

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, "**CERCG Overseas**" means China Energy Reserve and Chemicals Group Overseas Company Limited.

2. UPDATE ON SHANGHAI SINOIL

- 2.1 Reference is made to the announcements dated 29 October 2019 and 27 December 2019 informing Bondholders about the facilities agreement between Shanghai Sinoil Energy Holding (HongKong) Co., Limited ("**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 the appointment of Mr Cosimo Borelli and Mr Tai Shaw Hong of Borrelli Walsh as joint and several receivers and managers to the shares held by Shanghai Sinoil in Shanghai Energy Corporation and certain of its subsidiaries and assets (the "**Security Assets**") pursuant to a security agreement entered into between Shanghai Sinoil as chargor and UBS AG as security agent to the syndicate of lenders (the "**Appointment**"). Shanghai Sinoil Energy Holding Corporation (the "**Facility Guarantor**") provided a guarantee in relation to the Facility (the "**Facility Guarantee**").
- 2.2 The Keepwell Provider was notified by the Facility Guarantor that on 30 March 2020, UBS AG, on behalf of the lenders of the Facilities Agreement, commenced arbitration proceedings in the Hong Kong International Arbitration Centre against the Facility Guarantor in respect of the Facility Guarantee (the "**Shanghai Sinoil Arbitration**").
- 2.3 The Shanghai Sinoil Arbitration is ongoing and the Keepwell Provider, Shanghai Sinoil and the Facility Guarantor are taking legal advice in relation to the Shanghai Sinoil Arbitration.

3. UPDATE ON ENFORCEMENT ACTION IN RELATION TO 2022 BONDS

- 3.1 Reference is made to the announcement dated 4 February 2019 informing Bondholders of a demand and acceleration notice received from Bank of Communications Trustee Limited (the "**Trustee**") declaring the HK\$2,000,000,000 6.30% Guaranteed Bonds due 2022 issued by CERCG Overseas (the "**2022 Bonds**") to be immediately due and payable at their principal amount together with accrued interest (the "**2022 Bonds Acceleration Notice**"), the announcement dated 3 February 2020 informing Bondholders that the Trustee commenced legal proceedings in the Court of First Instance of the High Court of the Hong Kong Special Administrative Region against CERCG Overseas and the Keepwell Provider in respect of the 2022 Bonds (the "**2022 Bonds Proceedings**") and the announcement dated 25 March 2020 informing Bondholders that CERCG Overseas and the Keepwell Provider have taken out a summons to apply for an extension of time for CERCG

Overseas and the Keepwell Provider to file and serve a defence in relation to the 2022 Bonds Proceedings.

- 3.2 The 2022 Bonds Proceedings have been delayed due to the partial closure of the Hong Kong courts. The 2022 Bonds Proceedings are ongoing and CERCG Overseas and the Keepwell Provider are taking legal advice in relation to the 2022 Bonds Proceedings.

4. **UPDATE ON REVISED UPDATED RESTRUCTURING PROPOSAL**

- 4.1 Reference is made to the announcements dated 8 November 2019, 12 December 2019, 27 December 2019, 8 January 2020, 3 February 2020 and 25 March 2020 informing Bondholders about the publication of the revised updated restructuring proposal dated 25 March 2020 (the "**Revised Updated Restructuring Proposal**") further to the proposal originally released by the Keepwell Provider on 17 August 2018.

- 4.2 According to the Revised Updated Restructuring Proposal, the Keepwell Provider had requested for Bondholders' feedback by 8 April 2020. The Issuer and the Keepwell Provider have received a wide range of feedback from Bondholders and are currently considering these. They will update Bondholders on the next steps of the restructuring in a further announcement.

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

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

9 April 2020

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