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SWIRE PACIFIC LIMITED

(incorporated in Hong Kong with limited liability)
(Stock Codes: 19 and 87)

(1) DISCLOSEABLE AND CONNECTED TRANSACTION

**ACQUISITION OF SHARES
IN THE CAPITAL OF HONG KONG AIRCRAFT ENGINEERING COMPANY LIMITED AND
MANDATORY UNCONDITIONAL CASH OFFER
BY APA AND HSBC ON BEHALF OF SWIRE PACIFIC LIMITED
TO ACQUIRE ALL OF THE ISSUED SHARES IN THE CAPITAL OF
HONG KONG AIRCRAFT ENGINEERING COMPANY LIMITED
NOT ALREADY OWNED BY SWIRE PACIFIC LIMITED OR ITS SUBSIDIARIES**

(2) RESUMPTION OF TRADING



CATHAY PACIFIC AIRWAYS LIMITED

(incorporated in Hong Kong with limited liability)
(Stock Code: 293)

**(1) CONNECTED TRANSACTION
SALE OF SHARES IN THE CAPITAL OF
HONG KONG AIRCRAFT ENGINEERING COMPANY LIMITED**

(2) RESUMPTION OF TRADING



HONG KONG AIRCRAFT ENGINEERING COMPANY LIMITED

(incorporated in Hong Kong with limited liability)

(Stock Code: 44)

**(1) MANDATORY UNCONDITIONAL CASH OFFER BY
APA AND HSBC ON BEHALF OF SWIRE PACIFIC LIMITED
TO ACQUIRE ALL OF THE ISSUED SHARES IN THE CAPITAL OF
HONG KONG AIRCRAFT ENGINEERING COMPANY LIMITED
NOT ALREADY OWNED BY SWIRE PACIFIC LIMITED OR ITS SUBSIDIARIES**

(2) RESUMPTION OF TRADING

Joint financial advisers to Swire Pacific Limited



SALE AND PURCHASE OF APPROXIMATELY 15.00% OF THE ISSUED HAECO SHARES

On 7th June 2010 Swire Pacific and Cathay Pacific entered into the Sale and Purchase Agreement for Swire Pacific to purchase and Cathay Pacific to sell 24,948,728 HAECO Shares, which comprise all the HAECO Shares held by Cathay Pacific and represent approximately 15.00% of the issued share capital of HAECO, for a consideration of approximately HK\$2,620 million (equivalent to HK\$105 per HAECO Share), payable in cash on completion of the Transaction. If the Offer Price exceeds HK\$105, Swire Pacific will pay to Cathay Pacific a further sum equal to the product of such excess multiplied by the number of Sale Shares.

Completion of the Transaction, which is unconditional, is expected to take place on or before 14th June 2010.

MANDATORY UNCONDITIONAL CASH OFFER

As at the date of this announcement, Swire Pacific holds 76,449,175 HAECO Shares representing approximately 45.96% of the issued share capital of HAECO and Cathay Pacific holds 24,948,728 HAECO Shares representing approximately 15.00% of the issued share capital of HAECO. Upon completion of the Transaction, Swire Pacific will hold 101,397,903 HAECO Shares representing approximately 60.96% of the issued share capital of HAECO and Cathay Pacific will cease to hold any HAECO Shares. Pursuant to Rule 26.1 of the Takeovers Code, Swire Pacific will be required to make a mandatory unconditional general offer in cash for all the issued HAECO Shares other than those already owned or agreed to be acquired by Swire Pacific or its subsidiaries upon completion of the Transaction.

The Offer will be made by APA and HSBC on behalf of Swire Pacific.

The Offer Price will be equal to the price payable by Swire Pacific for each Sale Share under the Sale and Purchase Agreement, being HK\$105 per HAECO Share.

As at the date of this announcement, there are 166,324,850 HAECO Shares in issue. HAECO does not as at the date of this announcement have and is not expected to have in issue any outstanding options, warrants, derivatives or securities that carry a right to subscribe for or which are convertible into HAECO Shares.

TAKEOVERS CODE

As disclosed in the joint announcement by Swire Pacific and Cathay Pacific dated 16th September 2009, Swire Pacific undertook to the Executive that, except with the prior written consent of the Executive, Swire Pacific would not, for a period of two years following completion of the acquisition of approximately 12.45% of the issued HAECO Shares on 22nd October 2009, make any further acquisition of HAECO Shares which would increase its percentage of the votes exercisable at general meetings of HAECO. The Executive has given its written consent for Swire Pacific to proceed with the Transaction and the Offer.

COMPOSITE DOCUMENT

The Composite Document, comprising the offer document from Swire Pacific and the response document from the board of directors of HAECO, setting out the terms and details of the Offer, the recommendations of the HAECO Independent Board Committee in respect of the Offer and a letter of advice from the HAECO Independent Financial Adviser, is expected to be dispatched to HAECO Shareholders within 21 days from the date of this announcement.

LISTING RULES

As Swire Pacific is a substantial shareholder and therefore a connected person of Cathay Pacific, the Transaction is a connected transaction for Cathay Pacific under Rule 14A.14 of the Listing Rules. It is subject to the reporting and announcement requirements under Rule 14A.32 of the Listing Rules.

Assuming the Offer is accepted in full, the highest of the relevant percentage ratios as defined under Rule 14.07 of the Listing Rules for Swire Pacific in connection with the Transaction and the Offer is more than 5% but less than 25%. Accordingly, the Offer constitutes a discloseable transaction for Swire Pacific under Chapter 14 of the Listing Rules.

The highest of the relevant percentage ratios as defined under Rule 14.07 of the Listing Rules for Swire Pacific in connection with the Offer to the Swire Pacific Connected Persons is expected to be more than 0.1% but less than 5%. Swire Pacific has to comply with the announcement and reporting requirements under Rule 14A.35 of the Listing Rules.

SUSPENSION AND RESUMPTION OF TRADING

At the request of Swire Pacific, Cathay Pacific and HAECO, trading in their respective shares on the Stock Exchange was suspended with effect from 9.30 a.m. on 7th June 2010 pending the issue of this announcement. Application has been made by Swire Pacific, Cathay Pacific and HAECO to the Stock Exchange for the resumption of trading in their respective shares with effect from 9.30 a.m. on 8th June 2010.

WARNING: Swire Pacific Shareholders, HAECO Shareholders and potential investors should note that the HAECO Independent Board Committee has yet to consider and evaluate the Offer. Insofar as HAECO is concerned, this announcement is made in compliance with the Takeovers Code for the sole purpose of informing HAECO Shareholders of the fact that HAECO has been informed that the Offer will be made. The directors of HAECO make no recommendation as to the fairness or reasonableness of the Offer or as to the acceptance of the Offer in this announcement and strongly recommend HAECO Shareholders not to form a view on the Offer unless and until they have received and read the Composite Document, including the recommendations of the HAECO Independent Board Committee in respect of the Offer and a letter of advice from the HAECO Independent Financial Adviser. Swire Pacific Shareholders, HAECO Shareholders and potential investors are reminded to exercise caution when trading in Swire Pacific Shares or HAECO Shares.

SALE AND PURCHASE OF APPROXIMATELY 15.00% OF THE ISSUED HAECO SHARES

Sale and Purchase Agreement

On 7th June 2010 Swire Pacific and Cathay Pacific entered into the Sale and Purchase Agreement for Swire Pacific to purchase and Cathay Pacific to sell 24,948,728 HAECO Shares, which comprise all the HAECO Shares held by Cathay Pacific and represent approximately 15.00% of the issued share capital of HAECO, for a consideration of approximately HK\$2,620 million (equivalent to HK\$105 per HAECO Share), payable in cash on completion of the Transaction. If the Offer Price exceeds HK\$105, Swire Pacific will pay to Cathay Pacific a further sum equal to the product of such excess multiplied by the number of Sale Shares.

Completion of the Transaction

Completion of the Transaction, which is unconditional, is expected to take place on or before 14th June 2010.

Upon completion of the Transaction, Cathay Pacific will cease to hold any HAECO Shares and Swire Pacific's direct percentage shareholding in HAECO will increase from approximately 45.96% to approximately 60.96%, making HAECO a subsidiary of Swire Pacific.

Financial information on HAECO

As at 31st December 2009, HAECO's net asset value attributable to the Sale Shares was approximately HK\$921 million. For the year ended 31st December 2009, HAECO's audited net profits before and after taxation and extraordinary items attributable to the Sale Shares were approximately HK\$120 million and approximately HK\$114 million, respectively. For the year ended 31st December 2008, HAECO's audited net profits before and after taxation and extraordinary items attributable to the Sale Shares were approximately HK\$222 million and approximately HK\$203 million, respectively.

Cathay Pacific's book cost of the Sale Shares as at 31st December 2009 was approximately HK\$791 million. Cathay Pacific will record a profit of approximately HK\$1,829 million on completion of the Transaction.

The consideration for the Sale Shares under the Sale and Purchase Agreement was determined after arm's length negotiations between the parties and having regard to the matters referred to under "Financial information on HAECO" above.

Reasons for and benefits of the Transaction from Cathay Pacific's perspective

The Transaction is driven by the strategic priorities of Cathay Pacific and will benefit its core aviation business. It enables Cathay Pacific to apply the proceeds from the Transaction towards other investments in Cathay Pacific's core aviation business, including investments in new aircraft, in the new cargo terminal being constructed at the Hong Kong International Airport, in continuing enhancements in products and services, as well as towards Cathay Pacific's general working capital requirements. The longstanding operational relationship between Cathay Pacific and HAECO would remain unchanged as HAECO has always been Cathay Pacific's main provider of overhaul and maintenance services while Cathay Pacific is HAECO's biggest customer airline.

The directors of Cathay Pacific (including the independent non-executive directors of Cathay Pacific) consider that the Transaction is on normal commercial terms, in the ordinary and usual course of business of Cathay Pacific, fair and reasonable and in the interests of Cathay Pacific and its shareholders as a whole.

Connection between Swire Pacific and Cathay Pacific

Swire Pacific is a substantial shareholder and therefore a connected person of Cathay Pacific under the Listing Rules.

Compliance with the Listing Rules

As the highest of the relevant percentage ratios as defined under Rule 14.07 of the Listing Rules for Cathay Pacific in respect of the Transaction is more than 0.1% but less than 5%, Cathay Pacific has to comply with the announcement and reporting requirements under Rule 14A.32 of the Listing Rules.

C.D. Pratt, P.N.L. Chen, J.E. Hughes-Hallett, J.W.J. Hughes-Hallett, P.A. Kilgour, J.R. Slosar, M.B. Swire and A.N. Tyler, being directors and/or employees (and also a shareholder in the case of M.B. Swire) of the John Swire & Sons Limited group, which is a substantial shareholder of Swire Pacific, and/or directors of Swire Pacific, are materially interested in the Transaction and therefore have abstained from voting on the board resolution of Cathay Pacific approving the Transaction.

MANDATORY UNCONDITIONAL CASH OFFER

As at the date of this announcement, Swire Pacific holds 76,449,175 HAECO Shares representing approximately 45.96% of the issued share capital of HAECO and Cathay Pacific holds 24,948,728 HAECO Shares representing approximately 15.00% of the issued share capital of HAECO. Upon completion of the Transaction, Swire Pacific will hold 101,397,903 HAECO Shares representing approximately 60.96% of the issued share capital of HAECO and Cathay Pacific will cease to hold any HAECO Shares.

Pursuant to Rule 26.1 of the Takeovers Code, Swire Pacific will be required to make a mandatory unconditional general offer in cash for all the issued HAECO Shares other than those already owned or agreed to be acquired by Swire Pacific or its subsidiaries.

The Offer will be made by APA and HSBC on behalf of Swire Pacific.

The Offer Price will be as follows:

For each HAECO Share.....HK\$105 in cash

On the basis of the Offer Price of HK\$105 per HAECO Share and 166,324,850 HAECO Shares in issue as at the date of this announcement, the entire issued share capital of HAECO is valued at approximately HK\$17,464 million.

Comparison of value

The Offer Price represents:

- (a) a premium of 25.0% over the closing price of HK\$84.00 per HAECO Share as quoted on the Stock Exchange on the Last Trading Date;
- (b) a premium of 25.4% over the average closing price of HK\$83.72 per HAECO Share as quoted on the Stock Exchange for the last 5 trading days up to and including the Last Trading Date;
- (c) a premium of 15.7% over the average closing price of HK\$90.72 per HAECO Share as quoted on the Stock Exchange for the last 30 trading days up to and including the Last Trading Date;
- (d) a premium of 9.9% over the average closing price of HK\$95.51 per HAECO Share as quoted on the Stock Exchange for the last 60 trading days up to and including the Last Trading Date;
- (e) a premium of 8.0% over the average closing price of HK\$97.23 per HAECO Share as quoted on the Stock Exchange for the last 90 trading days up to and including the Last Trading Date;
- (f) a premium of 7.7% over the average closing price of HK\$97.53 per HAECO Share as quoted on the Stock Exchange for the last 180 trading days up to and including the Last Trading Date; and
- (g) a premium of 237.3% over the audited consolidated net asset value (after deducting minority interests) attributable to HAECO Shareholders per HAECO Share of HK\$31.13 as at 31st December 2009.

The Offer Price will be equal to the price payable by Swire Pacific to Cathay Pacific for each Sale Share under the Sale and Purchase Agreement, which was determined after arm's length negotiations between Swire Pacific and Cathay Pacific and having regard to the matters referred to in the section headed "Financial information on HAECO" above.

Highest and lowest prices

During the six-month period preceding the date of this announcement, the highest closing price of HAECO Shares as quoted on the Stock Exchange was HK\$106.70 on 5th January 2010, and the lowest closing price of HAECO Shares as quoted on the Stock Exchange was HK\$80.00 on 25th May 2010.

Payment

Payment in cash in respect of acceptances of the Offer will be made within ten days of the date on which HAECO Shares are validly tendered for acceptance of the Offer. Relevant documents of title must be received by Swire Pacific to render each acceptance of the Offer complete and valid.

No fractions of a cent will be payable and the amount of the consideration payable to a HAECO Shareholder who accepts the Offer will be rounded up to the nearest cent.

Stamp Duty

Sellers' *ad valorem* stamp duty for HAECO Shares registered on the Hong Kong register arising in connection with acceptance of the Offer will be payable by each HAECO Shareholder at the rate of 0.1% of the amount of the consideration payable by Swire Pacific for such person's HAECO Shares and will be deducted from the cash amount due to such person under the Offer. Swire Pacific will pay the buyer's *ad valorem* stamp duty on its own behalf and the sellers' *ad valorem* stamp duty on behalf of the accepting HAECO Shareholders in respect of the HAECO Shares accepted under the Offer.

Other arrangements

As at the date of this announcement, except for the Sale and Purchase Agreement, there is no arrangement (whether by way of option, indemnity or otherwise) in relation to Swire Pacific Shares or HAECO Shares which might be material to the Offer. Other than the Sale and Purchase Agreement, there is no agreement or arrangement to which Swire Pacific is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition to the Offer.

As at the date of this announcement, neither Swire Pacific nor its Concert Parties had received any indication or irrevocable commitment to accept the Offer.

CONFIRMATION OF FINANCIAL RESOURCES

The aggregate of the cash amount payable to Cathay Pacific as consideration for the Sale Shares under the Sale and Purchase Agreement and the maximum cash amount to be paid to HAECO Shareholders in respect of acceptances under the Offer is approximately HK\$9,437 million, based on the cash consideration of HK\$105 per HAECO Share. The cash consideration will be funded by a facility provided by HSBC. APA and HSBC are satisfied that sufficient financial resources are available to Swire Pacific to meet full acceptance of the Offer as described above.

INFORMATION ON SWIRE PACIFIC

Swire Pacific was incorporated on 12th March 1940 as a company with limited liability under the Companies Ordinance and is listed on the Stock Exchange. Its principal activity is investment holding.

For the twelve months ended 31st December 2009, the audited consolidated revenue and profit attributable to shareholders of Swire Pacific were HK\$24,909 million and HK\$19,917 million respectively. The earnings per share for Swire Pacific 'A' Shares and Swire Pacific 'B' Shares were HK\$13.24 and HK\$2.65 respectively.

Controlling shareholder of Swire Pacific

John Swire and Sons Limited is the beneficial owner of 188,117,658 Swire Pacific 'A' Shares and 2,038,165,765 Swire Pacific 'B' Shares, representing in aggregate approximately 39.59% of the issued share capital of and approximately 57.07% of the voting rights in Swire Pacific, and is therefore a controlling shareholder of Swire Pacific.

Discloseable transaction for Swire Pacific

Assuming the Offer is accepted in full, the highest of the relevant percentage ratios as defined under Rule 14.07 of the Listing Rules in connection with the Transaction and the Offer is more than 5% but less than 25%. Accordingly, the Offer constitutes a discloseable transaction for Swire Pacific under Chapter 14 of the Listing Rules.

Connected transaction for Swire Pacific

The highest of the relevant percentage ratios as defined under Rule 14.07 of the Listing Rules for Swire Pacific in connection with the Offer to the Swire Pacific Connected Persons is more than 0.1% but less than 5%. Swire Pacific has to comply with the announcement and reporting requirements under Rule 14A.35 of the Listing Rules.

Compliance with the Listing Rules

C.D. Pratt, P.N.L. Chen, J.W.J. Hughes-Hallett, P.A. Kilgour, J.R. Slosar, M.B. Swire and A.N. Tyler, being directors of Cathay Pacific, are materially interested in the Transaction and therefore have abstained from voting on the board resolution of Swire Pacific approving the Transaction.

T.G. Freshwater and M.C.C. Sze, being shareholders of HAECO, are materially interested in the Offer and therefore have abstained from voting on the board resolution of Swire Pacific approving the Offer.

INFORMATION ON HAECO

HAECO was incorporated on 23rd November 1950 as a company with limited liability under the Companies Ordinance and has been a member of the Swire group since its establishment. Its principal activity is the provision of overhaul and maintenance services for commercial aircraft. In 1965, HAECO became listed in Hong Kong. HAECO is a leading aeronautical engineering group with a diverse line of business servicing the aeronautical industry.

REASONS FOR, AND BENEFITS OF, THE TRANSACTION AND THE OFFER FROM SWIRE PACIFIC'S PERSPECTIVE

Mr. Peter Kilgour, the Finance Director of Swire Pacific, commented as follows: "It has been Swire Pacific's consistent intention to acquire additional shares of HAECO as and when the opportunity arises. Swire Pacific knows HAECO and its management team well, views HAECO as a core long-term strategic business for the Swire Pacific group, and is confident in the long-term prospects of HAECO. The Transaction allows Swire Pacific to acquire majority control of HAECO, and thereby consolidate HAECO's financials and cashflows, on terms which it regards as appropriate. We have carefully considered the potential impact of the Transaction and the Offer on the Swire Pacific group's financial position and, taking into account the current investment plans of the Swire Pacific group, remain confident in Swire Pacific's long-term financial strength."

The directors of Swire Pacific (including the independent non-executive directors of Swire Pacific) consider that the Transaction and the Offer are on normal commercial terms, in the ordinary and usual course of business of Swire Pacific, fair and reasonable and in the interests of Swire Pacific and its shareholders as a whole.

SWIRE PACIFIC'S INTENTIONS IN RELATION TO HAECO

It is the intention of Swire Pacific that HAECO will continue to carry on its current business, which principally includes the provision of overhaul and maintenance services for commercial aircraft in Hong Kong and elsewhere. Swire Pacific is satisfied with HAECO's status as a listed company and delisting HAECO is not a goal in itself. However, Swire Pacific intends to exercise the right under section 168 of the Companies Ordinance and pursuant to Rule 2.11 of the Takeovers Code compulsorily to acquire all those HAECO Shares not acquired by Swire Pacific under the Offer if Swire Pacific acquires not less than 90% of the Disinterested Shares within four months of the posting of the Composite Document. On completion of the compulsory acquisition process (if the compulsory acquisition right is exercised), HAECO will become a wholly-owned subsidiary of Swire Pacific and an application will be made for the withdrawal of the listing of HAECO Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

MAINTAINING THE LISTING OF HAECO

If Swire Pacific does not effect the compulsory acquisition set out above (whether by reason of not acquiring 90% of the Disinterested Shares or otherwise), Swire Pacific will, following the closing of the Offer, take appropriate steps to ensure that not less than 25% of the HAECO Shares will be held by the public in compliance with the Listing Rules, which may include Swire Pacific selling some of its HAECO Shares.

FURTHER TERMS OF THE OFFER

The Offer will be subject to the term that acceptance of the Offer by any person will constitute a warranty by such person to Swire Pacific that the HAECO Shares acquired under the Offer are sold free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them as at the date of this announcement or subsequently becoming attached to them, including the right to receive all dividends and distributions, if any, declared, made or paid on or after the date of this announcement.

TAKEOVERS CODE

As disclosed in the joint announcement by Swire Pacific and Cathay Pacific dated 16th September 2009, Swire Pacific undertook to the Executive that, except with the prior written consent of the Executive, Swire Pacific would not, for a period of two years following completion of the acquisition of approximately 12.45% of the issued HAECO Shares on 22nd October 2009, make any further acquisition of HAECO Shares which would increase its percentage of the votes exercisable at general meetings of HAECO. The Executive has given its written consent for Swire Pacific to proceed with the Transaction and the Offer.

GENERAL MATTERS RELATING TO THE OFFER

Availability of the Offer

Swire Pacific intends to make the Offer available to all HAECO Shareholders, including those with registered addresses outside Hong Kong. The availability of the Offer to any persons not resident in Hong Kong may be affected by the applicable laws of the relevant jurisdictions. Any persons who are not resident in Hong Kong should inform themselves about and observe any applicable requirements in their own jurisdictions.

In the event that the receipt of the Composite Document by overseas HAECO Shareholders is prohibited by any relevant law or regulation or may only be effected after compliance with conditions or requirements that the directors of Swire Pacific regard as unduly onerous or burdensome (or otherwise not in the best interests of Swire Pacific or Swire Pacific Shareholders), the Composite Document will not be dispatched to such overseas HAECO Shareholders. For that purpose, Swire Pacific will apply for a waiver pursuant to Note 3 to Rule 8 of the Takeovers Code at such time. Any such waiver will only be granted if the Executive is satisfied that it would be unduly burdensome to dispatch the Composite Document to such overseas HAECO Shareholders. In granting the waiver, the Executive will be concerned to see that all material information in the Composite Document is made available to such HAECO Shareholders. If any such waiver is granted by the Executive, Swire Pacific reserves the right to make arrangements in respect of HAECO Shareholders not resident in Hong Kong in relation to the terms of the Offer. Such arrangements may include notifying any matter in connection with the Offer to the HAECO Shareholders having a registered overseas address by announcement or by advertisement in a newspaper which may or may not be circulated in the jurisdiction within which such persons are resident. The notice will be deemed to have been sufficiently given despite any failure by such HAECO Shareholders to receive or see that notice.

Taxation Advice

HAECO Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. It is emphasised that none of Swire Pacific, HAECO, APA and HSBC or any of their respective directors, officers or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

Composite Document

The Composite Document, comprising the offer document from Swire Pacific and the response document from the board of directors of HAECO, setting out the terms and details of the Offer, the recommendations of the HAECO Independent Board Committee in respect of the Offer and a letter of advice from the HAECO Independent Financial Adviser, is expected to be dispatched to HAECO Shareholders within 21 days from the date of this announcement.

HAECO Independent Board Committee and HAECO Independent Financial Adviser

The HAECO Independent Board Committee has been constituted to advise the HAECO Independent Shareholders on the Offer and will appoint the HAECO Independent Financial Adviser to advise the Independent Board Committee and the HAECO Independent Shareholders on the Offer.

P.A. Johansen and M.B. Swire, who are non-executive directors of HAECO, are not members of the HAECO Independent Board Committee as they are also directors of Swire Pacific.

Mr. A. K. Y. Lam, an independent non-executive director of HAECO, has advised the Chief Executive Officer of HAECO that he placed an order on 4th June 2010 for the acquisition of 4,000 HAECO Shares on the Stock Exchange at a price per HAECO Share of HK\$84. Mr. Lam resigned on 6th June 2010 as a director of HAECO.

Interests of Swire Pacific in HAECO Shares

As at the date of this announcement, Swire Pacific and its Concert Parties own or control the following HAECO Shares:

Swire Pacific.....	76,449,175 (45.96%)
Cathay Pacific.....	24,948,728 (15.00%)
T.G. Freshwater (director of Swire Pacific).....	11,200 (0.01%)
M.C.C. Sze (director of Swire Pacific).....	12,800 (0.01%)
HSBC.....	24,800 (0.01%)

Upon completion of the Transaction, Cathay Pacific will not own or control any HAECO Shares and Swire Pacific will own or control the following HAECO Shares:

Swire Pacific.....	101,397,903 (60.96%)
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As at the date of this announcement, there are 166,324,850 HAECO Shares in issue. HAECO does not as at the date of this announcement have and is not expected to have in issue any outstanding options, warrants, derivatives or securities that carry a right to subscribe for or which are convertible into HAECO Shares.

Save for the acquisition by HSBC of 24,800 HAECO Shares at a price per HAECO Share of HK\$80.20 on 26th May 2010, Swire Pacific and its Concert Parties have not dealt in any HAECO Shares, or convertible securities, warrants or options (or other outstanding derivatives) in respect of any HAECO Shares, during the six-month period up to and including the date of this announcement.

As at the date of this announcement, neither Swire Pacific nor its Concert Parties have borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in HAECO.

HSBC is presumed to be acting in concert with Swire Pacific in accordance with class 5 of the definition of "acting in concert" in the Takeovers Code. Details of holdings or borrowings or lendings of, and dealings in, HAECO Shares or derivatives in respect of them by other parts of the HSBC group will be obtained as soon as possible after this announcement has been made in accordance with Note 1 to Rule 3.5 of the Takeovers Code. The statements in this announcement as to holdings or borrowings or lendings of, or dealings in, HAECO Shares or derivatives by parties acting in concert with Swire Pacific are subject to the holdings, borrowings, lendings or dealings (if any) of the other parts of the HSBC group.

Disclosure of Dealings

Associates (as defined under the Takeovers Code) of Swire Pacific or HAECO are reminded to disclose their dealings in HAECO Shares. In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

"Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation."

SUSPENSION AND RESUMPTION OF TRADING

At the request of Swire Pacific, Cathay Pacific and HAECO, trading in their respective shares on the Stock Exchange was suspended with effect from 9.30 a.m. on 7th June 2010 pending the issue of this announcement. Application has been made by Swire Pacific, Cathay Pacific and HAECO to the Stock Exchange for the resumption of trading in their respective shares with effect from 9.30 a.m. on 8th June 2010.

WARNING: Swire Pacific Shareholders, HAECO Shareholders and potential investors should note that the HAECO Independent Board Committee has yet to consider and evaluate the Offer. Insofar as HAECO is concerned, this announcement is made in compliance with the Takeovers Code for the sole purpose of informing HAECO Shareholders of the fact that HAECO has been informed that the Offer will be made. The directors of HAECO make no recommendation as to the fairness or reasonableness of the Offer or as to the acceptance of the Offer in this announcement and strongly recommend HAECO Shareholders not to form a view on the Offer unless and until they have received and read the Composite Document, including the recommendations of the HAECO Independent Board Committee in respect of the Offer and a letter of advice from the HAECO Independent Financial Adviser. Swire Pacific Shareholders, HAECO Shareholders and potential investors are reminded to exercise caution when trading in Swire Pacific Shares or HAECO Shares.

DEFINITIONS

In this announcement, the following terms have the meanings set out below, unless the context requires otherwise:

acting in concert	has the meaning given to it in the Takeovers Code
APA	Asia Pacific Advisers Limited, a licensed institution under the Securities and Futures Ordinance (Cap.571 of the laws of Hong Kong) to conduct Type 6 (advising on corporate finance) regulated activity
Cathay Pacific	Cathay Pacific Airways Limited, a company incorporated in Hong Kong and listed on the Stock Exchange, the principal activity of which is the operation of scheduled airline services
Companies Ordinance	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
Composite Document	the proposed composite offer and response document to be issued to the HAECO Shareholders in accordance with the Takeovers Code in relation to the Offer
Concert Parties	in relation to Swire Pacific, persons acting in concert with Swire Pacific
Disinterested Shares	all HAECO Shares other than those held by Swire Pacific and its Concert Parties

Executive	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
HAECO	Hong Kong Aircraft Engineering Company Limited, a company incorporated in Hong Kong and listed on the Stock Exchange, the principal activity of which is the provision of overhaul and maintenance services for commercial aircraft
HAECO Independent Board Committee	an independent board committee of the directors of HAECO comprising G.P. Gibbs, R.E. Adams, L.K.K. Leong and D.C.L. Tong
HAECO Independent Financial Adviser	the independent financial adviser to HAECO, which will be appointed
HAECO Independent Shareholders	HAECO Shareholders apart from Swire Pacific and its Concert Parties
HAECO Shareholders	holders of HAECO Shares
HAECO Shares	ordinary shares of HK1.00 each in the share capital of HAECO
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
HSBC	The Hongkong and Shanghai Banking Corporation Limited, a registered institution under the Securities and Futures Ordinance (Cap.571 of the laws of Hong Kong) to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) Type 6 (advising on corporate finance) regulated activities and a licensed bank under the Banking Ordinance (Cap.155 of the laws of Hong Kong)
Last Trading Date	4th June 2010, being the last day on which HAECO Shares were traded on the Stock Exchange prior to the publication of this announcement
Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Offer	the mandatory unconditional cash offer to be made by APA and HSBC on behalf of Swire Pacific to acquire all the HAECO Shares not already owned by Swire Pacific or its subsidiaries
Offer Price	the price per HAECO Share payable in cash by Swire Pacific on the terms of the Offer
Sale and Purchase	the sale and purchase agreement dated 7th June 2010 between Swire Pacific Limited and Cathay Pacific Airways Limited in relation to the

Agreement	sale by Cathay Pacific and purchase by Swire Pacific of the Sale Shares
Sale Shares	24,948,728 HAECO Shares, representing approximately 15.00% of the issued share capital of HAECO
SFC	Securities and Futures Commission of Hong Kong
Stock Exchange	The Stock Exchange of Hong Kong Limited
Swire Pacific	Swire Pacific Limited, a company incorporated in Hong Kong and listed on the Stock Exchange, the principal activity of which is investment holding
Swire Pacific Connected Persons	connected persons (as defined under the Listing Rules) of Swire Pacific
Swire Pacific 'A' Shares	'A' shares with a par value of HK\$0.60 each in the share capital of Swire Pacific
Swire Pacific 'B' Shares	'B' shares with a par value of HK\$0.12 each in the share capital of Swire Pacific
Swire Pacific Shareholders	holders of Swire Pacific Shares
Swire Pacific Shares	Swire Pacific 'A' Shares and Swire Pacific 'B' Shares
Takeovers Code	the Hong Kong Code on Takeovers and Mergers
Transaction	the sale and purchase of the Sale Shares pursuant to the terms of the Sale and Purchase Agreement

Directors

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

Executive Directors: C.D. Pratt (Chairman), P.N.L. Chen, M. Cubbon, P.A. Kilgour, J.R. Slosar and A.N. Tyler;

Non-Executive Directors: Baroness Dunn, J.W.J. Hughes-Hallett, P.A. Johansen and M.B. Swire; and

Independent Non-Executive Directors: T.G. Freshwater, C.K.M. Kwok, C. Lee, M. Leung, M.C.C. Sze and M.M.T. Yang.

The directors of Swire Pacific jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than any information relating to Cathay Pacific or HAECO) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by Cathay Pacific or HAECO) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statements in this announcement (other than those relating to Cathay Pacific or HAECO) misleading.

As at the date of this announcement, the directors of Cathay Pacific are:

Executive Directors: C.D. Pratt (Chairman), J. E. Hughes-Hallett, I.S.C. Shiu, J.R. Slosar and A.N. Tyler;

Non-Executive Directors: Cai Jianjiang, P.N.L. Chen, Fan Cheng, J.W.J. Hughes-Hallett, Kong Dong, P.A. Kilgour, M.B. Swire and Zhang Lan; and

Independent Non-Executive Directors: I.Y.L. Lee, J.C.K. So, C.C. Tung and P.T.S.Wong.

The directors of Cathay Pacific jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than any information relating to Swire Pacific or HAECO) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by Swire Pacific or HAECO) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statements in this announcement (other than those relating to Swire Pacific or HAECO) misleading.

As at the date of this announcement, the directors of HAECO are:

Executive Directors: C.D. Pratt (Chairman), M. Hayman, M.M.S. Low and A.K.W. Tang;

Non-Executive Directors: C.P. Gibbs, P.A. Johansen and M.B. Swire; and

Independent Non-Executive Directors: R.E. Adams, L.K.K. Leong and D.C.L. Tong.

The directors of HAECO jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than any information relating to Swire Pacific or Cathay Pacific) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by Swire Pacific or Cathay Pacific) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statements in this announcement (other than those relating to Swire Pacific or Cathay Pacific) misleading.

By Order of the Board
Swire Pacific Limited
David Fu
Company Secretary
Hong Kong, 7th June 2010

By Order of the Board
**Cathay Pacific Airways
Limited**
David Fu
Company Secretary
Hong Kong, 7th June 2010

By Order of the Board
**Hong Kong Aircraft
Engineering Company
Limited**
David Fu
Company Secretary
Hong Kong, 7th June 2010