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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 ENTRY INTO THE CONSTRUCTION CONTRACT

CONSTRUCTION CONTRACT

The Board announces that on July 19, 2016 (Los Angeles time)/July 20, 2016 (Hong Kong time), Oceanwide Plaza, an indirect wholly-owned subsidiary of the Company, and the Contractor entered into the Construction Contract in relation to the Construction Project with the Contract Sum of approximately US\$814 million (equivalent to approximately HK\$6,312.2 million), subject to adjustments in connection to changes in the construction works of the Construction Project.

The Construction Project involves the construction of residential properties, hotel and shopping centers on a parcel of land located in Los Angeles, the U.S., with an aim to develop such land into a large-scale mixed use urban commercial complex, with a total gross area of approximately 138,249.11 square meters. For further details, please refer to the circular published by the Company on September 25, 2015.

Oceanwide Plaza has also entered into a series of Pre-Construction Contracts with the Contractor during a period from November 11, 2014 to March 31, 2016 with the Pre-Construction Contract Sum of approximately US\$11.4 million (equivalent to approximately HK\$88.4 million) for the shoring, excavation activities etc. before commencement of the main construction of the Construction Project. The pre-construction services under the Pre-Construction Contracts have commenced on November 11, 2014.

As at the date of this announcement, the Directors estimate that, approximately US\$558 million (equivalent to approximately HK\$4,327.1 million) of the Contract Sum and the Pre-Construction Contract Sum constitute the construction of properties for sale, and approximately US\$267 million (equivalent to approximately HK\$2,070.5 million) of the Contract Sum and the Pre-Construction Contract Sum constitute the construction of hotel and properties for lease.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Pre-Construction Contracts is less than 5%, it is fully exempted under Chapter 14 of the Listing Rules. However, since the Pre-Construction Contracts were entered into between the same parties in connection with the same Construction Project under the Construction Contract, the transactions under the Pre-Construction Contracts and the Construction Contract will be aggregated as a series of transactions pursuant to Rules 14.22 and 14.23 of the Listing Rules.

As the highest applicable percentage ratio in respect of the construction of the hotel and properties for lease under the Construction Contract and the Pre-Construction Contracts, on an aggregated basis, is more than 5% but less than 25%, the transactions constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and are subject to the reporting and announcement requirements only but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

BACKGROUND INFORMATION

The Board announces that on July 19, 2016 (Los Angeles time)/July 20, 2016 (Hong Kong time), Oceanwide Plaza, an indirect wholly-owned subsidiary of the Company, and the Contractor entered into the Construction Contract in relation to the Construction Project with the Contract Sum of approximately US\$814 million (equivalent to approximately HK\$6,312.2 million) (the "**Contract Sum**"), subject to adjustments in connection to changes in the construction works of the Construction Project.

The Construction Project involves the construction of residential properties, hotel and shopping centers on a parcel of land located in Los Angeles, the U.S., with an aim to develop such land into a large-scale mixed use urban commercial complex, with a total gross area of approximately 138,249.11 square meters. For further details, please refer to the circular published by the Company on September 25, 2015.

Oceanwide Plaza has also entered into a series of pre-construction contracts ("the **Pre-Construction Contracts**") with the Contractor during a period from November 11, 2014 to March 31, 2016 with a total contract sum of approximately US\$11.4 million (equivalent to approximately HK\$88.4 million) the ("**Pre-Construction Contract Sum**") for the shoring, excavation activities etc. before commencement of the main construction of the Construction Project. The pre-construction services under the Pre-Construction Contracts have commenced on November 11, 2014.

As at the date of this announcement, the Directors estimate that, approximately US\$558 million (equivalent to approximately HK\$4,327.1 million) of the Contract Sum and the Pre-Construction Contract Sum constitute the construction of properties for sale, and approximately US\$267 million (equivalent to approximately HK\$2,070.5 million) of the Contract Sum and the Pre-Construction Contract Sum constitute the construction of hotel and properties for lease.

CONSTRUCTION CONTRACT

A summary of the principal terms of the Construction Contract is set out below:

Date

July 19, 2016 (Los Angeles time)/July 20, 2016 (Hong Kong time)

Parties

- (a) Oceanwide Plaza, being the owner of the properties
- (b) Lend Lease (US) Construction Inc., being the Contractor

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Contractor and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons.

Contract Sum

The Contract Sum includes the Costs of the Construction Project, the Contractor's Fee, the General Conditions Costs, Equipment, and the Contingency Fees, subject to adjustments in connection to changes in the construction works of the Construction Project. The Contract Sum was determined after arm's length negotiations between Oceanwide Plaza and the Contractor, with reference to the local market conditions, the complexity of the design and the size of the Construction Project.

The Contract Sum will be funded by internal resources and/or other equity/debt financing, as may be arranged by the Board. On May 28, 2015, Oceanwide Plaza (as borrower) entered into a loan agreement in the principal amount of US\$325 million (equivalent to approximately HK\$2,520.2 million) with LA Downtown Investment LP for the Construction Project, which is secured by a deed of trust covering the Construction Project and guaranteed by related parties of Oceanwide Plaza. For further details, please refer to the circular published by the Company on September 25, 2015.

Payment terms

Progress payments

Payment to the Contractor will be made based on the progress of the construction works. On or prior to the fifth day of each month, the Contractor will submit an application for payment (the “**Application for Payment**”) to Oceanwide Plaza, such payment will constitute a portion of the Contract Sum covering the period commencing on the first day of the preceding month and ending on the last day of the preceding month.

Each Application for Payment will be prepared based on the most recent Schedule of Values submitted by the Contractor and approved by Oceanwide Plaza, the construction manager and the architect of the Construction Project. Payment shall be made by Oceanwide Plaza within 30 days from the receipt of each Application for Payment and upon receipt by Oceanwide Plaza of a Certificate of Payment from either the architect or the construction manager of the Construction Project. The architect or construction manager of the Construction Project may withhold the issuance of the Certificate of Payment, in whole or in part, if either of them is of the view that the construction works have not progressed to the point as indicated in the Schedule of Values or that the quality of the construction works fails to meet the standard as provided under the Construction Contract.

Final payment

The final payment, constituting the entire unpaid balance of the Contract Sum (i.e. after deducting all payments made by Oceanwide Plaza pursuant to each Application for Payment as outlined above), shall be paid by Oceanwide Plaza to the Contractor after it has achieved Substantial Completion of the Construction Project and within 45 days after certain conditions in the Construction Contract have been satisfied, including the correction of Punchlist Work by the Contractor, the submission of the final Application for Payment and the issuance of the Certificate of Final Completion by the Contractor, and the issuance of the final Certificate of Payment by the architect and the construction manager of the Construction Project.

If the Costs of the Construction Project and the Contractor’s Fee is less than that of the Contract Sum upon final completion of the construction works by the Contractor (the “**Savings**”), Oceanwide Plaza and the Contractor shall be entitled to 70% and 30% of the Savings, respectively. The total amount of the Contractor’s share of the Savings and its early completion bonus (as described below) shall not exceed US\$3.8 million (equivalent to approximately HK\$29.5 million).

Milestones of the Construction Project

Below are the milestones for the Construction Project as agreed by the Parties:

Milestones:	Milestone dates:	Grace periods:
Completion of the concrete structure of Tower 1 (consisting of the hotel and 164 branded residences which are managed by the hotel)	721 days from the Commencement Date	75 days
Completion of the concrete structure of Towers 2 and 3 (consisting of 170 residential units in each of Towers 2 and 3)	636 days from the Commencement Date	75 days
Substantial Completion of the hotel inside Tower 1	1,036 days from the Commencement Date	90 days
Substantial Completion of Towers 2 and 3 (consisting of 170 residential units in each of Towers 2 and 3)	1,008 days from the Commencement Date	90 days
Substantial Completion of the Construction Project (consisting of the residential units, the hotel and the shopping centers)	1,064 days from the Commencement Date	90 days

Subject to certain conditions as provided in the Construction Contract, the Contractor will be liable to Oceanwide Plaza for the liquidated damages at the agreed rates pursuant to the Construction Contract if it fails to complete the above milestones on or before the relevant grace periods for each of the milestone dates. The amount of such liquidated damages will be capped at US\$8 million (equivalent to approximately HK\$62.0 million).

Early completion bonus

If the Contractor is able to complete any of the milestones above prior to the milestone dates and within the number of days of the relevant grace periods, the Contractor will be entitled to an early completion bonus at the agreed rates as provided under the Construction Contract. The amount of the Contractor's early completion bonus (if any) will be subject to a cap as described above.

Construction period

The date of commencement of the construction works under the Construction Contract was on February 22, 2016. The date of the Substantial Completion is expected to be no later than January 22, 2019.

Sub-contractors

The Contractors will engage sub-contractors to perform certain portions of the construction works under the Construction Project. The Contractors shall provide details of the sub-contractors to Oceanwide Plaza for approval before each engagement and all contracts to be signed with the sub-contractors must be reviewed by Oceanwide Plaza in advance.

Indemnification by the Contractor

Subject to certain conditions under the Construction Contract, the Contractor will indemnify Oceanwide Plaza, the architect and the construction manager of the Construction Project against all claims, damages, expenses and losses arising out of or resulting from: (i) breach of the Construction Contract; (ii) violation of any legal requirement in relation to the construction works; or (iii) any negligence or intentional misconduct of the Contractor, its sub-contractors, or anyone directly or indirectly employed by any of them.

INFORMATION OF THE GROUP AND THE CONTRACTOR

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.

The Contractor is a private company incorporated in the U.S., and is principally engaged in property development and construction. The Contractor is the U.S. branch of a public company, Lendlease Group, whose shares are publicly traded on the Australian Securities Exchange.

REASONS FOR AND BENEFITS FOR THE ENTERING INTO THE CONSTRUCTION CONTRACTS

The Construction Project involves the construction of the residential properties, hotel, and shopping centers on a parcel of land located in Los Angeles, the U.S.. The Construction Project is located at a prime location in Los Angeles close to landmark buildings such as the Staples Center (home to two NBA teams, the Los Angeles Lakers and the Los Angeles Clippers), the Microsoft Theatre and the Los Angeles Convention Center. The development and construction of the Construction Project is consistent with the Group's strategy to expand its principal business of property investment into property development outside of the PRC.

The Board considers that the property development market in Los Angeles remains positive, and there will be increasing demand for retail properties and continuing growth in the hotel business in Los Angeles.

The Contractor was selected through a formal and objective selection process by reference to its past experience in relation to the construction of similar projects to the Construction Project, the background of it being a U.S. branch of a public company listed on the Australian Securities Exchange, its financial stability and its qualified and experienced management and construction team.

On the basis of the foregoing, the Board considers that the entry into the Construction Contract is in the ordinary and usual course of business of the Group, and is fair and reasonable and is in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Pre-Construction Contracts is less than 5%, it is fully exempted under Chapter 14 of the Listing Rules. However, since the Pre-Construction Contracts were entered into between the same parties in connection with the same Construction Project under the Construction Contract, the transactions under the Pre-Construction Contracts and the Construction Contract will be aggregated as a series of transactions pursuant to Rules 14.22 and 14.23 of the Listing Rules.

As the highest applicable percentage ratio in respect of the construction of the hotel and properties for lease under the Construction Contract and the Pre-Construction Contracts, on an aggregated basis, is more than 5% but less than 25%, the transactions constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and are subject to the reporting and announcement requirements only but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Business Day(s)”	Monday through Friday, excluding legal holidays or days on which commercial banks in the U.S. or in Hong Kong are required or authorized to be closed
“Certificate for Payment”	a certificate to be issued by the architect or construction manager of the Construction Project, which constitutes a representation that the construction works have progressed to the point as indicated in the Schedule of Values and that the quality of the construction works are in accordance with the Construction Contract

“Certificate of Final Completion”	a certificate to be issued by the Contractor certifying that the Construction Project is free of lien's claims by the Contractor or its sub-contractors, laborers or materials suppliers
“Commencement Date”	the commencement date of the construction works under the Construction Contract which was on February 22, 2016
“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)
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Construction Contract”	the construction contract and an amended contract both dated July 19, 2016 (Los Angeles time)/July 20, 2016 (Hong Kong time) entered into between Oceanwide Plaza and the Contractor in relation to the construction works of the Construction Project
“Construction Project”	the construction of residential properties, hotel and shopping centers in Los Angeles, the U.S.
“construction works”	include foundation construction, purchase of materials, equipment and supplies, design work, the laying of the water and electricity network and the construction of the Construction Project pursuant to the Construction Contract
“Contingency Fees”	equivalent to 1.95% of the total subcontractors' costs. The Contingency Fees consist of (i) gaps in the Contractor's or any subcontractor's scopes of construction works under the Construction Contract at the time the Contract Sum was agreed upon; and (ii) errors and omissions by the Contractor or those for whom the Contractor is responsible in estimating time and money not caused by the gross negligence or willful misconduct of the Contractor
“Contractor”	Lend Lease (US) Construction Inc., is the U.S. branch of Lendlease Group whose shares are publicly traded in Australian Securities Exchange, and is principally engaged in property development and construction

“Contractor’s Fee”	equivalent to 2.4% of the Costs of the Construction Project
“Costs of the Construction Project”	reasonable costs necessarily and actually incurred by the Contractor in the proper performance of the Construction Project
“Director(s)”	the director(s) of the Company
“General Conditions Costs”	include costs of labour, office expenses, travelling and transportation expenses in connection with the Construction Project and shall not exceed US\$37 million (equivalent to approximately HK\$286.9 million)
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Oceanwide Plaza”	Oceanwide Plaza LLC, a private limited company incorporated in Delaware, the U.S., and is principally engaged in property development
“Parties”	Oceanwide Plaza and the Contractor
“percentage ratio(s)”	has the same meaning as ascribed to this term under the Listing Rules, as applicable to a transaction
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Punchlist Work”	it is limited to minor items of incomplete construction works under the Construction Contract, in which its completion or correction will not interfere in any material respect with the beneficial use and occupancy of the Construction Project as intended

“Schedule of Values”	the Contractor shall submit to Oceanwide Plaza, the construction manager and the architect of the Construction Project the Schedule of Values for review and approval from time to time. The Schedule of Values consists of various portions of the construction works under the Construction Contract for which commitments have been made (with percentage of completion) and also with the budgeted amounts for future commitments. The Contractor will prepare the Schedule of Values in such form and supported by such data to substantiate its accuracy as Oceanwide Plaza may require
“Shareholder(s)”	holder(s) of 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
“Substantial Completion”	substantial completion of the Construction Project which is expected to be no later than January 22, 2019. It shall be deemed to have occurred when the architect of the Construction Project issued the certificate of substantial completion indicating that the construction works have been completed in accordance with the Construction Contract (except for the Punchlist Work) to the extent that the relevant regulatory authority will be able to issue the temporary certificate of occupancy
“U.S.”	United States of America
“US\$”	US dollars, the lawful currency of the U.S.
“%”	per cent.

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

Hong Kong, July 20, 2016

As at the date of this announcement, the Directors are:

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\$ into HK\$ in this announcement are based on the exchange rate of US\$1.00 = HK\$7.7546 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.