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SWIRE PACIFIC LIMITED**太古股份有限公司**

(Incorporated in Hong Kong with limited liability)
(Stock Codes: 00019 and 00087)

Discloseable Transaction**SWIRE PROPERTIES LIMITED****太古地產有限公司**

(Incorporated in Hong Kong with limited liability)
(Stock Code: 1972)

**Sale of 100% Interest in
Company which owns Investment Property at
Kowloon Bay, Hong Kong**

Swire Properties and the Purchaser entered into the Sale and Purchase Agreement on 28th October 2016 for the sale of Swire Properties' 100% interest in the Target Company to the Purchaser for a total cash consideration of HK\$6,528 million, subject to adjustment as described in the section of this announcement headed "Consideration for the Disposal". The Target Company owns the land situated at Kowloon Bay, Hong Kong, known and registered in the Land Registry as New Kowloon Inland Lot No. 6312 and the building being developed on the Land. Completion is conditional upon the Occupation Permit and the Certificate of Compliance being obtained on or before 31st December 2018. On Completion, the Target Company will cease to be a subsidiary of Swire Pacific and Swire Properties.

The Disposal constitutes a discloseable transaction of Swire Pacific under the Listing Rules and is subject to the announcement requirement but is exempt from the circular (including accountants' report) and shareholders' approval requirements under Chapter 14 of the Listing Rules. The Disposal does not constitute a discloseable transaction of Swire Properties under the Listing Rules and this announcement is made by Swire Properties pursuant to Rule 13.09(2) of the Listing Rules and Part XIVA of the SFO.

THE SALE AND PURCHASE AGREEMENT

Date: 28th October 2016

Parties: Swire Properties (as the seller)
The Purchaser (as the purchaser)

Sale Interest: The Sale Share and the Sale Loan

Consideration: HK\$6,528 million, subject to adjustment as described below

Particulars of the Disposal

On 28th October 2016, Swire Properties and the Purchaser entered into the Sale and Purchase Agreement for the sale of Swire Properties' 100% interest in the Target Company, a wholly-owned subsidiary of Swire Properties, to the Purchaser. The Sale Interest comprises the entire issued share capital of the Target Company and the loan which will be owing by the Target Company to Swire Properties as at Completion. The Target Company owns the land situated at Kowloon Bay, Hong Kong, known and registered in the Land Registry as New Kowloon Inland Lot No. 6312 and the building being developed on the Land.

Swire Properties has agreed to procure the Target Company to complete the construction of the Building on the Land in accordance with the Sale and Purchase Agreement prior to Completion. The Building is expected to be a 25-storey Grade A commercial building above a three-storey carpark basement.

Completion is conditional upon the Occupation Permit and the Certificate of Compliance being obtained on or before 31st December 2018.

On Completion, the Target Company will cease to be a subsidiary of Swire Pacific and Swire Properties.

Consideration for the Disposal

The Consideration is a cash consideration of HK\$6,528 million, subject to adjustment as described below.

The Consideration is to be satisfied as follows:-

- (a) HK\$652.8 million has been paid by the Purchaser to Swire Properties as a deposit;
- (b) HK\$652.8 million will be paid by the Purchaser within 90 days from the date of the Sale and Purchase Agreement;
- (c) if the Purchaser gives a Purchaser's Pre-letting Request to Swire Properties in accordance with the Sale and Purchase Agreement, HK\$326.4 million will be

paid by the Purchaser within 10 days from the date of the first Purchaser's Pre-letting Request; and

- (d) the balance of the Consideration will be paid on Completion.

If the Target Company amends the Approved GBP prior to Completion such that the total GFA of the Building as approved to be built in accordance with the Final Approved GBP is less than the Agreed Minimum GFA, the Consideration will be reduced by HK\$126,599.95 for every square metre in the shortfall in the GFA.

The Consideration is also subject to completion adjustments.

The Consideration was determined after arm's length negotiations between the parties and having regard to an independent valuation of the Investment Property as at 30th June 2016.

Further Information relating to the Sale Interest

As at 31st December 2015, the audited net asset value attributable to the Sale Interest was approximately HK\$3,412 million. For the year ended 31st December 2015, the audited net profits before and after taxation and extraordinary items attributable to the Sale Interest were both approximately HK\$538 million. For the year ended 31st December 2014, the audited net losses before and after taxation and extraordinary items attributable to the Sale Interest were both approximately HK\$53 million.

Swire Properties is expected to record a gain on disposal of approximately HK\$1,170 million by reference to the carrying value of the Sale Interest as at 30th June 2016 and having regard to the capital expenditure incurred or expected to be incurred in respect of the Investment Property since 30th June 2016. Swire Pacific is expected to record an attributable gain on disposal of approximately HK\$959 million in respect of its 82% interest in Swire Properties.

Reasons for and benefits of the Disposal

The Disposal will enable Swire Properties to realise cash from its investment in the Sale Interest. The proceeds from the Disposal will be applied towards the general working capital requirements of Swire Properties.

The directors of Swire Pacific consider that the terms of the Disposal are fair and reasonable and in the interests of Swire Pacific and its shareholders as a whole.

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Compliance with the Listing Rules

Swire Pacific confirms that, to the best of its directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are third parties independent of and not connected with Swire Pacific or any of its connected persons.

Swire Properties confirms that, to the best of its directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are third parties independent of and not connected with Swire Properties or any of its connected persons.

As the highest of the relevant percentage ratios under Rule 14.07 of the Listing Rules for the Disposal for Swire Pacific is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for Swire Pacific under the Listing Rules. Accordingly, the Disposal is subject to the announcement requirement but is exempt from the circular (including accountants' report) and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The relevant percentage ratios under Rule 14.07 of the Listing Rules for the Disposal for Swire Properties are less than 5%. As such, the Disposal does not constitute a discloseable transaction for Swire Properties under the Listing Rules. This announcement is made by Swire Properties pursuant to Rule 13.09(2) of the Listing Rules and Part XIVA of the SFO.

Directors

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

Executive Directors: J.R. Slosar (Chairman), G.M.C. Bradley, I.K.L. Chu, M. Cubbon, I.S.C. Shiu, A.K.W. Tang;
Non-Executive Directors: M.B. Swire, S.C. Swire; and
Independent Non-Executive Directors: T.G. Freshwater, C. Lee, R.W.M. Lee, G.R.H. Orr, M.C.C. Sze and M.M.T. Yang.

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

Executive Directors: J.R. Slosar (Chairman), G.M.C. Bradley, M.M.S. Low;
Non-Executive Directors: M. Cubbon, P. Healy, R.S.K. Lim, M.B. Swire; and
Independent Non-Executive Directors: S.E. Bradley, J.C.C. Chan, P.K. Etchells, S.T. Fung and S.C. Liu.

Definitions

“Agreed Minimum GFA”	555,030 square feet (or 51,563.545 square metres).
“Approved GBP”	The general building plans of the Building as approved by the Building Authority of Hong Kong on 17th October 2016 under Reference No.BD2/4095/13 and, where the context permits or requires, includes such general building plans as may be subsequently amended in accordance with the Sale and Purchase Agreement and approved by the Building Authority.
“Building”	The building being developed on the Land prior to Completion.
“Certificate of Compliance”	The certificate issued or to be issued by or on behalf of the Director of Lands of Hong Kong to the effect that all the positive obligations of the Target Company (as purchaser) under the Government Grant have been complied with.
“Completion”	Completion of the Disposal.
“Consideration”	The aggregate consideration for the Disposal.
“Disposal”	The sale of the Sale Share and assignment of the Sale Loan pursuant to the Sale and Purchase Agreement.
“Final Approved GBP”	The Approved GBP and all subsequent amendments to it approved by the Building Authority prior to the issuance of the Occupation Permit, based on which the Building is to be constructed.
“GFA”	The gross floor area of the Building as determined in accordance with the Building (Planning) Regulations (Chapter 123F of the Laws of Hong Kong) but excluding any GFA Exemptions.
“GFA Exemptions”	Any area or space which is permitted to be excluded from the calculation of gross floor area of the Building pursuant to the Government Grant and/or the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong) and/or any subsidiary legislations and regulations.
“Government Grant”	The Conditions of Sale in respect of the Land deposited and registered in the Land Registry of Hong Kong as Conditions of Sale No. 20206.
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong.

“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China.
“Investment Property” or “Land”	The land situated at Kowloon Bay, Hong Kong, known and registered in the Land Registry as New Kowloon Inland Lot No. 6312 and includes (where the context requires) the Building being developed on such land prior to Completion.
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
“Occupation Permit”	Occupation permit or temporary occupation permit to be issued by the Building Authority under section 21 of the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong) for the Building.
“Purchaser”	Lucky Melody Limited, a company incorporated in the British Virgin Islands, the principal activity of which is investment holding.
“Purchaser’s Pre-letting Request”	A written request from the Purchaser to Swire Properties requesting Swire Properties to arrange for the Target Company to enter into tenancy agreements and/or licence agreements with the Purchaser’s intended tenants and/or licencees in respect of a particular floor or floors of the Building after the issuance of the Occupation Permit and before Completion in accordance with the Sale and Purchase Agreement.
“Sale and Purchase Agreement”	The sale and purchase agreement dated 28th October 2016 entered into between Swire Properties and the Purchaser relating to the sale of the Sale Share and the assignment of the Sale Loan.
“Sale Interest”	The Sale Share and the Sale Loan.
“Sale Loan”	The loan which will be owing by the Target Company to Swire Properties as at Completion.
“Sale Share”	One issued share in the capital of the Target Company, which represents the entire issued share capital of the Target Company.
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).
“Stock Exchange”	The Stock Exchange of Hong Kong Limited 香港聯合交易所有限公司.

- “Swire Pacific”** Swire Pacific Limited 太古股份有限公司, an investment holding company incorporated in Hong Kong with limited liability and listed on the Stock Exchange, the subsidiaries, associates and joint ventures of which are engaged in property, aviation, beverages, marine services and trading and industrial businesses. Swire Pacific is the parent company of Swire Properties and holds approximately 82% of the issued shares in Swire Properties.
- “Swire Properties”** Swire Properties Limited 太古地產有限公司, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange. The principal activities of Swire Properties and its subsidiaries are: (i) property investment, that is the development, leasing and management of commercial, retail and some residential properties; (ii) property trading, that is the development and construction of properties, principally residential apartments, for sale; and (iii) investment in and operation of hotels.
- “Target Company”** Star Wing International Limited, a company incorporated in the British Virgin Islands, whose principal activity is property investment.

By Order of the Board
SWIRE PACIFIC LIMITED
太古股份有限公司
David Fu
Company Secretary

Hong Kong, 28th October 2016

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太古地產有限公司
David Fu
Company Secretary

Hong Kong, 28th October 2016