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October 8, 2019

By Hand Delivery

The Honorable Joel H. Peck
Clerk of the Commission
State Corporation Commission
Document Control Center
Tyler Building
1300 E. Main Street
Richmond, VA 23219

Re: Update Regarding the Proposed Acquisition of Control of Genworth Life and Annuity Insurance Company and Jamestown Life Insurance Company (the "Domestic Insurers") by China Oceanwide Holdings Group Co., Ltd. and certain of its affiliates ("China Oceanwide") **Case No.: INS-2016-00289**

Dear Clerk Peck:

This letter is in reference to the proposed indirect acquisition of the Domestic Insurers by China Oceanwide, which was approved by the Virginia State Corporation Commission (the "Commission"), Bureau of Insurance (the "Bureau") pursuant to the approval letter issued by the Commission on January 11, 2019 (the "Approval Letter"). On behalf of China Oceanwide, we are submitting an original and 15 hard copies of this letter and the Exhibits hereto to provide to the Bureau information regarding the planned disposition of Genworth MI Canada Inc. ("Genworth Canada") by Genworth Financial, Inc. ("Genworth"), together with certain other updates with respect to China Oceanwide and Genworth due to the passage of time since the Commission's issuance of the Approval Letter.

As background, China Oceanwide filed the Form A Statement Regarding the Acquisition of Control of the Domestic Insurers (including exhibits) with the Bureau pursuant to Section 38.2-1323 of the Code of Virginia and 14 VAC 5-260 of the Virginia Administrative Code on December 8, 2016 (the "Initial Application"). The Initial Application was amended and restated by the Amended and Restated Form A Statement Regarding the Acquisition of Control of the Domestic Insurers (including exhibits) that was filed with the Bureau on May 31, 2018 (the "Amended Application"), and then supplemented by our letters to the Bureau dated September 7, 2018, September 26, 2018, and November

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8, 2018 (together with the Initial Application, the Amended Application and all supplements submitted prior to the date hereof in connection therewith, the "Application"). Capitalized terms used but not defined herein shall have the respective meanings given to them in the Application.

Genworth Canada Transaction

On August 12, 2019, Genworth, Genworth Financial International Holdings, LLC ("GFIH"), Genworth Mortgage Insurance Corporation ("GMIC" and, together with GFIH, the "Sellers"), Brookfield BBP Canada Holdings Inc. ("Brookfield") and Brookfield Business Partners L.P., entered into a Share Purchase Agreement (the "Share Purchase Agreement") pursuant to which Genworth and the Sellers have agreed to sell to Brookfield all of the common shares of Genworth Canada owned by the Sellers, which collectively represent approximately 56.9% of Genworth Canada's issued and outstanding common shares (the "Genworth Canada Transaction").

As previously discussed with the Bureau, Genworth is selling its interests in Genworth Canada in order to increase the likelihood of subsequently consummating the Proposed Acquisition. Upon consummation of the Genworth Canada Transaction, Genworth will no longer have any Canadian insurance operations and, accordingly, the parties believe Canadian regulatory approvals will no longer be required in order to consummate the Proposed Acquisition. A copy of the Form 8-K issued by Genworth on August 12, 2019 publicly disclosing the entry into the Share Purchase Agreement and related agreements is attached hereto as **Exhibit A**. The consummation of the Genworth Canada Transaction is subject to the satisfaction or waiver of customary closing conditions, including receipt of required regulatory approvals under the *Competition Act* (Canada) and the *Insurance Companies Act* (Canada).¹ The closing of the Genworth Canada Transaction is targeted to occur by the end of 2019. The closing of the Proposed Acquisition is expected to occur as soon as practicable following the closing of the Genworth Canada Transaction.

In connection with the Genworth Canada Transaction, Genworth, Asia Pacific and Merger Sub entered into a Twelfth Waiver and Agreement on August 12, 2019 (the "Twelfth Waiver"), pursuant to which Asia Pacific waived compliance by Genworth with certain covenants in the Merger Agreement that would restrict or prohibit Genworth from entering into the Share Purchase Agreement and related definitive agreements and consummating the Genworth Canada Transaction. Pursuant to the Twelfth Waiver, Genworth and Asia Pacific have agreed to extend the "End Date" (as defined in the Merger Agreement) for the Proposed Acquisition to not later than December 31, 2019. A copy of the Twelfth Waiver is attached hereto as **Exhibit B**.

In addition, in connection with the Genworth Canada Transaction, Genworth proposes to contribute, prior to the consummation of the Genworth Canada Transaction, one hundred percent (100%) of the issued and outstanding common stock of its wholly owned subsidiary, Genworth Mortgage Holdings, Inc. ("GMHI"), to another of its wholly owned direct subsidiaries, Genworth Holdings, Inc. ("GHI"). Following this proposed contribution, GMHI will be a wholly owned direct subsidiary of GHI. This proposed contribution transaction represents an internal change within Genworth's insurance holding company system undertaken to provide greater potential financial flexibility at both the Genworth and GHI levels. In addition, the contribution transaction will increase the asset base of GHI and thereby eliminate any reasonable basis for an argument that the sale of GHI's 40.6% share of Genworth Canada

¹ The Canadian Competition Bureau issued a no-action letter on August 27, 2019 indicating that it does not intend to make an application under section 92 of the *Competition Act* (Canada) in respect of the Genworth Canada Transaction.

violates GHI's indenture covenants prohibiting the sale of all or substantially all of GHI's assets. Following consummation of the proposed contribution transaction, Genworth will continue to be the ultimate controlling person of GMHI and its insurance company subsidiaries.² A post-transaction organizational chart of Genworth is attached hereto as **Exhibit C**, which presents the identities of and interrelationships among Genworth and its subsidiaries following the proposed contribution transaction.

The Genworth Canada Transaction will result in the disposition of Genworth's interests in Genworth Canada. Genworth Canada has historically operated Genworth's mortgage insurance operations in Canada separate from and independently of Genworth's U.S. life insurance operations. Genworth Canada is not a direct or indirect subsidiary or parent of the Domestic Insurers, and the Genworth Canada Transaction will have no impact on the operations, management, personnel or policies of the Domestic Insurers. Further, China Oceanwide's rationale for the Proposed Acquisition remains as described in the Application, with the sole exception that once the Genworth Canada Transaction is consummated the Proposed Acquisition will no longer provide China Oceanwide with mortgage insurance capabilities and infrastructure in Canada. Accordingly, except for the limited items described in this letter, the Genworth Canada Transaction will not result in any change to: the terms and conditions of the Merger Agreement or the Proposed Acquisition; the identity and background of the Applicants; the future plans of the Domestic Insurers or of Genworth's U.S. and international insurance operations (other than its Canadian operations); or the management and operations of the Domestic Insurers.

Based on the foregoing considerations, China Oceanwide believes that the Proposed Acquisition may be consummated as contemplated in the Application, taking into account the Genworth Canada Transaction and the other updates provided in this letter, in reliance on, and subject to the conditions set forth in, the Approval Letter.

Description of Other Updates

- *Waivers.* In addition to the Twelfth Waiver, since the date of the Approval Letter the parties to the Merger Agreement have entered into four other waivers, beginning with the Eighth Waiver and Agreement, dated January 30, 2019. The purpose of each of these waivers was to extend the End Date of the Merger Agreement to a later date; in addition, the Eleventh Waiver and Agreement, dated June 30, 2019, both extended the End Date of the Merger Agreement to not later than November 30, 2019 and permitted Genworth to explore the Genworth Canada Transaction. Copies of each of the Eighth, Ninth, Tenth and Eleventh waivers are attached hereto as **Exhibit D**.
- *Regulatory Approvals.* The regulatory approvals required as conditions for the closing of the Proposed Acquisition have been received to date and continue to be in effect, other than: (1) approvals by Canadian regulatory authorities, which, as noted, should no longer be required following consummation of the Genworth Canada Transaction; (2) clearance by the State Administration of Foreign Exchange (SAFE) of the PRC for the conversion of RMB funds into U.S. dollars for purposes of paying all or a portion of the Aggregate Merger Consideration; and (3)

² The contribution transaction was exempted from Form A filing requirements by the North Carolina Department of Insurance on August 21, 2019, and letters of non-objection with respect to the contribution transaction were received from Fannie Mae on September 6, 2019 and from Freddie Mac on September 24, 2019.

a limited number of approvals that will expire, or have already expired, by their terms on a date certain,³ which may need to be further extended on account of the delay in the closing of the Proposed Acquisition. Informational updates or supplemental filings are being made with applicable insurance regulators in order to update such regulators with the information described herein or, to the extent required, obtain confirmation that the Proposed Acquisition may be consummated on the basis of the relevant existing approval (or be extended to the extent required) in light of the Genworth Canada Transaction and other updates discussed herein.

- *China Oceanwide Capital Contributions.* As described in the Application, China Oceanwide has agreed to make, or cause certain of its affiliates to make, capital contributions of approximately \$1,500,000,000 in aggregate to Genworth between the consummation of the Merger and March 31, 2020 (the “Capital Contributions”), subject to (1) the occurrence of the closing of the Proposed Acquisition and (2) the making of any governmental filings and receipt of required approvals or regulatory clearances with respect to such capital contributions. The nature and amount of China Oceanwide’s Capital Contributions have not changed as a result of the Genworth Canada Transaction or otherwise; however, because of the delay in the closing of the Proposed Acquisition (including on account of the time required to consummate the Genworth Canada Transaction), the timing of the installments of such Capital Contributions is expected to be extended commensurate with the delay in the closing of the Proposed Acquisition. Assuming that the closing of the Proposed Acquisition occurs no later than December 31, 2019, China Oceanwide and Genworth currently expect that the Capital Contributions will be made in three equal installments, the first installment being paid by the end of the first quarter of 2020, the second installment being paid by the end of the third quarter of 2020, and the third and final installment being paid by the end of the first quarter of 2021, subject in each case to (1) the occurrence of the closing of the Proposed Acquisition and (2) the making of any governmental filings and receipt of required approvals or regulatory clearances with respect to each Capital Contribution. The final timing of the Capital Contributions will depend on when the closing of the Proposed Acquisition actually occurs and is subject to change to the extent the date of such closing is further delayed.
- *Genworth Debt Obligations.* It is now expected that the \$397,000,000 remaining balance of Genworth’s outstanding debt obligations due in 2020 will be retired with a portion of the proceeds from the Genworth Canada Transaction. The remaining proceeds will be used to repay the \$450,000,000 secured term loan entered into by Genworth in March 2018 that is described in the Amended Application and to retire the \$200,000,000 intercompany note issued by GHI and payable to Genworth Life Insurance Company (“GLIC”) on March 31, 2020. Together, the Genworth Canada Transaction proceeds and the Capital Contributions should allow Genworth to meet its 2021 debt maturities.

³ Approvals that may, depending on the timing of the closing of the Proposed Acquisition, require extension include: (1) approval from the Royal Bank of New Zealand, which is scheduled to expire on November 30, 2019; (2) approval from the North Carolina Department of Insurance, which is scheduled to expire on December 16, 2019; and (3) the early termination of the waiting period under the Hart-Scott Rodino Act (HSR) that was last granted in 2018, which will expire on November 2, 2019. Approval from the New York Department of Financial Services expired by its terms on March 14, 2019.

- *\$175M Contribution.* China Oceanwide and Genworth agreed in October 2018 that, pursuant to a contribution letter from GHI to GLIC, GHI would make, or cause certain of its affiliates to make, payments of \$175,000,000 in the aggregate to GLIC (the “\$175M Contribution”), with such payments being made in three equal installments of \$58,333,333.33, generally aligned with the timing of the Capital Contributions, but with an accelerated third and final installment being paid by January 31, 2020, in each case in accordance with such contribution letter and subject to the occurrence of the closing of the Proposed Acquisition. On account of the delay in the closing of the Proposed Acquisition (including on account of the time required to consummate the Genworth Canada Transaction), the timing of the installments of the \$175M Contribution is expected to be extended commensurate with the delay in the closing of the Proposed Acquisition. Assuming that the closing of the Proposed Acquisition occurs no later than December 31, 2019, China Oceanwide and Genworth currently expect that the \$175M Contribution will be made in three equal installments, the first installment being paid by the end of the first quarter of 2020, the second installment being paid by the end of the third quarter of 2020, and the third and final installment being paid by January 31, 2021, in each case in accordance with the contribution letter and subject to the occurrence of the closing of the Proposed Acquisition. The final timing of the \$175M Contribution will depend on when the closing of the Proposed Acquisition actually occurs and is subject to change to the extent the date of such closing is further delayed.
- *Hony Commitment Letter.* The funding commitment initially set forth in the Commitment Letter, dated December 20, 2018, between Hony Capital Mezzanine Fund 2019, L.P., as Lender, and Tonghai International Group Investment Limited, as Borrower, a copy of which was previously provided to the Bureau, was extended to 11:59 p.m. (New York time) on December 31, 2019, pursuant to an Extension Letter, dated September 10, 2019, entered into between the Lender and Borrower, a copy of which is attached hereto as **Exhibit E**.
- *Three-Year Financial Projections.* Updated three-year financial projections for the Domestic Insurers are attached as **Exhibit F** hereto. The three-year financial projections attached hereto are being filed in envelopes marked “Confidential” and “Under Seal” to ensure confidential treatment of such information pursuant to the terms and conditions of the Hearing Examiner’s Protective Ruling dated February 3, 2017 (“Protective Ruling”), as they contain confidential and proprietary trade secret information, and disclosure would be materially adverse to the Applicants and the Domestic Insurers. We appreciate the Bureau and Commission maintaining and handling these documents as confidential pursuant to the Protective Ruling and any confidentiality protections available under applicable law and ask that the Commission notify the Applicants to the extent any further action is required by Applicants to maintain the confidentiality of these documents.
- *Updated Financial Statements.* Audited consolidated financial statements of the following Applicants for the fiscal year ended December 31, 2018 have been delivered to the Bureau: (1) China Oceanwide Holdings Group Co., Ltd; (2) Oceanwide Holdings Co., Ltd; (3) Wuhan CBD Co., Ltd (f/k/a Wuhan CBD Investment & Development Co. Ltd); (4) Oceanwide Investment Group Co. Ltd (f/k/a Oceanwide Capital Investment Management Group Co. Ltd); (5) Asia

Pacific Global Capital Co., Ltd; (6) Oceanwide Group Co., Ltd; and (7) Tohigh Holdings Co., Ltd.⁴

- *China Oceanwide Organization.* Since the date of the Approval Letter, certain organizational changes have occurred within the China Oceanwide group (e.g., the ownership interest held by certain Applicants in non-Applicant subsidiaries has changed on account of sales to other non-Applicant affiliates or third parties). China Oceanwide is in the process of preparing an organizational chart that will identify such changes and other updates to its organizational structure since the Approval Letter, and will submit a full organizational chart as soon as it becomes available.

There are no changes to the names and principal business addresses of the Applicants, except that: (1) Wuhan CBD Investment & Development Co., Ltd. has changed its name and is now known as Wuhan CBD Co., Ltd. ("Wuhan"), and (2) Oceanwide Capital Investment Management Group Co., Ltd. has changed its name and is now known as Oceanwide Investment Group Co., Ltd. ("Oceanwide Investment").

Since the date of the Approval Letter, Hangzhou Lujinting Investment Partnership (Limited Partnership) ("Hangzhou Lujinting"), a third party unaffiliated with China Oceanwide, has made capital contributions in the aggregate amount of \$670,000,000⁵ to Wuhan such that, as of August 26, 2019, Hangzhou Lujinting held a 6.63% ownership interest in Wuhan. In addition, in January 2019, Wuhan entered into an agreement with Sunac Real Estate Group Co., Ltd. ("Sunac Real Estate"), a third party unaffiliated with China Oceanwide, under which Wuhan transferred to Sunac Real Estate 100% of the ownership interest in Oceanwide Real Estate Holdings Co., Ltd. ("Shanghai Company") for cash consideration in the amount of \$1.83 billion in three installments (as of August 2019, Wuhan had received the first and second installments in full and the third installment in part).

Internal organizational changes with respect to the Applicants since the date of the Approval Letter consist of the following: (1) in December 2018, China Oceanwide Holdings Group Co., Ltd. ("China Oceanwide Holdings") sold a 60% ownership interest in Tohigh Investment Group Co., Ltd. ("TIG") to China Oceanwide Holdings's parent company, Tohigh Holdings Co., Ltd. ("Tohigh"), such that China Oceanwide Holdings's ownership interest in TIG was reduced from 100% to 40%, and TIG ceased to be a consolidated subsidiary of China Oceanwide Holdings; (2) in May 2019, China Oceanwide Holdings sold a 99% ownership interest in Haimo Culture Media Co., Ltd. ("Haimo") to TIG, such that China Oceanwide Holdings's ownership interest in Haimo was reduced from 100% to 1%, and Haimo ceased to be a consolidated subsidiary of China Oceanwide Holdings; (3) in July 2019, China Oceanwide Holdings sold 100% of the ownership

⁴ Please note that the financial information of China Oceanwide and its relevant affiliates that is set forth in narrative portions of the Amended Application generally reflects financial information as of or for the year ended December 31, 2017, or for periods prior thereto, as indicated in the Amended Application.

⁵ All USD figures are converted from RMB figures with an exchange rate of 1 RMB: 0.14565158 USD, which is the same exchange rate used to convert the financial statements for the year ended December 31, 2018.

interest in Oceanwide Culture Media Holdings Co., Ltd. ("Oceanwide Culture Media") to TIG, such that Oceanwide Culture Media ceased to be a consolidated subsidiary of China Oceanwide Holdings; (4) in January 2019, Oceanwide Investment acquired a 45.45% ownership interest in Hailai (Tianjin) Life Services Co., Ltd. ("Hailai") from a wholly owned subsidiary of Oceanwide Holdings Co. Ltd. such that Oceanwide Investment became the controlling shareholder of Hailai, and Hailai ceased to be a consolidated subsidiary of Oceanwide Holdings Co. Ltd and became a consolidated subsidiary of Oceanwide Investment; and (5) in March 2019, Oceanwide Investment acquired 100% of the ownership interest in Minsheng Wealth Investment Management Co., Ltd. ("Minsheng Wealth") from TIG, such that Minsheng Wealth became a consolidated subsidiary of Oceanwide Investment.⁶

- *Directors and Officers.* China Oceanwide is in the process of preparing a current list of the names and titles of the directors and executive officers of each Applicant. China Oceanwide will provide the Bureau with this list as soon as it becomes available. To the extent the current list of directors and executive officers of the Applicants identifies any new director or executive officer of an Applicant who has not already submitted a NAIC Biographical Affidavit and third-party background information to the Bureau, such documentation will be submitted to the Bureau as soon as possible.
- *CFIUS Mitigation Agreement.* The Third-Party Monitor, Ankura Consulting Group, LLC ("Ankura"), has been fulfilling its monitoring obligations pursuant to the Mitigation Agreement since June 2018, including filing monthly certifications with the CFIUS monitoring agencies (the U.S. Treasury Department and U.S. Department of Justice) regarding Genworth's compliance with the Mitigation Agreement. CFIUS has also approved the nomination of General Raymond Odierno (Ret.), Lieutenant General Karen Dyson (Ret.) and Eric Rosenbach to serve as Security Directors to oversee Genworth's compliance with the Mitigation Agreement. Although the Security Directors have not yet joined the Board of Genworth, they are providing oversight and review of the security procedures that Genworth has implemented.

The following exhibits are attached hereto:

Exhibit	Title
Exhibit A	Genworth 8-K Relating to Genworth Canada Transaction
Exhibit B	Twelfth Waiver
Exhibit C	Post-Contribution Transaction Organizational Chart of Genworth
Exhibit D	Eighth, Ninth, Tenth and Eleventh Waivers
Exhibit E	Hony Commitment – Extension Letter
Exhibit F	Three-Year Financial Projections of the Domestic Insurers - CONFIDENTIAL

⁶ Note further that Oceanwide Investment currently operates as the holding company of 13 wholly owned investment management companies (as opposed to 7 wholly owned investment management companies, as set forth in the Amended Application).

Mr. Joel H. Peck
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I ask that an additional copy of this letter (without exhibits) be file-stamped and returned to the deliverer of this filing for our records.

Should you have any questions or comments concerning this filing, please do not hesitate to contact me at (804) 747-6667 or by email at ssorkin@blandsortkin.com or Marion Leydier at (212)-558-7925 or by email at leydierm@sullcrom.com. We appreciate you and your staff's time and assistance with this filing and look forward to working with the Commission and the Bureau during the review process.

Very truly yours,



Scott J. Sorkin

Enclosures

cc: Douglas C. Stolte, Deputy Commissioner, Financial Regulation Division
Daniel R. Bumpus, Esq., Associate General Counsel, Office of the General Counsel
Xiaoxia Zhao, China Oceanwide
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