

**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" or the
"Company")
(ISIN: XS1328315723 Common Code: 132831572)
(the "Bonds")**

1. DEFINITIONS AND INTRODUCTION

Capitalised terms used but not otherwise defined herein shall have the meanings ascribed to them in the previous announcements issued by the Issuer and the Company.

2. UPDATE ON LEGAL PROCEEDINGS IN RELATION TO 2022 BONDS

2.1 Reference is made to the announcement issued by the Issuer and the Company on 5 July 2021, which stated in paragraph 3.1(b) that the substantive hearing of the 2022 Bonds Garnishee Application, the Setting Aside Application and the Joinder Application (the "**4 January 2022 Hearing**") was fixed for 4 January 2022.

2.2 The engagement by the Group of Messrs. Debevoise & Plimpton LLP as solicitors of the Group has been terminated following a dispute concerning payment of legal fees (the "**Termination of Engagement of Debevoise**").

2.3 As a result of the Termination of Engagement of Debevoise, China Energy Reserve and Chemicals Group Overseas Company Limited ("**CERCG Overseas**"), China Energy Reserve and Chemicals Trading Company Limited and the Company sought a two-month adjournment of the 4 January 2022 Hearing (the "**4 January 2022 Hearing Adjournment Application**").

2.4 At the 4 January 2022 Hearing, the Court rejected the 4 January 2022 Hearing Adjournment Application, and indicated that it would:

- (a) rule in favour of China Life in relation to the Joinder Application, except that the Trustee would be named as an "Interested Party" and not a "Defendant";
- (b) dismiss the Setting Aside Application on the basis that CERCG Overseas was not present at the 4 January 2022 Hearing by virtue of CERCG Overseas not being legally represented due to the Termination of Engagement of Debevoise; and
- (c) reserve judgment in relation to the 2022 Bonds Garnishee Application to a later date.

2.5 The Group is seeking legal advice in relation to the 2022 Bonds Garnishee Application.

3. CONTINUED SUSPENSION OF COUPON AND PRINCIPAL PAYMENTS

The Issuer and the Company confirm that all interest and principal payments on the outstanding Bonds continue to be suspended pending further notice.

4. TRUSTEE DISCLAIMER

The Trustee takes no responsibility for the contents of this announcement.

By Order of the Boards of

China Energy Reserve and Chemicals Group International Company Limited

China Energy Reserve and Chemicals Group Company Limited

10 January 2022

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