

**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" or the
"Company")
(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.
- 1.4 In this announcement, "**CERCG Overseas Capital**" means China Energy Reserve and Chemicals Group Overseas Capital Company Limited.
- 1.5 In this announcement, "**CERCG Capital**" means China Energy Reserve and Chemicals Group Capital Limited.

2. UPDATE ON LEGAL PROCEEDINGS IN RELATION TO 2022 BONDS

- 2.1 Reference is made to (i) the announcement dated 13 February 2019 informing Bondholders of a demand and acceleration notice received from 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, (ii) 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**"), (iii) the announcement dated 25 March 2020 informing Bondholders that CERCG Overseas and the Keepwell Provider took 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, (iv) the announcement dated 9 April 2020 informing Bondholders that the 2022 Bonds Proceedings had been delayed due to partial closure of the Hong Kong courts, (v) the announcement dated 2 September 2020 informing Bondholders that the Trustee has issued a summary judgment application in relation to the 2022 Bonds Proceedings (the "**Summary Judgment Application**"), that a call-over hearing for the Summary Judgment Application was held on 15 June 2020 and that the substantive hearing of the Summary Judgment Application was fixed for 6 October 2020, (vi) the announcement dated 14 October 2020 informing Bondholders that the substantive hearing of the Summary Judgment Application commenced on 6 October 2020 and was adjourned part-heard to 14 October 2020 and 20 October 2020, (vii) the announcement dated 4 November 2020 informing Bondholders that the Court ruled in favour of the Trustee in relation to the Summary Judgment Application (the "**Summary Judgment Ruling**") on 29 October 2020, and subsequently the Keepwell Provider and CERCG Overseas filed a Notice of Appeal to appeal against the Summary Judgment Ruling on 30 October 2020 (the "**Summary Judgment Appeal**") and issued a summons for a stay of execution of the Summary Judgment Ruling pending the final determination of the Summary Judgment Appeal (the "**Stay of Execution Application**") on the same date, (viii) the announcement dated 31 December 2020 informing Bondholders that the Court ruled in favour of the Trustee and dismissed the Stay of Execution Application on 21 December 2020, but granted an interim

stay of execution of the Summary Judgment Ruling for 21 days until 11 January 2021 to allow the Keepwell Provider and CERCG Overseas to renew their Stay of Execution Application before a Judge in Chambers, (ix) the announcement dated 25 February 2021 informing Bondholders that the Keepwell Provider and CERCG Overseas renewed their Stay of Execution Application before a Judge in Chambers on 30 December 2020 (the "**Renewed Stay of Execution Application**") and that the Trustee had issued a Mareva injunction application against CERCG Overseas on 22 February 2021 (the "**Mareva Injunction Application**"), (x) the announcement dated 1 March 2021 issued by the Trustee to Bondholders, and (xi) the announcement dated 10 March 2021 informing Bondholders that on 26 February 2021, the Court ruled in favour of the Trustee and dismissed the Renewed Stay of Execution Application and granted an interim injunction restraining CERCG Overseas from removing from Hong Kong any of its assets which are within Hong Kong, including the approximate amount of US\$120,000,000 currently deposited in a bank account (the "**US\$120 million Deposit**") in the name of CERCG Overseas held with Bank of Communications (Hong Kong) Limited ("**BOCOM**") (the "**CERCG Overseas Bank Account**") and that on 2 March 2021, the Trustee filed a garnishee nisi application over the US\$120 million Deposit in CERCG Overseas Bank Account to satisfy the judgment debt owed by CERCG Overseas.

- 2.2 On 9 March 2021, the Court granted a garnishee order nisi ordering all debts due or accruing from BOCOM to CERCG Overseas be attached to satisfy the judgment debt owed by CERCG Overseas in respect of the 2022 Bonds (the "**Garnishee Order Nisi**"). The Garnishee Order Nisi has been served on BOCOM. The effect of the Garnishee Order Nisi is to create an equitable charge over the US\$120 million Deposit. The Company understands that the hearing of the Garnishee Order To Show Cause is scheduled for 9:30am on 16 April 2021. CERCG Overseas intends to oppose the application on the basis that the US\$120 million Deposit is not beneficially owned by CERCG Overseas but is in fact held on bare trust for payment to Bondholders in the proposed restructuring. Any Bondholder who wishes to express a view on the application should seek independent legal advice.

3. **UPDATE ON LEGAL PROCEEDINGS IN RELATION TO US\$350,000,000 BONDS**

- 3.1 Reference is made to (i) the announcement dated 30 September 2020 informing the 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 Capital and the Keepwell Provider in respect of all amounts due and payable in connection with the US\$350,000,000 Bonds and such legal proceedings (the "**US\$350,000,000 Bonds Proceedings**") and that the Trustee had sent a statutory demand in respect of the US\$350,000,000 Bonds to the Keepwell Provider, (ii) the announcement dated 14 October 2020 informing the Bondholders that Debevoise & Plimpton had on 5 October 2020 filed an acknowledgment of service to contest the US\$350,000,000 Bonds Proceedings and (iii) the announcement dated 10 March 2021 informing Bondholders that on 22 February 2021, the Trustee issued the US\$350,000,000 Bonds Summary Judgment Application and the hearing of the US\$350,000,000 Bonds Summary Judgment Application is scheduled to be heard at 9:30 am on 22 March 2021 in the High Court of the Hong Kong Special Administrative Region.
- 3.2 On 19 March 2021, CERCG Overseas Capital, the Keepwell Provider and the Trustee made a joint application, by way of a consent summons ("**Consent Summons**"), for an order by consent that, among other terms:
 - (a) final judgment be entered in the US\$350,000,000 Bonds Proceedings for the Trustee against CERCG Overseas Capital and the Keepwell Provider; and
 - (b) CERCG Overseas Capital and the Keepwell Provider do pay the Trustee the sum of US\$350,000,000 with interest at the rate of 5.25% per annum from 21 December 2018 to the date of judgment, and thereafter at judgment rate until full payment.

3.3 The Court made an order in terms of the Consent Summons (including (a) and (b) above) on 19 March 2021.

4. **PUBLICATION OF TERMS AND CONDITIONS OF REVISED UPDATED RESTRUCTURING PROPOSAL**

4.1 Reference is made to the announcements dated 17 November 2020 and 10 December 2020 informing Bondholders about the Group's expectation to present a further revised restructuring proposal in January 2021 or thereabouts.

4.2 There is a delay in the publication of the further revised restructuring proposal, but the Group remains committed to try and effect a consensual restructuring of their debt, and will update Bondholders once the further revised restructuring proposal is ready to be presented to Bondholders.

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.

6. **TRUSTEE DISCLAIMER**

The Trustee takes no responsibility for the contents of this announcement.

By Order of the Boards of

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

29 March 2021

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.

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