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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)

SWIRE PROPERTIES LIMITED**太古地產有限公司**

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

Announcement**Continuing Connected Transactions
Tenancy Framework Agreement**

JSSHK, Swire Pacific and Swire Properties entered into the Tenancy Framework Agreement on 14th August 2014 to govern existing and future tenancy agreements between members of the JSSHK Group, members of the Swire Pacific Group and members of the Swire Properties Group.

As JSSHK and Swire Pacific are connected persons of Swire Properties and JSSHK is a connected person of Swire Pacific, Transactions under the JSSHK Tenancy Framework Agreement constitute continuing connected transactions for Swire Pacific or Swire Properties (or both of them) under Rule 14A.31 of the Listing Rules and are subject to the announcement, annual review and annual reporting requirements but are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Tenancy Framework Agreement dated 14th August 2014

Parties: (1) JSSHK
(2) Swire Pacific
(3) Swire Properties

Particulars

Members of the JSSHK Group, members of the Swire Pacific Group and members of the Swire Properties Group from time to time enter into tenancy agreements under which properties are leased (a) by members of the JSSHK Group from members of the Swire Pacific Limited group (comprising the Swire Pacific Group and Swire Properties Group) and (b) by members of the Swire Pacific Group from members of the Swire Properties Group.

JSSHK, Swire Pacific and Swire Properties entered into the Tenancy Framework Agreement on 14th August 2014 to govern existing and future tenancy agreements between members of the JSSHK Group, members of the Swire Pacific Group and members of the Swire Properties Group.

Pursuant to the Tenancy Framework Agreement, members of the JSSHK Group, members of the Swire Pacific Group and members of the Swire Properties Group will enter into tenancy agreements from time to time on normal commercial terms based on prevailing market rentals.

The Tenancy Framework Agreement is for a term of two years ending on 31st December 2015. Under its terms, the Tenancy Framework Agreement will be automatically renewed for successive periods of three years after its initial expiry date unless either party to it gives to the other notice of termination of not less than three months expiring on any 31st December.

As between the parties, the Tenancy Framework Agreement is treated as having come into effect on 1st January 2014 and the following tenancy framework agreements are treated as having been terminated on 1st January 2014:

- (a) the tenancy framework agreement dated 5th August 2010 between Swire Pacific and JSSHK governing tenancy agreements between members of the Swire Pacific Limited group (comprising the Swire Pacific Group and Swire Properties Group) and members of the JSSHK Group, particulars of which are set out in Swire Pacific's announcement dated 5th August 2010;
- (b) the tenancy framework agreement dated 18th October 2011 between Swire Properties and JSSHK governing tenancy agreements between members of the Swire Properties Group and members of the JSSHK Group, particulars of which are set out in Swire Properties' listing document dated 21st December 2011; and
- (c) the tenancy framework agreement dated 18th October 2011 between Swire Properties and Swire Pacific governing tenancy agreements between members of the Swire Properties Group and members of the Swire Pacific Group, particulars of which are set out in Swire Properties' listing document dated 21st December 2011.

The annual caps

The annual caps for the Transactions have been determined by reference to the actual amounts of the Transactions in the six years ended 31st December 2013 (as set out below). A cushion has been added in order to cater for possible increases in the number of tenancies and in the amount of rentals payable under the tenancies. The Swire Pacific Directors and the Swire Properties Directors estimate that the amounts payable under the Tenancy Framework Agreement for the two years ending 31st December 2015 will not exceed the annual caps set out below, which consolidate and replace the annual caps previously set for the Transactions.

Amounts payable by the JSSHK Group and the Swire Pacific Group to the Swire Properties Group:

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
(HK\$ million)	Actual	Actual	Actual	Actual
Transactions	103	106	117	136
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
(HK\$ million)	Actual	Actual	Cap	Cap
Transactions	134	159	271	286

Amounts payable by the JSSHK Group to the Swire Pacific Limited group (comprising the Swire Pacific Group and the Swire Properties Group):

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
(HK\$ million)	Actual	Actual	Actual	Actual
Transactions	52	52	59	78
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
(HK\$ million)	Actual	Actual	Cap	Cap
Transactions	73	86	143	145

Reasons for, and benefits of, the Transactions

Swire Pacific and Swire Properties entered into the Tenancy Framework Agreement with JSSHK in order to provide a consistent framework for individual tenancy agreements between the JSSHK Group, the Swire Pacific Group and the Swire Properties Group and consider that such consistency will benefit Swire Pacific and Swire Properties.

Connection between the parties

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

JSSHK and Swire Pacific are substantial shareholders of Swire Properties and are therefore connected persons of Swire Properties under the Listing Rules.

Compliance with Listing Rules

As the highest of the relevant percentage ratios as defined under Rule 14.07 of the Listing Rules (other than the profits ratio) applicable to the annual caps for the Transactions will, on an annual basis, be more than 0.1% but less than 5% (in the case of each of Swire Pacific and Swire Properties) and the Transactions constitute continuing connected transactions for Swire Pacific and Swire Properties, the Transactions are subject to the announcement, annual review and annual reporting requirements but are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Swire Pacific and Swire Properties will comply with their continuing obligations under Rules 14A.55-60 of the Listing Rules and will re-comply with the relevant Listing Rules if the annual caps are exceeded, when the Tenancy Framework Agreement is renewed and when there is a material change to its terms.

Opinion of the directors

The Swire Pacific Directors, including the independent non-executive directors, consider that the Tenancy Framework Agreement is on normal commercial terms or better, that its terms are fair and reasonable and in the interests of Swire Pacific and its shareholders as a whole and that entry into of the Tenancy Framework Agreement is in the ordinary and usual course of Swire Pacific's business.

The Swire Properties Directors, including the independent non-executive directors, consider that the Tenancy Framework Agreement is on normal commercial terms or better, that its terms are fair and reasonable and in the interests of Swire Properties and its shareholders as a whole and that entry into of the Tenancy Framework Agreement is in the ordinary and usual course of Swire Properties' business.

J.R. Slosar, I.K.L. Chu, M. Cubbon, Baroness Dunn, J.W.J. Hughes-Hallett, P.A. Kilgour, J.B. Rae-Smith, I.S.C. Shiu, M.B. Swire and A.K.W. Tang, being directors and/or employees (and also shareholders in the case of Baroness Dunn, J.B. Rae-Smith and M.B. Swire) of the Swire Group, which is a substantial shareholder of Swire Pacific, are interested in the Transactions and have abstained from voting on the relevant board resolutions of Swire Pacific in respect of the Transactions.

J.R. Slosar, G.M.C. Bradley, M. Cubbon, J.W.J. Hughes-Hallett, P.A. Kilgour, R.S.K. Lim, M.M.S. Low and M.B. Swire are directors and/or employees and/or adviser (and also a shareholder in the case of M.B. Swire) of the Swire Group, which is a substantial shareholder of Swire Properties. J.R. Slosar, M. Cubbon, J.W.J. Hughes-Hallett, P.A. Kilgour and M.B. Swire are also directors of Swire Pacific. They are interested in the Transactions and have abstained from voting on the relevant board resolutions of Swire Properties in respect of the Transactions.

Directors of Swire Pacific

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

Executive Directors: J.R. Slosar (Chairman), I.K.L. Chu, M. Cubbon, P.A. Kilgour, J.B. Rae-Smith, I.S.C. Shiu, A.K.W. Tang;

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

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

Directors of Swire Properties

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

Executive Directors: J.R. Slosar (Chairman), M. Cubbon, M.M.S. Low, G.M.C. Bradley, D.C.Y. Ho, G.J. Ongley;

Non-Executive Directors: J.W.J. Hughes-Hallett, P.A. Kilgour, 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

“JSS”	John Swire & Sons Limited, a private investment holding company incorporated in England.
“JSSHK”	John Swire & Sons (H.K.) Limited 香港太古集團有限公司, a private investment holding company incorporated in Hong Kong and wholly owned by JSS.
“JSSHK Group”	JSSHK and its subsidiaries, excluding the Swire Pacific Group and the Swire Properties Group.
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
“Stock Exchange”	The Stock Exchange of Hong Kong Limited 香港聯合交易所有限公司.
“Swire Group”	JSS and its subsidiaries.
“Swire Pacific”	Swire Pacific Limited 太古股份有限公司, an investment holding company incorporated in Hong Kong and listed on the Stock Exchange, the subsidiaries, joint venture companies and associated companies of which are engaged in property, aviation, beverages, marine services and trading and industrial

businesses.

“Swire Pacific Directors”	The directors of Swire Pacific.
“Swire Pacific Group”	Swire Pacific and its subsidiaries, excluding the Swire Properties Group.
“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.
“Swire Properties Directors”	The directors of Swire Properties.
“Swire Properties Group”	Swire Properties and its subsidiaries.
“Tenancy Framework Agreement”	The tenancy framework agreement dated 14th August 2014 between JSSHK, Swire Pacific and Swire Properties governing existing and future tenancy agreements between members of the JSSHK Group, members of the Swire Pacific Group and members of the Swire Properties Group.
“Transactions”	Tenancy agreements to which the Tenancy Framework Agreement applies.

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

Hong Kong, 14th August 2014

By Order of the Board
SWIRE PROPERTIES LIMITED
太古地產有限公司
David Fu
Company Secretary

Hong Kong, 14th August 2014