

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 "**CERCG Overseas Capital**" means China Energy Reserve and Chemicals Group Overseas Capital Company Limited.
- 1.4 "**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.

2. **ENFORCEMENT ACTION IN RELATION TO US\$350,000,000 BONDS**

- 2.1 On 21 September 2020, Bank of Communications Trustee Limited (the "**Trustee**") commenced legal proceedings 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 (the "**US\$350,000,000 Bonds Proceedings**").
- 2.2 The US\$350,000,000 Bonds Proceedings are ongoing and CERCG Overseas Capital and the Keepwell Provider are taking legal advice in relation to the US\$350,000,000 Bonds Proceedings.
- 2.3 The Trustee has also sent a statutory demand in respect of the US\$350,000,000 Bonds to the Keepwell Provider (the "**US\$350,000,000 Bonds Statutory Demand**"). The Keepwell Provider will be contesting the issue of the US\$350,000,000 Bonds Statutory Demand.

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

- 3.1 Reference is made to the announcements dated 25 March 2020, 9 April 2020 and 2 September 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.
- 3.2 The Company continues to face financial and operating difficulties in the wake of the coronavirus pandemic and depressed international oil and gas prices. The Issuer and the Company continue to be engaged in discussions with various parties to facilitate a consensual restructuring of their debt.
- 3.3 Given the ongoing legal proceedings mentioned in this announcement and previous announcements, 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.

4. **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.

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

30 September 2020

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