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Swire Pacific

Swire Pacific Limited

(the "Company")

(Incorporated in Hong Kong with limited liability)

TAIKOO SHING ARBITRATION AWARD APPEAL

The Court of Final Appeal has today refused Swire Properties Limited leave to appeal on a point of law in respect of the Taikoo Shing arbitration award.

Further to the Company's announcements dated 16th January 2001 and 10th February 2001, the Court of Final Appeal has today refused Swire Properties Limited ("Swire Properties") leave to appeal on a point of law in respect of the Taikoo Shing arbitration award. Swire Properties is a wholly-owned subsidiary of the Company.

The Company is deeply disappointed with this outcome but does respect the court's final verdict. There are a number of issues which flow from this decision and Swire Properties will discuss these with the Government in accordance with the agreed procedure under the arbitration arrangements. The Company will make a further announcement once a resolution is reached.

About the arbitration:

The Hong Kong SAR Government Lands Department's claim for payment of land premium and interest in relation to the Cityplaza Four, Cityplaza Three and Cityplaza One office towers, as well as the Horizon Gardens residential scheme at Taikoo Shing, was upheld in an arbitration award announced in January 2001. The Government's entitlement to premium and interest in respect of the office towers still has to be agreed or determined as part of the arbitration process. Given the uncertainty, the amount of HK\$4,500 million which was accrued in the Swire Pacific Limited group accounts as at 31st December 2000, remains the Directors' best estimate of the group's exposure.

By Order of the Board

Margaret Yu

Secretary

Hong Kong, 7th July 2003