group Company Limited has acted as a guarantor in relation to the Facility. This is incorrect and the Keepwell Provider and the Issuer refute these claims entirely.
- 3.3 On 18 December 2019, UBS AG and the lenders under the Facility have informed Shanghai Sinoil that they have formed a voluntary steering committee (the "**Steering Committee**") in order to facilitate direct discussions with Shanghai Sinoil in relation to restructuring the Facility. Shanghai Sinoil are currently engaged in direct discussions with the Steering Committee under the Facility to find a consensual solution to restructure the Facility.

4. **DELAY IN PUBLICATION OF FINAL TERMS AND CONDITIONS OF RESTRUCTURING PLAN**

- 4.1 Reference is made to the announcement dated 8 November 2019 and 12 December 2019 informing Bondholders about the publication of the updated restructuring proposal (the "**Updated Restructuring Proposal**") further to the proposal originally released by the Keepwell Provider on 17 August 2018.
- 4.2 In light of the ongoing matters discussed in this announcement and the wide range of feedback received from Bondholders, the Issuer and the Keepwell Provider will need to make further changes to the Updated Restructuring Proposal. The Issuer and the Keepwell Provider will update Bondholders once there is any further update to the Updated Restructuring Proposal.
- 4.3 The Issuer and the Keepwell Provider remain committed to taking a collaborative and constructive approach with all Bondholders to facilitate a consensual restructuring of their debt.

5. **CONTINUED SUSPENSION OF COUPON AND PRINCIPAL PAYMENTS**

- 5.1 The Issuer confirms that all interest and principal 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 Company Limited
China Energy Reserve and Chemicals Group Company Limited

27 December 2019

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