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CHINA STRATEGIC HOLDINGS LIMITED

中策集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 235)

DISCLOSEABLE TRANSACTION FINANCIAL ASSISTANCE INVOLVING AMENDMENTS OF THE NOTE

AMENDMENTS OF THE NOTE

On 10 February 2020 (after trading hours), Guide Plus, an indirect wholly owned subsidiary of the Company and the beneficial owner of the Note in the outstanding principal amount of HK\$49,400,000, agreed to certain amendments to the Note. To effect such amendments, CS Wealth, an indirect wholly owned subsidiary of the Company and the custodian holding the Note on trust for Guide Plus and two other noteholders (who are independent third parties), entered into the Supplemental Deed with the Issuer on the same date.

LISTING RULES IMPLICATION

The acquisition of the Note and the entering into of the Previous Deeds did not constitute a notifiable transaction of the Company at the relevant time. As one or more of the applicable percentage ratio(s) under Rule 14.07 of the Listing Rules in respect of agreeing to the amendments under the Supplemental Deed (which constitutes provision of financial assistance by Guide Plus to the Issuer for the purpose of the Listing Rules) is more than 5% but less than 25%, the amendments as contemplated under the Supplemental Deed constitute a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

AMENDMENTS OF THE NOTE

On 10 February 2020 (after trading hours), Guide Plus, an indirect wholly owned subsidiary of the Company and the beneficial owner of the Note in the outstanding principal amount of HK\$49,400,000, agreed to the following amendments to the Note:

- (i) the maturity date of the Note is further extended from 15 December 2019 to 15 May 2020 and no claim will be pursued for default interest or events of default in respect of the Note arising on or before the date of the Supplemental Deed;
- (ii) the conversion rights under the Note as originally issued are removed and the Note shall cease to be convertible into shares of the Issuer;
- (iii) the interest rate in respect of the Note for the period from 15 December 2019 be increased from 10% per annum to 12% per annum; and
- (iv) the Issuer shall pay all interest accrued and to be accrued under the Note for the period from 15 December 2019 up to 14 May 2020 in two instalments.

To effect the above amendments, CS Wealth, an indirect wholly owned subsidiary of the Company and the custodian holding the Note on trust for Guide Plus and two other noteholders (who are independent third parties), entered into the Supplemental Deed with the Issuer on the same date incorporating the above terms, which were negotiated on an arm's length basis. The above amendments are subject to the approval of the Stock Exchange being granted. The Company understands that the Issuer will apply for such approval in this regard.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Issuer (whose shares are listed on the Stock Exchange) is a third party independent of the Company and its connected persons.

The latest principal terms of the Note as amended and/or supplemented by the Previous Deeds and the Supplemental Deed are summarized as follows:

Issuer:	China Ruifeng Renewable Energy Holdings Limited (stock code: 527), a company incorporated under the laws of the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange
Outstanding principal amount of the Note beneficially owned by Guide Plus:	HK\$49,400,000
Issue date:	15 June 2016

Maturity date (as extended by the Supplemental Deed):	15 May 2020. The Issuer is required to redeem the entire outstanding principal amount of the Note on the maturity date (as extended by the Supplemental Deed) at par together with any accrued and unpaid interest
Interest:	8% per annum for the period from 15 June 2016 up to 14 June 2019, 10% per annum from 15 June 2019 up to 14 December 2019, and 12% per annum thereafter. Interest accrued and to be accrued from 15 December 2019 up to 14 May 2020 shall be payable in advance in two instalments. The interest rate during the extension period was determined with reference to (i) the existing interest rate underlying the Note; and (ii) the duration of the extension period
	The net profits attributable to the Note (as represented by interest income received by Guide Plus) before and after taxation (i) for the financial year ended 31 December 2017 amounted to approximately HK\$3,952,000 and HK\$3,300,000 respectively; and (ii) for the financial year ended 31 December 2018 amounted to approximately HK\$3,952,000 and HK\$3,300,000 respectively
Redemption:	The Issuer may demand early redemption of part or whole of the outstanding principal amounts of the Note at any time after six months from issue by giving not less than five Business Days' notice to the holder(s) of the Note. Early redemption of the Note will be made at par value of the Note plus accrued interest up to the date of redemption
Transferability:	The Note is generally transferable in whole or in integral multiples of HK\$1,300,000 subject to applicable laws and regulations and the Note can only be transferred to a connected person of the Issuer upon its prior written approval
Conversion rights:	The conversion rights under the Note as originally issued are removed pursuant to the terms and conditions of the Supplemental Deed
Listing:	The Note is not listed

INFORMATION ON THE ISSUER

Based on public information, the Issuer is a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange. The Issuer and its subsidiaries are principally engaged in the business of wind power generation.

INFORMATION ON THE GROUP

The Company is an investment holding company. The Group is principally engaged in the business of investment in securities, trading of commodities and electronic components, money lending as well as securities brokerage.

Guide Plus is principally engaged in investment in securities and CS Wealth is principally engaged in securities brokerage business.

REASONS FOR AND BENEFITS OF THE AMENDMENTS OF THE NOTE

The original acquisition of the Note by Guide Plus was part of the Group's principal business of securities investment.

In considering the terms of the Supplemental Deed, the Company has taken into account the following factors:- (i) the duration of the extension contemplated under the Supplemental Deed is relatively short, during which interest under the Note will continue to accrue at an augmented rate; (ii) the Issuer will be required to pre-pay part of the interest to be accrued under the Note under the Supplemental Deed; (iii) the Company will have to incur additional time and resources if it were to pursue immediate recovery without extension; and (iv) referring to the prevail trading prices of the shares of the Issuer on the Stock Exchange (which is substantially below the original conversion price of HK\$0.65 per conversion shares underlying the original Note), and having reviewed the recent financial performance of the Issuer, the Directors do not consider it likely that the conversion rights originally under the Note will be exercised during the extension period contemplated under the Supplemental Deed.

Taking into account the foregoing, the Directors consider that the terms of the Supplemental Deed are fair and reasonable and the transactions contemplated thereunder are in the interest of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATION

The acquisition of the Note and the entering into of the Previous Deeds did not constitute a notifiable transaction of the Company at the relevant time. As one or more of the applicable percentage ratio(s) under Rule 14.07 of the Listing Rules in respect of agreeing to the amendments under the Supplemental Deed (which constitutes provision of financial assistance by Guide Plus to the Issuer for the purpose of the Listing Rules) is more than 5% but less than 25%, the amendments as contemplated under the Supplemental Deed constitute a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

“Board”	Board of Directors of the Company
“Business Day(s)”	a day (excluding Saturday and Sunday) on which banks in Hong Kong are generally open for business
“Company”	China Strategic Holdings Limited (stock code: 235), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“CS Wealth”	CS Wealth Securities Limited, a company incorporated in Hong Kong with limited liability, an indirect wholly owned subsidiary of the Company and a corporation licensed to carry out type 1 (dealing in securities) regulated activity under the SFO
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Guide Plus”	Guide Plus Investments Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly owned subsidiary of the Company
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Issuer”	China Ruifeng Renewable Energy Holdings Limited (stock code: 527), a company incorporated under the laws of the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange

“Note”	unlisted note originally issued as convertible note by the Issuer on 15 June 2016 with an original aggregate principal amount of HK\$171,600,000 (as amended and/or supplemented by the Previous Deeds and the Supplemental Deed) and beneficially owned by Guide Plus with outstanding principal amount of HK\$49,400,000 as of the date of this announcement
“Previous Deeds”	collectively, the deed of amendment dated 12 December 2017 and the second deed of amendment dated 22 August 2019 in relation to the Note
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Deed”	the third deed of amendment dated 10 February 2020 entered into between the Issuer and CS Wealth
“%”	per cent.

By Order of the Board
China Strategic Holdings Limited
Dr. Or Ching Fai
Chairman

Hong Kong, 10 February 2020

At the date of this announcement, the Board comprises one Non-executive Director, namely Dr. Or Ching Fai (Chairman); three Executive Directors, namely Mr. Sue Ka Lok (Chief Executive Officer), Ms. Lee Chun Yeung, Catherine and Mr. Chow Kam Wah; and three Independent Non-executive Directors, namely Ms. Ma Yin Fan, Mr. Chow Yu Chun, Alexander and Mr. Leung Hoi Ying.