

**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 Capitalised terms used but not otherwise defined herein shall have the meanings ascribed to them in the previous announcement issued by the Issuer and the Company.
- 1.2 In this announcement, "**CERCG Overseas**" means China Energy Reserve and Chemicals Group Overseas Company Limited.

2. UPDATE ON RESTRUCTURING PLAN

The Issuer and the Company would like to inform Bondholders that the Issuer and the Company expect to present a further revised restructuring proposal on or before 31 October 2022 for Bondholders' consideration.

3. UPDATE ON LEGAL PROCEEDINGS IN RELATION TO 2022 BONDS

- 3.1 Reference is made to the announcements issued by the Issuer and the Company on 10 January 2022 and 23 March 2022 in relation to: (a) the Joinder Application; (b) the Garnishee Application; and (c) the Setting Aside Application.

3.2 Leave to Appeal

On 18 March 2022, the Court delivered its decision (the "**March Decision**"), among other things, granting an order in favour of China Life that the Garnishee Application less US\$70 million be made absolute. Following the March Decision, the parties sought leave to appeal against the March Decisions (the "**Applications for Leave to Appeal**").

On 12 August 2022, the Court delivered its decision in relation to the Applications for Leave to Appeal and ordered, among other things, that:

- (a) China Life's application for leave to appeal as regards the finding on the US\$70 million be granted;
 - (b) each of CERCG Overseas and the Ad Hoc Committee's application for leave to appeal as regards existence / non-existence of a *Quistclose* Trust be granted;
 - (c) each of CERCG Overseas and the Ad Hoc Committee's application for leave to appeal as regards the existence / non-existence of an express trust and/or resulting trust, and other ancillary grounds, be rejected; and
 - (d) CERCG Overseas' application for stay of execution be rejected, and the costs of the application for stay of the garnishee order absolute be borne by CERCG Overseas.
- 3.3 On 23 and 24 August 2022, China Life, Ad Hoc Committee and CERCG Overseas each respectively filed its Notice of Appeal and Notice of Setting Down of an Appeal. An appeal hearing date is pending to be fixed. The Issuer and the Company are taking legal advice in relation to the ongoing legal proceedings regarding the 2022 Bonds.

3.4 **Variation of Costs**

Following the March Decision, the Ad Hoc Committee by summons dated 12 April 2022 sought to vary the costs order *nisi* of the March Decision, which ordered the costs of the Joinder Application, the Garnishee Application and the Setting Aside Application be borne by CERCG Overseas and the Ad Hoc Committee with certificates of 2 counsel (the "**Variation Summons**").

On 12 August 2022, the Court delivered its decision in relation to the Variation Summons and ordered, among other things, that the costs order *nisi* be varied such that the costs of the Joinder Application, the Garnishee Application and the Setting Aside Application be borne by CERCG Overseas, whilst the costs of the Garnishee Application shall also be borne by the Ad Hoc Committee, with certificates for 2 counsel.

4. **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.

5. **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

Hong Kong

6 October 2022

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