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# 中泛控股有限公司

## CHINA OCEANWIDE HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*  
(Stock Code: 715)

### DISCLOSEABLE TRANSACTION ACQUISITION OF PROPERTIES IN HAWAII

The Board is pleased to announced that on 18 August 2016 (Hawaii time) / 19 August 2016 (Hong Kong time) (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, and the Vendors entered into the Purchase and Sale Agreement, pursuant to which the Purchaser conditionally agreed to acquire and the Vendors conditionally agreed to sell the Properties totaling approximately 26.27 acres located in Hawaii, the U.S. at the Consideration of US\$280,000,000 (equivalent to approximately HK\$2,170.9 million), subject to adjustment for the Additional Consideration (if applicable).

Pursuant to the Purchase and Sale Agreement, on or before 31 December 2016, the Purchaser has the sole and absolute discretion to elect whether or not to develop the Properties under the “Atlantis” brand. In the event of the Non-Atlantis Brand Election, the Consideration shall be adjusted and increased by the Additional Consideration of US\$11,768,582 (equivalent to approximately HK\$91.2 million) to the Adjusted Consideration of US\$291,768,582 (equivalent to approximately HK\$2,262.2 million). If the Purchaser makes a Non-Atlantis Brand Election and becomes obligated to pay the Adjusted Consideration to the Vendor under the Purchase and Sale Agreement, the Company will issue an announcement in accordance with the relevant requirements under the Listing Rules.

As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition (taking into account of the Additional Consideration) are more than 5% but less than 25%, the Acquisition (taking into account of the Additional Consideration) constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements only but exempt from the shareholders’ approval requirement under Chapter 14 of the Listing Rules.

**As the Completion is subject to the fulfilment or waiver of certain Conditions in the Purchase and Sale Agreement, therefore the Acquisition may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.**

## **INTRODUCTION**

The Board is pleased to announce that on 18 August 2016 (Hawaii time) / 19 August 2016 (Hong Kong time) (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, and the Vendors entered into the Purchase and Sale Agreement, pursuant to which the Purchaser conditionally agreed to acquire and the Vendors conditionally agreed to sell the Properties totaling approximately 26.27 acres located in Hawaii, the U.S. at the Consideration of US\$280,000,000 (equivalent to approximately HK\$2,170.9 million) or the Adjusted Consideration of US\$291,768,582 (equivalent to approximately HK\$2,262.2 million). A summary of the principal terms of the Purchase and Sale Agreement is set out below:

## **PURCHASE AND SALE AGREEMENT**

### **Date**

18 August 2016 (Hawaii time) / 19 August 2016 (Hong Kong time)

### **Parties**

- (a) China Oceanwide Real Estate Development V Limited, being the Purchaser
- (b) Ko Olina Chapel LLC, Ko Olina Hotel #7 LLC, Ko Olina Development LLC, Ko Olina Parcel 20/21 LLC and Waialii Partners LLC, being the Vendors

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, each of the Vendors and their respective ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

### **Properties to be acquired**

The Properties to be acquired by the Purchaser include three parcels of land, namely, parcel 20/21 (lot 4608), parcel 25/26 (lot 4609) and parcel 19B (lot 5346-B), totaling approximately 26.27 acres located at Honouliuli, District of Ewa, City and County of Honolulu, Hawaii, the U.S..

### **Consideration and payment terms**

The Consideration for the Acquisition is US\$280,000,000 (equivalent to approximately HK\$2,170.9 million), which shall be payable by the Purchaser in cash from the Group's internal resources and/or other financing resources in the following manner:

- (i) US\$10,000,000 (equivalent to approximately HK\$77.5 million), being a non-refundable initial deposit (subject to the Purchase and Sale Agreement), is payable to the Escrow Agent no later than 24 August 2016 (Hawaii time) / 25 August 2016 (Hong Kong time) ; and
- (ii) the remaining balance of the Consideration, being US\$270,000,000 (equivalent to approximately HK\$2,093.4 million) will be payable to the Vendors upon Completion.

Pursuant to the Purchase and Sale Agreement, on or before 31 December 2016, the Purchaser has the sole and absolute discretion to elect whether or not to develop the Properties under the “Atlantis” brand. In the event that the Purchaser elects not to develop the Properties under the “Atlantis” brand (the “**Non-Atlantis Brand Election**”), the Consideration shall be adjusted and increased by an amount of US\$11,768,582 (equivalent to approximately HK\$91.2 million) (the “**Additional Consideration**”) to US\$291,768,582 (equivalent to approximately HK\$2,262.2 million) (the “**Adjusted Consideration**”). If the Purchaser makes a Non-Atlantis Brand Election and becomes obligated to pay the Adjusted Consideration to the Vendor under the Purchase and Sale Agreement, the Company will issue an announcement in accordance with the relevant requirements under the Listing Rules.

The Additional Consideration will be payable by the Purchaser to the Vendors within 60 days from the earlier of (i) the date when the Purchaser obtains a building permit for the construction of the Properties other than under the brand of “Atlantis”; or (ii) the date when the Purchaser enters into an agreement in relation to the development of the Properties under a brand other than the “Atlantis” brand.

The Consideration and the Additional Consideration were determined after arm’s length negotiations between the Purchaser and the Vendors after taking into account: (i) the average market price of similar parcels of land in the surrounding areas of the Properties; and (ii) the business prospects and the development potential of the Properties.

### **Conditions to Completion**

Completion shall be conditional upon, among other things, the following Conditions having been fulfilled or waived:

- (i) the representations and warranties given by the Vendors and the Purchaser are materially true, complete and correct on and as of the Completion;
- (ii) the Vendors and the Purchaser have materially performed all of their respective obligations under the Purchase and Sale Agreement on or before Completion;
- (iii) there shall be no litigation pending or threatened against the Vendors seeking to enjoin the performance of the Purchase and Sale Agreement;
- (iv) the Vendors and the Purchaser have delivered, or caused to be delivered, their/its closing deliverables pursuant to the Purchase and Sale Agreement;
- (v) the Vendors shall be prepared to convey fee titles of the Properties to the Purchaser; and
- (vi) the Vendors have delivered certain documents under the Purchase and Sale Agreement to the Escrow Agent in relation to the development of the Properties.

### **Failure to satisfy the Conditions**

If Completion does not occur on or before 15 September 2016 (Hawaii time) / 16 September 2016 (Hong Kong time) due to the failure of either of the Vendors or the Purchaser to satisfy their/its Conditions, the Vendors or the Purchaser may elect to (i) waive all unsatisfied Conditions and proceed to Completion; or (ii) terminate the Purchase and Sale Agreement, subject to the terms therein.

If the termination of the Purchase and Sale Agreement is due to the failure of the Vendors to satisfy their Conditions, subject to the terms therein, the Deposit shall be returned to the Purchaser. If the termination of the Purchase and Sale Agreement is due to the failure of the Purchaser to satisfy its Conditions, the Vendors are entitled to retain the Deposit, subject to the terms of the Purchase and Sale Agreement.

## **Completion**

Subject to fulfillment of the Conditions, Completion shall take place no later than on 15 September 2016 (Hawaii time) / 16 September 2016 (Hong Kong time).

## **Termination**

### ***Default by the Vendors***

If prior to Completion, the Vendors default in any of the terms or provisions of the Purchase and Sale Agreement (other than the Purchaser's Conditions) or if any of the representations and warranties given by the Vendors are not true or correct in all material respects, subject to the Purchase and Sale Agreement, the Purchaser may (i) terminate the Purchase and Sale Agreement, whereupon (a) the Vendors shall promptly return the Deposit (including interest) to the Purchaser; (b) the Escrow Agent shall promptly return any other funds the Purchaser has tendered to the Escrow Agent in connection with the Acquisition to the Purchaser; and (c) the Vendors shall reimburse the Purchaser for its actual out-of-pocket due diligence expenses not exceeding US\$500,000 (equivalent to approximately HK\$3.9 million); or (ii) institute an action for specific performance; or (iii) waive such default by the Vendors and proceed to Completion.

### ***Default by the Purchaser***

If prior to Completion, the Purchaser defaults in any of the material terms of the Purchase and Sale Agreement (other than the Vendors' Conditions), subject to the Purchase and Sale Agreement, either the Vendors or the Purchaser may terminate the Purchase and Sale Agreement and the Vendors are entitled to retain the Deposit.

## **Repurchase option**

Pursuant to the Purchase and Sale Agreement, the Purchaser agrees that it shall not sell, or markets for sale all or any portion of the Properties (excluding sales and marketing of condominiums) unless the Properties are developed to the Minimum Development Requirement ("**Resale Prohibition**"), as such, the Purchaser has, at a consideration of US\$10, granted a repurchase option to the Vendors, for the repurchase of the Properties from the Purchaser, in the event that the Purchaser breaches the Resale Prohibition. The repurchase option expires on the date the Minimum Development Requirement is first achieved as evidence by a certificate (or certificates) of occupancy issued by the relevant authority.

In the event that the Vendors exercise the repurchase option to repurchase the Properties from the Purchaser pursuant to the Purchase and Sale Agreement, the Company will comply with the relevant requirements under the Listing Rules.

## **Exclusive options to acquire properties from the Vendors**

The Vendors agree to grant the exclusive options, at a consideration of US\$1.00, to the Purchaser to acquire from the Vendors (i) the Option Property; and (ii) the Additional FAR on lot 4610 and lot 4637 as provided under the Purchase and Sale Agreement, with a total area of approximately 3.068 acres, located at Honouliuli, District of Ewa, City and County of Honolulu, Hawaii, the U.S., for a period of three years from the date of the Completion.

In the event that the Purchaser exercises the exclusive options to acquire the aforesaid properties from the Vendors pursuant to the Purchase and Sale Agreement, the Company will comply with the relevant requirements under the Listing Rules.

## **Brand management**

The Purchaser shall enter into negotiations with an independent third party in relation to the development of the Properties under the "Atlantis" brand. The Purchaser has the sole and absolute discretion to elect whether to develop the Properties under the "Atlantis" brand on or before 31 December 2016, and, save as the Additional Consideration, the Purchaser does not have any liability to the Vendors in the event of the Non-Atlantis Brand Election.

## **Post-Completion arrangement**

Parcel 19 and parcel 25/26 of the Properties are subject to two Leases which will expire on 10 April 2017 and 31 December 2016, respectively. Ko Olina Development LLC and The Resort Group LLC (collectively referred to as "**KOD**"), will enter into a post-closing agreement with the Purchaser, whereby KOD agrees, among other things, (i) the Leases will not be renewed upon their respective expiry date; (ii) all parties in possession of these leased properties will be vacated upon expiry of the Leases; (iii) KOD undertakes, at its own cost and expense, to take all necessary actions to obtain possession of these leased properties from the tenants; and (iv) KOD shall indemnify, defend and hold harmless the Purchaser and other parties under the post-closing agreement, from and against all claims made by the tenants of the leased properties or any other third parties in connection with the Leases.

From and after the Completion, the Purchaser shall receive (i) all rental income derived from the lease on parcel 25/26 of the Properties; and (ii) 50% of the rental income derived from the lease on parcel 19 of the Properties, as parcel 19 was subdivided into parcel 19A and parcel 19B.

## ***Net profit before/after tax***

The table below sets forth the net profits (both before and after tax) attributable to the Leases on parcel 19 and parcel 25/26 of the Properties for the years ended 31 December 2014 and 2015.

	For the year ended 31 December 2014 (US\$000) ( <i>unaudited</i> )	For the year ended 31 December 2015 (US\$000) ( <i>unaudited</i> )
Net profit before tax	US\$3,864 (equivalent to approximately HK\$30.0 million)	US\$3,426 (equivalent to approximately HK\$26.6 million)
Net profit after tax	US\$3,428 (equivalent to approximately HK\$26.6 million)	US\$2,979 (equivalent to approximately HK\$23.1 million)

## **INFORMATION ON THE GROUP AND THE PURCHASER**

The Group is principally engaged in property investments in the PRC and real estate development in the U.S. as well as the development in the energy sector in Indonesia, as well as finance investment and others.

The Purchaser, an indirect wholly-owned subsidiary of the Company, is an investment holding company.

## **INFORMATION ON THE VENDORS**

Ko Olina Chapel LLC, is a private limited company incorporated in Hawaii, the U.S., and is principally engaged in real estate investment.

Ko Olina Hotel #7 LLC, is a private limited company incorporated in Hawaii, the U.S., and is principally engaged in real estate investment.

Ko Olina Development LLC, is a private limited company incorporated in the Delaware, the U.S., and is principally engaged in real estate development.

Ko Olina Parcel 20/21 LLC, is a private limited company incorporated in Hawaii, the U.S., and is principally engaged in real estate investment.

Waialii Partners LLC, is a private limited company incorporated in Hawaii, the U.S., and is principally engaged in real estate investment.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

As set out in the Company's interim results announcement for the six months ended 30 June 2016 issued on 16 August 2016, the Group is committed to strengthen and expand its property investment, real estate development, energy and finance investment and others segments to enhance the long-term return of the Shareholders. To this end, the Group has been actively exploring business development opportunities outside the PRC, and has acquired certain real estate development projects in the U.S. in 2015 and 2016, and a power plant project in Indonesia in 2015. The Acquisition conforms to the Group's internationalization development strategy and represents an excellent opportunity for the Group to expand its overseas real estate development segment.

According to the survey conducted by the Company, Hawaii ranks third among 50 states in the U.S. in terms of stability of long term property investment. The Properties are well located in Ko Olina Resort and Marina, Oahu Island which is the main economic and cultural hub in Hawaii and are located nearby the properties announced to be acquired by the Group in November 2015 and February 2016 which can create additional benefits and branding value to the Properties. For details of the properties in Hawaii acquired by the Group in November 2015 and February 2016, please refer to the announcements issued by the Company on 25 November 2015 and 5 February 2016.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that the transaction contemplated under the Purchase and Sale Agreement and the terms and conditions therein are on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

## **REASONS FOR THE CONSIDERATION AND THE ADJUSTED CONSIDERATION**

As an incentive for the Purchaser to develop the Properties under the “Atlantis” brand, the Vendors agree to sell the Properties at the Consideration instead of the Adjusted Consideration. The reason being that as the Vendors also own certain parcels of land surrounding the Properties (the “**Vendors’ Properties**”), the Vendors believe that the development of the Properties by the Purchaser under the “Atlantis” brand will bring additional benefits and values to the Vendors’ Properties.

## **LISTING RULES IMPLICATIONS**

As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition (taking into account of the Additional Consideration) are more than 5% but less than 25%, the Acquisition (taking into account of the Additional Consideration) constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements only but exempt from the shareholders’ approval requirement under Chapter 14 of the Listing Rules.

**As the Completion is subject to the fulfilment or waiver of certain Conditions in the Purchase and Sale Agreement, therefore the Acquisition may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.**

## **DEFINITIONS**

In this announcement, unless the context requires otherwise, the following expressions shall have the following meanings:

“Acquisition”	the acquisition of the Properties by the Purchaser from the Vendors pursuant to the Purchase and Sale Agreement
“Additional FAR”	the floor area as defined under the Land Use Ordinance of the City and County of Honolulu, Chapter 21 of the Revised Ordinances of Honolulu, with lot 4610 having an area of approximately 2.0 acres and lot 4637 having an area of approximately 1.07 acres
“Board”	the board of Directors

“Company”	China Oceanwide Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 715)
“Completion”	the completion of the Acquisition in the manner provided in the Purchase and Sale Agreement
“Conditions”	the conditions precedent to Completion as specified in the Purchase and Sale Agreement
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Consideration”	the consideration of US\$280,000,000 (equivalent to approximately HK\$2,170.9 million) payable by the Purchaser to the Vendors for the Acquisition, subject to adjustment under the Purchase and Sale Agreement, subject to adjustment for the Additional Consideration (if applicable).
“Deposit”	US\$10,000,000 (equivalent to approximately HK\$77.5 million), being a non-refundable initial deposit (subject to the Purchase and Sale Agreement), paid to the Escrow Agent no later than 24 August 2016 (Hawaii time) / 25 August 2016 (Hong Kong time)
“Director(s)”	the director(s) of the Company
“Escrow Agent”	Title Guaranty Escrow Services, Inc.
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Kamoana Place”	lot 4638 with an area of approximately 1.58 acres, located at Honouliuli, District of Ewa, City and County of Honolulu, Hawaii, the U.S.
“Leases”	the two leased properties on parcel 19 and parcel 25/26 of the Properties which will expire on 10 April 2017 and 31 December 2016, respectively
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Minimum Development Requirement”	the construction and development of not less than 575 rooms in the hotels and condominium units on the Properties in accordance with the Purchase and Sale Agreement
“Option Property”	the Kamoana Place and all entitlements, easements, mineral rights, oil and gas rights, water, water rights, air rights, development rights and any other rights, benefits, interests and privileges appurtenant thereto and all improvements



“percentage ratio(s)”	located thereon has the same meaning as ascribed to this terms under the Listing Rules, as applicable to a transaction
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Properties”	three parcels of land including parcels 20/21 (lot 4608), 25/26 (lot 4609) and 19B (lot 5346-B) totaling approximately 26.27 acres located at Honouliuli, District of Ewa, City and County of Honolulu, Hawaii, the U.S.
“Purchase and Sale Agreement”	the purchase and sale agreement in relation to the Acquisition entered into between the Purchaser and the Vendors on 18 August 2016 (Hawaii time) / 19 August 2016 (Hong Kong time)
“Purchaser”	China Oceanwide Real Estate Development V Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly- owned subsidiary of the Company
“Shareholder(s)”	holder(s) of the Shares
“Shares”	ordinary shares of HK\$0.1 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“U.S.”	United States of America
“US\$”	US dollars, the lawful currency of the U.S.
“Vendors”	Ko Olina Chapel LLC, Ko Olina Hotel #7 LLC, Ko Olina Development LLC, Ko Olina Parcel 20/21 LLC and Waialii Partners LLC
“%”	per cent.

By Order of the Board of  
**China Oceanwide Holdings Limited**  
**HAN Xiaosheng**  
*Chairman*

Hong Kong, 19 August 2016

As at the date of this announcement, the Board comprises:

**Executive Directors:**

Mr HAN Xiaosheng (*Chairman*)  
Mr LIU Bing  
Mr LIU Hongwei  
Mr LIU Guosheng

**Non-executive Directors:**

Mr QIN Dingguo (*Deputy Chairman*)  
Mr ZHENG Dong (*Deputy Chairman*)  
Mr ZHAO Yingwei  
Mr QI Zixin

**Independent Non-executive Directors:**

Mr LIU Jipeng  
Mr CAI Hongping  
Mr YAN Fashan  
Mr LO Wa Kei, Roy

*Unless otherwise specified, conversions of US\$ to HK\$ in this announcement are based on the exchange rate of US\$1.00 = HK\$7.7533 for illustration purpose only. No representation is made that any amounts in US\$ or HK\$ can be or could have been converted at the relevant dates at the above rate or any other rates at all.*