

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.

2. FEEDBACK FROM BONDHOLDERS ON THE FINANCIAL ADVISOR'S REPORT

- 2.1 Since the publication of the Financial Advisor's Report to Bondholders on 17 August 2018, the Issuers and the Guarantor, together with their advisors, have been soliciting feedback from Bondholders on the restructuring proposal. The Guarantor and Issuers remain committed to achieving a consensual restructuring proposal and encourage Bondholders to engage with Ashurst and/or FTI to put forward their feedback on the Financial Advisor's Report.
- 2.2 The Financial Advisors' Report included an estimated proposed timetable which envisaged circulation of the terms and conditions of the restructuring proposal by 28 September 2018. As it has taken longer to engage and gather feedback from Bondholders, the estimated timetable will need to be extended. The Guarantor will revert separately in relation to the proposed revised timetable.
- 2.3 In order to assist Bondholders who have submitted queries on the restructuring plan, the Guarantor has compiled a list of frequently asked questions from Bondholders about the Financial Advisor's Report and the restructuring proposal ("**FAQ**").
- 2.4 Bondholders who have previously identified themselves to Ashurst and/or D.F. King Limited (the "**Identification Agent**") and have provided proof of holdings may access the FAQ at the information website and using the login details previously provided to them by the Identification Agent.
- 2.5 Bondholders who have identified themselves to Ashurst or the Identification Agent but have not provided proof of holdings, or have not received login details, should provide their proof of holdings to the Identification Agent or contact the Identification Agent using the contact details below:

Identification Agent

In Hong Kong

+852 3953 7231

In London

+44 20 7920 9700

Email: cercg@dfkingltd.com

- 2.6 Bondholders who have not identified themselves to Ashurst or the Identification Agent and who wish to access the Financial Advisor's Report and the FAQ may do so by first disclosing their identities and holdings of Bonds at the following website:
<https://sites.dfkingltd.com/cercgdocs/Home/>

3. **OBLIGATIONS UNDER THE BONDS**

- 3.1 In light of the ongoing debt restructuring exercise, a significant amount of time and resources of the Guarantor's management is currently dedicated to agreeing and implementing the debt restructuring exercise. As a result, the Guarantor will not be able to fulfil its obligations under the Bonds to furnish the Trustee with its consolidated interim financial statements for the six months ended 30 June 2018.
- 3.2 Due to the ongoing debt restructuring exercise, the Guarantor has not been able to successfully complete its registration with the State Administration of Foreign Exchange ("**SAFE**") in relation to the US\$150,000,000 5.55% Guaranteed Bonds due 2018 issued by CERCG Capital ("**2018 Bonds**") and the US\$100,000,000 6.75% Guaranteed Bonds due 2019 issued by CERCG Finance III ("**2019 Bonds**"), which constitute a breach of the terms and conditions of the 2018 Bonds and the 2019 Bonds. The Guarantor is in close correspondence with SAFE and will update the holders of the 2018 Bonds and the 2019 Bonds as soon as any updates become available.

4. **APPOINTMENT OF WALKERS**

- 4.1 The Guarantor and Issuers have now appointed offshore law firm Walkers to advise in relation to the offshore aspects of the proposed restructuring of the Bonds, along with Ashurst.
- 4.2 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

9 October 2018

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