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SWIRE PACIFIC LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Codes: 00019 and 00087)

Announcement

Sale of 100% Interest in Festival Walk

Discloseable Transaction

Swire Properties, the Seller and the Purchaser entered into the Sale and Purchase Agreement on 28th July 2011 for the sale of Swire Properties' 100% interest in Festival Walk to the Purchaser for a total cash consideration of HK\$18,800,000,000, subject to the Adjustment (which is to be made by reference to the value of the net current assets less current liabilities of Claymore and FWHL at Completion and which is currently expected to result in an additional receipt of approximately HK\$113 million). HK\$1,880,000,000 has been paid by the Purchaser as a deposit, which is held in escrow. At Completion, which is expected to happen on 18th August 2011, the deposit is to be released to the Seller, the Purchaser will procure the repayment of a loan of approximately HK\$2.6 billion due by FWHL to Swire Properties Finance, and the remainder of the consideration is payable by the Purchaser to the Seller. On Completion, Swire Properties will cease to have any interest in Festival Walk.

The Sale and Purchase Agreement is a discloseable transaction for Swire Pacific under Chapter 14 of the Listing Rules.

THE SALE AND PURCHASE AGREEMENT dated 28th July 2011

Parties: FWHL (BVI) Holdings Limited, as Seller
CM Assets Limited, as Purchaser
Swire Properties, as Seller's guarantor

Sale Interest: 100% interest in Festival Walk

Consideration: HK\$18,800,000,000, subject to the Adjustment (which is to be made by reference to the value of the net current assets less current liabilities of Claymore and FWHL at Completion and which is currently expected to amount to approximately HK\$113 million).

Particulars of the Transaction

Swire Properties, the Seller and the Purchaser entered into the Sale and Purchase Agreement on 28th July 2011 for the sale of Swire Properties' 100% interest in Festival Walk to the Purchaser for a total cash consideration of HK\$18,800,000,000, subject to the Adjustment (which is to be made by reference to the value of the net current assets less current liabilities of Claymore and FWHL at Completion and which is currently expected to result in an additional receipt of approximately HK\$113 million). HK\$1,880,000,000 has been paid by the Purchaser as a deposit, which is held in escrow. At Completion, which is expected to happen on 18th August 2011, the deposit is to be released to the Seller, the Purchaser will procure the repayment of a loan of approximately HK\$2.6 billion due by FWHL to Swire Properties Finance, and the remainder of the consideration is payable by the Purchaser to the Seller.

Before Completion, the entire issued share capital of FWHL comprising 50,000 ordinary shares of HK\$10 each now held by Swire Properties and 50,000 ordinary shares of HK\$10 each now held by Supreme Luck, will be transferred to Claymore, which is wholly owned by the Seller. Also before Completion, a shareholder's loan of approximately HK\$16.3 billion will be granted by the Seller to Claymore.

At Completion, the Seller will transfer to the Purchaser the entire issued share capital of Claymore and the shareholder's loan of approximately HK\$16.3 billion due by Claymore to the Seller, and a loan of approximately HK\$2.6 billion due by FWHL to Swire Properties Finance will be repaid in full.

Completion is conditional on, among other things, the Seller, through Claymore, holding the entire issued share capital of FWHL. If this condition is not satisfied on or before 10th August 2011, the date of Completion will be postponed to the date falling 6 Business Days after notice of satisfaction of this condition is served by the Seller on the Purchaser, but if no notice of satisfaction is served by 23rd August 2011 (or such later date as the parties may agree), then the Purchaser shall have the right to terminate the Sale and Purchase Agreement. On Completion, Swire Properties will cease to have any interest in Festival Walk, and FWHL and Claymore will cease to be subsidiaries of Swire Pacific.

The performance of the Seller's obligations under the Sale and Purchase Agreement is guaranteed by Swire Properties. Each party to the Sale and Purchase Agreement will be responsible for its costs and expenses incurred in connection with the Transaction. Stamp duty in connection with the Transaction will be borne by the Seller and the Purchaser in equal proportions.

Goldman Sachs (Asia) L.L.C. is acting as financial advisor to Swire Properties in connection with the Transaction.

Consideration for the Transaction

The consideration for the Transaction is HK\$18,800,000,000, subject to the Adjustment (which is to be made by reference to the value of the net current assets less current liabilities of Claymore and FWHL at Completion and which is currently expected to result in an additional receipt of approximately HK\$113 million). HK\$1,880,000,000 has been paid by the Purchaser as a deposit and is held in escrow. At Completion, the deposit is to be released to the Seller, the Purchaser will procure the repayment of the loan of approximately HK\$2.6 billion due by FWHL to Swire Properties Finance, and the remainder of the consideration is payable by the Purchaser to the Seller. The consideration was determined after arm's length negotiations between the parties and having regard to an independent valuation of HK\$17,287 million for the whole of Festival Walk as at 31st December 2010. This valuation was undertaken for the purpose of preparing the audited consolidated accounts of Swire Pacific as at that date.

Information relating to the Sale Interest

FWHL is an indirect wholly-owned subsidiary of Swire Pacific and is the owner of the shopping and commercial complex known as "Festival Walk" located at Kowloon Tong in Hong Kong. The issued share capital of FWHL comprises 100,000 ordinary shares of HK\$10 each, of which 50,000 ordinary shares are held by Swire Properties and 50,000 ordinary shares are held by Supreme Luck. Both Swire Properties and Supreme Luck are wholly owned subsidiaries of Swire Pacific.

The Sale Interest, which represents Swire Pacific's entire attributable 100% interest in Festival Walk, comprises the following at the date of the Sale and Purchase Agreement:-

- (a) 100,000 ordinary shares of HK\$10 each in the issued share capital of FWHL, representing 100% of FWHL's issued share capital; and
- (b) a loan due by FWHL to Swire Properties Finance, which will amount to approximately HK\$2.6 billion at Completion.

Before Completion, the entire issued share capital of FWHL now held as to 50,000 ordinary shares of HK\$10 each by Swire Properties and 50,000 ordinary shares of HK\$10 each by Supreme Luck will be transferred to Claymore, and a shareholder's loan of approximately HK\$16.3 billion will be granted by the Seller to Claymore. At Completion, the Sale Interest will comprise:-

- (a) one issued ordinary share of HK\$1 in Claymore, representing the entire issued share capital of Claymore, which in turn will hold the entire issued share capital of FWHL;
- (b) a loan in the amount of approximately HK\$16.3 billion due by Claymore to the Seller; and

- (c) a loan in the amount of approximately HK\$2.6 billion due by FWHL to Swire Properties Finance.

As at 31st December 2010, the net asset value attributable to the equity portion of the Sale Interest, being 100% of the issued share capital of FWHL, was approximately HK\$14.1 billion; and the net asset value attributable to the non-equity portion of the Sale Interest was approximately HK\$2.5 billion. Since 31st December 2010, the net asset value attributable to the non-equity portion of the Sale Interest has been increased to approximately HK\$2.6 billion. For the year ended 31st December 2010, the audited net profits before and after taxation and extraordinary items attributable to the equity portion of the Sale Interest were approximately HK\$2.1 billion and approximately HK\$2.0 billion respectively. For the year ended 31st December 2009, the audited net profits before and after taxation and extraordinary items attributable to the equity portion of the Sale Interest were approximately HK\$1.6 billion and approximately HK\$1.5 billion respectively. There were no profits attributable to the non-equity portion of the Sale Interest for 2009 and 2010. The non-equity portion of the Sale Interest, being a loan of approximately HK\$2.6 billion due by FWHL to Swire Properties Finance, will be repaid in full at Completion.

The book value of the Sale Interest as at 31st December 2010 was HK\$17,170 million, being the valuation of Festival Walk at that date less the excess of the valuation of the owner occupied portion of Festival Walk over the cost of that portion. Swire Pacific will record a profit of HK\$1,630 million by reference to this book value. In addition, there will be further net gains aggregating approximately HK\$97 million, arising principally from movements in deferred tax and goodwill.

Reasons for and benefits of the Transaction

The Transaction enables Swire Pacific to realise cash from its investment in the Sale Interest. The proceeds from the Transaction will be applied towards the general working capital requirements of Swire Pacific. The Directors consider that the terms of the Transaction are fair and reasonable and in the interests of Swire Pacific and its shareholders as a whole and will put Swire Pacific in a strong position to continue its major investment programmes.

General

The Company confirms that, to the best of the 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.

As the relevant percentage ratio under Rule 14.07 of the Listing Rules for the Transaction is more than 5% but less than 25%, the Transaction constitutes a discloseable transaction, and is therefore not subject to approval by the Company's shareholders under the Listing Rules.

Definitions

- “Adjustment”** An adjustment such that if the value of the net current assets less current liabilities of Claymore and FWHL excluding the loan of approximately HK\$2.6 billion due by FWHL to Swire Properties Finance (with 100% of Festival Walk valued at HK\$18,800,000,000 and otherwise determined in accordance with the Sale and Purchase Agreement) at Completion is:
- (i) a positive amount, such positive amount is to be added to the consideration; or
 - (ii) a negative amount, such negative amount is to be deducted from the consideration.
- “Business Day”** A day other than a Saturday or Sunday, on which banks are open in Hong Kong and Singapore to the general public for business.
- “Claymore”** Claymore Limited, a company incorporated in Cayman Islands and wholly owned by the Seller, whose principal activity is investment holding.
- “Company” or “Swire Pacific”** Swire Pacific Limited, an investment holding company incorporated in Hong Kong and listed on the Stock Exchange, the subsidiaries, associated companies and jointly controlled entities of which are engaged in property, aviation, beverages, marine services and trading and industrial businesses.
- “Completion”** Completion of the Transaction.
- “Directors”** The directors of Swire Pacific.
- “Festival Walk”** The shopping and commercial complex known as “Festival Walk” located at Kowloon Tong in Hong Kong.
- “FWHL”** Festival Walk Holdings Limited, which is an indirect wholly-owned subsidiary of Swire Properties and is the owner of Festival Walk.
- “Listing Rules”** The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
- “Purchaser”** CM Assets Limited, a company incorporated in the Cayman Islands and owned by Mapletree Investments Pte. Limited, a company incorporated in Singapore, the principal activity of which is investment holding.

“Sale and Purchase Agreement”	The sale and purchase agreement dated 28th July 2011 entered into between the Seller, the Purchaser and Swire Properties (as the Seller’s guarantor) relating to the Sale Interest.
“Sale Interest”	<p>Swire Pacific’s entire attributable 100% interests in Festival Walk, which comprise the following at the date of the Sale and Purchase Agreement:-</p> <ul style="list-style-type: none">(a) 100,000 ordinary shares of HK\$10 each in the issued share capital of FWHL, representing 100% of FWHL’s issued share capital; and(b) a loan due by FWHL to Swire Properties Finance, which will amount to approximately HK\$2.6 billion at Completion. <p>Before Completion, the entire issued share capital of FWHL now held as to 50,000 ordinary shares of HK\$10 each by Swire Properties and 50,000 ordinary shares of HK\$10 each by Supreme Luck will be transferred to Claymore, and a shareholder’s loan of approximately HK\$16.3 billion will be granted by the Seller to Claymore. At Completion, the Sale Interest will comprise:-</p> <ul style="list-style-type: none">(a) one issued ordinary share of HK\$1 in Claymore, representing the entire issued share capital of Claymore, which in turn will hold the entire issued share capital of FWHL;(b) a loan in the amount of approximately HK\$16.3 billion due by Claymore to the Seller; and(c) a loan in the amount of approximately HK\$2.6 billion due by FWHL to Swire Properties Finance.
“Seller”	FWHL (BVI) Holdings Limited, a company incorporated in the British Virgin Islands and wholly owned by Swire Properties, whose principal activity is investment holding.
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.
“Supreme Luck”	Supreme Luck Investments Limited, a company incorporated in the British Virgin Islands and wholly owned by Swire Properties, whose principal activity is investment holding.
“Swire Properties”	Swire Properties Limited, a company incorporated in Hong Kong and wholly owned by Swire Pacific, whose principal activities (directly and through subsidiaries, associated companies and jointly controlled entities) are property investment and development, property trading and the operation of hotels.

“Swire Properties Finance” Swire Properties (Finance) Limited, a company incorporated in Hong Kong and wholly owned by Swire Properties, whose principal activity is the provision of financing services.

“Transaction” The purchase and sale of the Sale Interest pursuant to the Sale and Purchase Agreement.

As at the date of this announcement, the Directors of the Company are:

Executive Directors: C.D. Pratt (Chairman), M. Cubbon, P.A. Kilgour, I.S.C. Shiu and J.R. Slosar;

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, 28th July 2011