

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.

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 Guarantor 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 Guarantor 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 Guarantor'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 Guarantor 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 Guarantor will need to make further changes to the Updated Restructuring Proposal. The Issuer and the Guarantor will update Bondholders once there is any further update to the Updated Restructuring Proposal.
- 3.3 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. CONTINUED SUSPENSION OF COUPON AND PRINCIPAL PAYMENTS

- 4.1 The Issuer and the Guarantor 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 Holding Limited
China Energy Reserve and Chemicals Group Company Limited**

8 January 2020

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.