

**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

Capitalised terms used but not otherwise defined herein shall have the meanings ascribed to them in the previous announcements issued by the Issuer and the Company.

2. UPDATE ON LEGAL PROCEEDINGS IN RELATION TO 2022 BONDS

2.1 Reference is made to the notice issued by the Trustee to Bondholders on 26 May 2021, which set out in paragraphs 3.1 and 3.2 the Trustee's position that on 9 April 2021, the Trustee was placed in a position of conflict when it received conflicting instructions from the sole Bondholder of the 2022 Bonds (to pursue the 2022 Bonds Garnishee Application) and those from the Ad-hoc Committee (to oppose the 2022 Bonds Garnishee Application), and that the Trustee has put forward proposals with a view to resolving the conflict.

2.2 Reference is also made to the announcement issued by the Issuer and the Company to Bondholders on 21 April 2021, which stated in paragraph 3.3 that, in addition to the conflict of interest of the Trustee relating to the 2022 Bonds Garnishee Application as stated above, counsel for the Trustee also acknowledged at the 1st call-over hearing of the 2022 Bonds Garnishee Application and the Setting Aside Application on 16 April 2021 that a similar conflict also exists with respect to the Setting Aside Application.

2.3 The Issuer and the Company continue to reserve their respective rights in relation to the aforementioned conflicts of interest and to respond to any actions that the Trustee may take in this regard.

3. SECOND CALL-OVER HEARING IN RELATION TO THE 2022 BONDS GARNISHEE APPLICATION AND THE SETTING ASIDE APPLICATION

3.1 The Issuer and the Company inform Bondholders that the second call-over hearing of the Setting Aside Application and the 2022 Bonds Garnishee Application (in relation to the US\$120 million Deposit) have been adjourned to:

2:30 p.m. on 3 June 2021

at the High Court Building, 38 Queensway, Hong Kong

(the "**2nd Call-over Hearing**"), which will be held in open court and any interested party (including Bondholders) may attend. The courtroom number will be available at the High Court's notice board.

3.2 In addition to (a) the respective legal representatives of, and counsel team instructed by, the 2022 Bonds Issuer, the Company and the Trustee, and (b) representatives of Kirkland & Ellis who are solicitors for the Ad-hoc Committee, representatives of different holders of different series of the Bonds who are interested in the Setting Aside Application and the 2022 Bonds Garnishee Application may also attend the 2nd Call-over Hearing. Any Bondholder who wishes to express a view on the 2022 Bonds Garnishee Application and the Setting Aside Application should seek independent legal advice.

4. **UPDATE ON RESTRUCTURING PLAN**

- 4.1 As stated in paragraph 4 of the notices issued by the Issuer and the Company on 14 April 2021 and 21 April 2021 respectively, the Group expects to present the further revised restructuring proposal on or around 30 June 2021.
- 4.2 The Group remains committed to try and effect a consensual restructuring of its debt, and will update Bondholders on the next steps of the restructuring in a further notice.

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

The Issuer and the Company 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

2 June 2021

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