

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 SHANGHAI SINOOIL

- 2.1 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 Sinooil Energy Holding (HongKong) Co., Limited ("**Shanghai Sinooil**") and certain of its subsidiaries and assets ("**Appointment**") in relation to a facilities agreement between Shanghai Sinooil 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 Sinooil (the "**Facility**") and a security agreement between Shanghai Sinooil as chargor and UBS AG as security agent to the syndicate of lenders (the "**Security Agreement**").
- 2.2 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 Guarantor and the Issuer refute these claims entirely.
- 2.3 On 18 December 2019, UBS AG and the lenders under the Facility have informed Shanghai Sinooil that they have formed a voluntary steering committee (the "**Steering Committee**") in order to facilitate direct discussions with Shanghai Sinooil in relation to restructuring the Facility. Shanghai Sinooil are currently engaged in direct discussions with the Steering Committee under the Facility to find a consensual solution to restructure the Facility.

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

- 3.1 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 Guarantor on 17 August 2018.
- 3.2 In light of the ongoing matters discussed in 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

27 December 2019

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