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SWIRE PACIFIC LIMITED

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

Announcement

Sale of Property Connected Transaction

The Directors announce that on 26th June 2009, Redhill and Fine Bloom entered into the Agreement. The Agreement provides for the sale of the First Property to Fine Bloom for an aggregate cash consideration of HK\$117.5 million.

As Fine Bloom is an associate of the Former Director and Redhill is a wholly owned subsidiary of Swire Pacific, the Transaction constitutes a connected transaction for Swire Pacific and is subject to the applicable reporting and announcement requirements of Chapter 14A of the Listing Rules.

The Agreement

The Agreement was entered into on 26th June 2009 between Redhill and Fine Bloom.

Under the Agreement, Redhill has agreed to sell and Fine Bloom has agreed to purchase the First Property for a cash consideration of HK\$117.5 million, with 10% paid on entry into the Agreement and 90% payable at completion, which must take place within one month and a day of the date of the Agreement. Each party to the Agreement will bear its own costs. Fine Bloom will pay the stamp duty on the transfer of the First Property.

Compliance with the Listing Rules

As Fine Bloom is an associate of the Former Director and Redhill is a wholly owned subsidiary of Swire Pacific, the Transaction is a connected transaction for Swire Pacific. As the highest of the relevant percentage ratios as defined under Rule 14.07 of the Listing Rules (other than the profits ratio) in respect of the Transaction will, in aggregate, be more than 0.1% but less than 2.5%, the Transaction is subject to announcement and reporting requirements under Rule 14A.35 of the Listing Rules.

The First Property was occupied rent free (as a benefit in kind) by the Former Director.

Consideration for the Transaction

The First Property adjoins the Second Property. The consideration in respect of the Transaction was determined after arm's length negotiations between the parties and having regard to (i) the independent valuations of HK\$203 million for the Properties undertaken by DTZ Debenham Tie Leung Limited as at 31st December 2008 (for the purpose of preparing the audited consolidated accounts of Swire Pacific as at that date) and as at 27th May 2009 and (ii) the fact that DTZ Debenham Tie Leung Limited has subsequently confirmed that it would be fair and reasonable to allocate 58% of such valuation to the First Property (equivalent to HK\$117.5 million) and 42% of such valuation to the Second Property (equivalent to HK\$85.5 million). Confirmation has been received from the Group's professionally qualified executives that these amounts are fair and reasonable having regard to that independent valuation and that confirmation and to the valuations of the Properties on an open market basis at the date of this announcement. As the Properties utilise substantially all of the plot ratio available to them, the Properties do not have material redevelopment potential.

The site for the Properties was acquired by Redhill in 1976 and the occupation permit for the Properties was obtained in 1980. The book cost of the Properties as at 31st December 2008 was HK\$20.4 million. No profit or loss will (disregarding the expenses of sale) arise from the sale of the First Property. This is because an amount equal to the difference between the sale price and 58% of the book cost of the Properties has been taken into account in arriving at the fair value of investment properties reported in Swire Pacific's consolidated financial statements for the year ended 31st December 2008.

Reasons for and benefits of the Transaction

The Properties are non-core assets in the Group's investment property portfolio and as a result their retention or disposal is not material to the strategy of the Group's property business. Disposal of stand-alone residential properties is in any event not inconsistent with that strategy, as evidenced by the disposal in recent years of the Severn Road, Cameron Lodge and Fairwinds properties. The Transaction enables the Group to realise cash from its investment in the First Property. The Group will apply the proceeds from the First Property Sale Transaction for general working capital purposes.

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

Definitions

“Agreement”	The agreement dated 26th June 2009 entered into between Redhill and Fine Bloom in respect of the Transaction.
“Directors”	The directors of Swire Pacific.
“Fine Bloom”	Fine Bloom Limited, a company incorporated in Hong Kong, all the shares in which are owned by the Former Director and the principal activity of which is property holding.
“First Property”	The house located at 36A Island Road, Hong Kong, occupied as his residence by the Former Director, adjoining the Second Property and belonging, before entry into the Agreement, to Redhill.
“Former Director”	Keith Graham Kerr, who was a Director of Swire Pacific from 1st January 1991 until 13th May 2009.
“Group”	Swire Pacific and its subsidiaries.
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange.
“Properties”	The First Property and the Second Property.
“Redhill”	Redhill Properties Limited, a company incorporated in Hong Kong, which is a wholly owned subsidiary of Swire Pacific and the principal activity of which is property holding.
“Second Property”	The house located at 36B Island Road, Hong Kong, adjoining the First Property and belonging to Redhill.
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.
“Swire Pacific” or the “Company”	Swire Pacific Limited, a company incorporated in Hong Kong and listed on the Stock Exchange, the principal activity of which is investment holding.
“Transaction”	The sale and purchase of the First Property pursuant to the Agreement.



The Directors of Swire Pacific as at the date of this announcement are:

Executive Directors: C.D. Pratt (Chairman), P.N.L. Chen, M. Cubbon, D. Ho, 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.

By Order of the Board
Swire Pacific Limited
David Fu
Company Secretary

Hong Kong, 26th June 2009