

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. **APPOINTMENT OF JOINT AND SEVERAL RECEIVERS**

- 2.1 On 5 April 2017, Shanghai Sinoil Energy Holding (HongKong) Co., Limited ("**Shanghai Sinoil**"), an indirectly-held, non-wholly owned subsidiary of the Keepwell Provider, entered into a facilities agreement as borrower with 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**").
- 2.2 The Facility is secured by, amongst other security, a security agreement of the same date entered into between Shanghai Sinoil as chargor and UBS AG as security agent to the syndicate of lenders (the "**Security Agreement**") in respect of certain assets of Shanghai Sinoil, which included, inter alia, the shares held by Shanghai Sinoil in Shanghai Energy Corporation and certain of its subsidiaries and assets as defined in the Security Agreement (the "**Security Assets**").
- 2.3 On 21 October 2019, UBS AG as security agent under the Security Agreement appointed Mr Cosimo Borelli and Mr Tai Shaw Hong of Borrelli Walsh as joint and several receivers and managers to Shanghai Sinoil and over all of the Security Assets ("**Appointment**"). The Keepwell Provider has been notified by Shanghai Sinoil that the Appointment was due to the default by Shanghai Sinoil in that it failed to make an instalment repayment of principal of the Facility that is currently due and owing under the Facilities Agreement ("**Default**").
- 2.4 The Keepwell Provider and Shanghai Sinoil are currently engaged in direct discussions with UBS AG, the lenders under the Facility and Borrelli Walsh to find a consensual solution to remedy the Default, to restructure the Facility and to terminate the Appointment (the "**Shanghai Sinoil Discussions**").

3. **DELAY IN PUBLICATION OF THE UPDATED RESTRUCTURING PROPOSAL**

- 3.1 Reference is made to the announcement dated 15 August 2019 informing Bondholders about the expected timing of the publication of an updated restructuring proposal (the "**Updated Restructuring Proposal**") further to the proposal originally released by the Keepwell Provider on 17 August 2018.
- 3.2 The Issuer and the Keepwell Provider remain committed to continuing with the restructuring of the Bonds for the benefit of Bondholders, despite these latest developments. The Keepwell Provider is currently engaging with its advisers to revise the Updated Restructuring Proposal in consideration of the Appointment and the Shanghai Sinoil Discussions. Accordingly, the Keepwell Provider expects the release of the Updated Restructuring Proposal to likely occur now in November 2019.

4. **COUPON PAYMENTS**

- 4.1 As previously announced, all interest payments on the outstanding Bonds continue to be suspended pending further notice.
- 4.2 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.
- 4.3 Should Bondholders require any further information, please contact our advisors using the contact details below:

Company's advisors

Ashurst

Email: cercg@ashurst.com

FTI Consulting Inc.

Email: cercg@fticonsulting.com

By Order of the Boards of

China Energy Reserve and Chemicals Group International Company Limited
China Energy Reserve and Chemicals Group Company Limited

29 October 2019

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 KEEPWELL PROVIDER. 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 KEEPWELL PROVIDER'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 KEEPWELL PROVIDER 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 KEEPWELL PROVIDER ARE ADVISED TO EXERCISE CAUTION WHEN DEALING WITH THE ISSUER AND THE KEEPWELL PROVIDER.