

**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, "**US\$350,000,000 Bonds**" means the US\$200,000,000 5.25% guaranteed bonds due 2018 issued on 11 May 2015 and the US\$150,000,000 5.25% guaranteed bonds due 2018 issued on 29 May 2015 consolidated and forming a single series therewith issued by CERCG Overseas Capital.
- 1.6 In this announcement, "**US\$350,000,000 Bonds Hong Kong Proceedings**" means the legal proceedings commenced by Bank of Communications Trustee Limited (the "**Trustee**") on 21 September 2020 in the High Court of 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.
- 1.7 In this announcement, "**2021 Bonds**" means the US\$400,000,000 5.55% guaranteed bonds due 2021 issued by China Energy Reserve and Chemicals Group Holding 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 and (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.

- 2.2 On 29 October 2020, the Court ruled in favour of the Trustee in relation to the Summary Judgment Application (the "**Summary Judgment Ruling**"). On 30 October 2020, the Keepwell Provider and CERCG Overseas filed a Notice of Appeal to appeal against the Summary Judgment Ruling (the "**Summary Judgment Appeal**").
- 2.3 On 30 October 2020, the Keepwell Provider and CERCG Overseas also 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**").
- 2.4 On 29 October 2020, the Court granted an interim stay of execution of the Summary Judgment Ruling pending the determination of the Stay of Execution Application.
- 2.5 The 2022 Bonds Proceedings are ongoing and CERCG Overseas and the Keepwell Provider are taking legal advice in relation to the 2022 Bonds Proceedings.

3. **UPDATE ON LEGAL PROCEEDINGS IN RELATION TO 2021 BONDS**

- 3.1 Reference is made to (i) the announcements dated 8 November 2019 and 12 December 2019 informing Bondholders of the legal proceedings instituted by the Trustee in the Fourth Intermediate People's Court of Beijing relating to the 2021 Bonds (the "**2021 Bonds PRC Proceedings**"), (ii) the announcement dated 27 December 2019 informing Bondholders that the 2021 Bonds PRC Proceedings were dismissed by the Fourth Intermediate People's Court of Beijing, (iii) the announcement dated 8 January 2020 informing Bondholders that the Trustee appealed to the High People's Court of Beijing (the "**High People's Court**"), (iv) the announcement dated 2 September 2020 informing Bondholders that the hearing in the High People's Court was held on 18 August 2020 and (v) the announcement dated 14 October 2020 informing Bondholders that on 9 October 2020, the High People's Court ruled in favour of the Trustee in allowing the appeal and held that the Fourth Intermediate People's Court of Beijing had jurisdiction to consider the case.
- 3.2 On 16 October 2020, the Fourth Intermediate People's Court of Beijing accepted jurisdiction to consider the 2021 Bonds PRC Proceedings.
- 3.3 The 2021 Bonds PRC Proceedings are ongoing and the Keepwell Provider is taking legal advice in relation to the 2021 Bonds PRC Proceedings. The Keepwell Provider is also considering with its legal advisors what impact this may have on the US\$350,000,000 Bonds Hong Kong Proceedings.

4. **UPDATE ON REVISED UPDATED RESTRUCTURING PROPOSAL**

- 4.1 Given the ongoing legal proceedings mentioned in this announcement and previous announcements, the Issuers and the Company are currently in discussion with their advisors to present a further revised restructuring proposal to Bondholders. They will update Bondholders on the next steps of the restructuring in a further announcement.
- 4.2 The Issuers and the Company remain committed to try and effect a consensual restructuring of their debt.

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

4 November 2020

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