

**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" or the "Company")
(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, "**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 Guarantor in respect of the 2022 Bonds (the "**2022 Bonds Proceedings**"), (iii) the announcement dated 25 March 2020 informing Bondholders that CERCG Overseas and the Guarantor took out a summons to apply for an extension of time for CERCG Overseas and the Guarantor 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 Guarantor and CERCG Overseas 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 as well as filed a Notice of Appeal to appeal against the Summary Judgment Ruling (the "**Summary Judgment Appeal**") on 30 October 2020, (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 Guarantor 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 Guarantor and CERC 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 CERC Overseas on 23 February 2021 (the "**Mareva Injunction Application**"), and (x) the announcement dated 1 March 2021 issued by the Trustee to Bondholders.

2.2 On 11 January 2021, the Court granted an interim stay of execution of the Summary Judgment Ruling until the final determination of the Renewed Stay of Execution Application.

2.3 On 26 February 2021, the Court handed down the decision on the Renewed Stay of Execution Application. The Court ruled in favour of the Trustee and dismissed the Renewed Stay of Execution Application.

3. **MAREVA INJUNCTION**

3.1 The hearing of the Mareva Injunction Application was held on 26 February 2021 in the High Court of Hong Kong SAR (the "**Mareva Injunction First Hearing**"). At the end of the hearing, the Court granted an interim injunction restraining CERC Overseas from removing from Hong Kong any of its assets which are within Hong Kong. The assets covered by the interim injunction includes the approximate amount of US\$120,000,000 currently deposited in a bank account (the "**US\$120 million Deposit**") in the name of CERC Overseas held with Bank of Communications (Hong Kong) Limited ("**BOCOM**") (the "**CERC Overseas Bank Account**"). The interim injunction will remain in force up to and including the day of the substantive hearing of the Mareva Injunction Application which is scheduled to be heard on 7 April 2021 or the day upon which the garnishee proceedings commenced by the Trustee has been determined, or the day on which CERC Overseas pays the sum of HK\$2 billion or its equivalent into court or makes provision for security in that sum by some other method as provided for by the Court (whichever is earlier).

3.2 The Court further granted the Trustee a disclosure order against CERC Overseas for the disclosure of all its assets in Hong Kong of an individual value of HK\$50,000 or more.

3.3 On 2 March 2021, the Trustee filed a garnishee nisi application (the "**Garnishee Proceedings**") over the US\$120 million Deposit in the account of CERC Overseas maintained with BOCOM to satisfy the judgment debt owed by CERC Overseas.

4. **THE US\$120 MILLION DEPOSIT**

4.1 The Group has received a number of enquiries from Bondholders regarding the US\$120 million Deposit subject to the Mareva Injunction and the Garnishee Proceedings.

4.2 On 25 February 2021, BOCOM informed CERC Overseas in writing that the CERC Overseas Bank Account has been suspended with immediate effect.

4.3 As the Company has previously and consistently communicated to Bondholders these funds are held in the CERC Overseas Bank Account and are intended for payment to Bondholders in the event of a successful consensual restructuring, such that Bondholders will be treated equally.

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

5.1 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 CERC Overseas Capital and the Guarantor 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 Guarantor, and (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.

- 5.2 On 22 February 2021, the Trustee issued a summary judgment application in the US\$350,000,000 Bonds Proceedings (the “**US\$350,000,000 Bonds Summary Judgment Application**”). 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. CERCG Overseas Capital and the Guarantor are taking legal advice in relation to the US\$350,000,000 Bonds Summary Judgment Application.

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

- 6.1 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.

- 6.2 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.

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

The Issuer and the Guarantor confirm that all interest and principal payments on the outstanding Bonds continue to be suspended pending further notice.

8. **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 Holding Limited
China Energy Reserve and Chemicals Group Company Limited

10 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.

THIS ANNOUNCEMENT IS PROVIDED BY THE ISSUER AND THE GUARANTOR. 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 GUARANTOR'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 GUARANTOR 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 GUARANTOR ARE ADVISED TO EXERCISE CAUTION WHEN DEALING WITH THE ISSUER AND THE GUARANTOR.