

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")
(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, the "**Group**" means the Guarantor and its consolidated subsidiaries, taken as a whole.

2. **DELAY IN PUBLICATION OF THE GUARANTOR'S ANNUAL CONSOLIDATED FINANCIAL STATEMENTS**

- 2.1 Further to the announcement dated 10 April 2019 informing Bondholders on the expected timing of the publication of the Group's annual consolidated financial statements for the year ended 31 December 2018 (the "**Group Financial Statements**"), the Guarantor informs that there will be further delays expected in the publication of the Group Financial Statements, most likely till end of June 2019. This is due to unexpected delays in the auditors completing their overseas trips for the audit process of the Group's overseas subsidiaries. The Issuers and the Guarantor will update Bondholders once the Group Financial Statements are made available.

3. **INCREASE IN SHAREHOLDING BY MAJOR SHAREHOLDER**

- 3.1 As announced by the Guarantor in an announcement dated 26 November 2018, China National Friend Industry Corporation (中国富莱德实业公司) ("**CNFIC**") proposed to increase its shareholding in the Guarantor to approximately 58% of the issued shares of the Guarantor. As a show of support to the Guarantor and the restructuring process, CNFIC proposes to further increase its shareholding in the Guarantor from 58% to 85% by acquiring the 27% interest in the Guarantor held by China Overseas Holding Group Limited (中国海外控股集团有限公司) ("**China Overseas**"). The only remaining shareholders of the Guarantor would be CNFIC and China Hualian International Trading Company (中国华联国际贸易公司) ("**China Hualian**"). This increase in shareholding is expected to be completed by end of May 2019.
- 3.2 The increase in shareholding by CNFIC is indicative of CNFIC's continued support of the proposed restructuring of the Group as a whole and is intended to further facilitate that process. As a result of the increase in shareholding, CNFIC (85%) and China Hualian (15%) would be the only shareholders of the Guarantor. This would facilitate the shareholders to take control of the restructuring process and take any actions necessary to effect the restructuring.

4. **ACCELERATION NOTICE BY TRUSTEE**

- 4.1 Further to a letter dated 23 May 2019, the Trustee of the US\$400,000,000 5.55% guaranteed bonds due 2021 (the "**2021 Bonds**") has served a demand and acceleration notice declaring the 2021 Bonds to be immediately due and payable at their principal amount together with accrued interest.

- 4.2 The Guarantor will further engage with Bondholders once the Group Financial Statements are available in order to discuss an updated restructuring proposal. The Issuers and the Guarantor remain committed to taking a collaborative and constructive approach with all Bondholders to facilitate a consensual restructuring of their debt.
- 4.3 Should Bondholders require any further information, please contact our advisors using the contact details below:

Company's advisors

Ashurst

Email: cercg@ashurst.com

FTI Consulting Inc.

Email: cercg@fticonsulting.com

By Order of the Boards of

China Energy Reserve and Chemicals Group International Company Limited
China Energy Reserve and Chemicals Group Company Limited

31 May 2019

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