

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 Holding**" means China Energy Reserve and Chemicals Group Holding Limited.
- 1.5 In this announcement, "**Group**" means the Keepwell Provider and its consolidated subsidiaries, taken as a whole.

2. PURCHASE NOTICE AND INVESTMENT NOTICE

- 2.1 On 21 August 2020, Bank of Communications Trustee Limited (the "**Trustee**") served a Purchase Notice and an Investment Notice (together, the "**Notices**") on the Keepwell Provider in relation to the Bonds, indicating that a default has occurred under the Bonds and notifying the Keepwell Provider of its obligations under the keepwell deed and the deed of equity interest purchase and investment undertaking both dated 15 January 2016 relating to the Bonds to purchase equity interest of and invest in certain subsidiaries of the Keepwell Provider.
- 2.2 The Company is currently deliberating next steps in relation to the Notices and any impact on the restructuring of the Group. Bondholders will be kept informed of further developments.

3. UPDATE ON LEGAL PROCEEDINGS IN RELATION TO 2022 BONDS

- 3.1 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 (the "**2022 Bonds Acceleration Notice**"), (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 and (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.

- 3.2 On 8 May 2020, the Trustee issued a summary judgment application in relation to the 2022 Bonds Proceedings (the "**Summary Judgment Application**"). On 15 June 2020, a call-over hearing for the Summary Judgment Application was held. The substantive hearing of the Summary Judgment Application has been fixed for 6 October 2020.
- 3.3 The 2022 Bonds Proceedings are ongoing and CERCG Overseas and the Keepwell Provider are taking legal advice in relation to the 2022 Bonds Proceedings.
4. **UPDATE ON LEGAL PROCEEDINGS IN RELATION TO 2021 BONDS**
- 4.1 Reference is made to the announcements dated 8 November 2019, 12 December 2019, 27 December 2019 and 8 January 2020 informing Bondholders of the legal proceedings instituted by the Trustee in the Fourth Intermediate People's Court of Beijing relating to the US\$400,000,000 5.55% Guaranteed Bonds due 2021 issued by CERCG Holding (the "**2021 Bonds Proceedings**").
- 4.2 The 2021 Bonds Proceedings were dismissed by the Fourth Intermediate People's Court of Beijing and the Trustee subsequently appealed to the High People's Court of Beijing (the "**High People's Court**"). The hearing in the High People's Court was held on 18 August 2020 and the Trustee and the Keepwell Provider are waiting for the decision of the High People's Court to be announced.
- 4.3 CERCG Holding and the Keepwell Provider will provide further information on the 2021 Bonds Proceedings in due course.
5. **UPDATE ON SHANGHAI SINOIL**
- 5.1 Reference is made to the announcement dated 9 April 2020 informing Bondholders that UBS AG, on behalf of the lenders of the US\$400,000,000 credit facilities ("**Credit Facilities**") to Shanghai Sinoil Energy Holding (HongKong) Co., Limited ("**Shanghai Sinoil**"), has commenced arbitration proceedings in the Hong Kong International Arbitration Centre against Shanghai Sinoil Energy Holding Corporation (the "**Facility Guarantor**") in respect of the Credit Facilities (the "**Shanghai Sinoil Arbitration**").
- 5.2 The Shanghai Sinoil Arbitration is ongoing and the Keepwell Provider, Shanghai Sinoil and the Facility Guarantor are taking legal advice in relation to the Shanghai Sinoil Arbitration.
6. **UPDATE ON REVISED UPDATED RESTRUCTURING PROPOSAL**
- 6.1 Reference is made to the announcements dated 25 March 2020 and 9 April 2020 informing Bondholders about the publication of the revised updated restructuring proposal dated 25 March 2020 (the "**Revised Updated Restructuring Proposal**") further to the proposal originally released by the Keepwell Provider on 17 August 2018.
- 6.2 Given the ongoing legal proceedings mentioned in this announcement and the wide range of feedback received from Bondholders in relation to the Revised Updated Restructuring Proposal, the Issuer and the Company are currently considering these in order to present a further revised restructuring proposal to Bondholders. They will update Bondholders on the next steps of the restructuring in a further announcement.
7. **BOARD AND MANAGEMENT CHANGES OF THE KEEPWELL PROVIDER**
- 7.1 The Company announces the following changes to its board of directors and senior management. These changes reflect the Company's commitment to strengthen the financial and accounting skills of the management group.
- 7.2 As at the date of this announcement, the directors of the Keepwell Provider are:

- (a) MA Fenggang (马冯刚);
- (b) CHEN Yiming (沈易明);
- (c) TU Youcheng (涂祐诚);
- (d) YAN Chunhai (闫春海)
- (e) GONG Hongyan (宫洪岩);
- (f) HUA Huiliang (滑会亮); and
- (g) ZHOU Weijing (周伟京).

- 7.3 Mr CHEN Yihe (陈义和) ceased to be the Chairman of the board of directors (董事长) of the Company in August 2020 and Mr MA Fenggang (马冯刚) was appointed as the new Chairman of the board of directors (董事长) of the Company in August 2020.
- 7.4 Mr ZHU Ning (朱宁) ceased to be the Vice-Chairman of the board of directors (副董事长) of the Company in August 2020 and Mr CHEN Yiming (沈易明) was appointed as the new Vice-Chairman of the board of directors (副董事长) of the Company in August 2020.
- 7.5 Mr HUA Huiliang (滑会亮) ceased to be the legal representative (法人) of the Company in August 2020 and Mr MA Fenggang (马冯刚) was appointed as the new legal representative (法人) of the Company in August 2020.
- 7.6 Ms WANG Jiawei (王佳伟) ceased to be the Supervisor (监事) of the Company in August 2020. Ms ZHANG Xuan (张暄) and Ms FU Wei (付葳) were appointed as Supervisors (监事) of the Company in August 2020.
- 7.7 Mr MA Fenggang (马冯刚) has a postgraduate education background and has deep management and financial experience. He previously served as the Executive Vice President and Chief Financial Officer of Shenzhen Fountain Corporation and the President of China Huayang Investment Holdings Co., Ltd. He has been serving as the Chairman of the board of directors of the Company since August 2020.
- 7.8 Mr CHEN Yiming (沈易明) has a postgraduate education background and deep management and financial experience. Since August 2020, he has been serving as the Director of Capital Management of the Company and Vice-Chairman of the board of directors of the Company.
- 7.9 Mr YAN Chunhai (闫春海) has an undergraduate education background. He joined the Company in February 2013 and previously served as Deputy General Manager of the Human Resource Management Department, General Manager of the Human Resource Management Department, and Deputy General Manager of Human Resources Administration. He has been serving as Vice-President (Human Resources and Administrative matters) of the Company since September 2015. He has been serving as a Director of the Company since August 2020.

- 7.10 Mr ZHOU Weijing (周伟京) has an undergraduate education background and has deep management and financial experience. Since March 2017, he has been serving as the Chairman of CERCG Capital Management Co., Ltd. and has been acting as the Financial Director of the Company since October 2019. He has been serving as a Director of the Company since August 2020.

8. **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.

9. **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 September 2020

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