

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.

2. UPDATE ON ENFORCEMENT ACTION IN RELATION TO 2021 BONDS

- 2.1 Reference is made to the announcements dated 8 November 2019, 12 December 2019 and 27 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 "**Intermediate 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 Trustee has lodged an appeal to the Higher People's Court of Beijing against the decision of the Intermediate Beijing Court on 20 December 2019 dismissing the Trustee's claim and upholding the Keepwell Provider's submission that the Beijing Court does not have jurisdiction in connection with the said legal proceedings.

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

- 3.1 Reference is made to the announcements dated 8 November 2019, 12 December 2019 and 27 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.
- 3.2 In light of the ongoing matters discussed in the announcement dated 27 December 2019 and 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.
- 3.3 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.

4. CONTINUED SUSPENSION OF COUPON AND PRINCIPAL PAYMENTS

- 4.1 The Issuer and the Keepwell Provider confirm 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**

8 January 2020

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