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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)

Connected Transaction

SWIRE PROPERTIES LIMITED

太古地產有限公司

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

Sale of Residential Unit

The Vendor and the Purchaser entered into the Agreement on 8th April 2018 for the sale of the Property by the Vendor to the Purchaser for a cash consideration of HK\$120,000,000. The Vendor's sale of the Property to the Purchaser pursuant to the Agreement is subject to and conditional upon (a) the Vendor's compliance with the provisions of the deed of mutual covenant of the Estate by giving not less than one calendar month's notice in writing to all the Remaining Owners and offering to sell to them the Property at the same purchase price payable by the Purchaser under the Agreement (namely, the Pre-emption Offer); and (b) there being no acceptance of the Pre-emption Offer. If the Pre-emption Offer is accepted by any of the Remaining Owners, the Transaction will be cancelled and the Vendor will return the deposit, being 10% of the Consideration, to the Purchaser.

As the Purchaser is a director of Swire Pacific and Swire Properties, the Purchaser is a connected person of Swire Pacific and Swire Properties at the issuer level under the Listing Rules. The Transaction constitutes a connected transaction for Swire Pacific and is subject to the announcement and reporting requirements, but is exempt from the circular, independent financial advice and shareholders' approval requirements, under Chapter 14A of the Listing Rules. The Transaction constitutes a *de minimis* transaction of Swire Properties under Rule 14A.76 of the Listing Rules, which is fully exempt from the connected transaction requirements, 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 Agreement

The Agreement was entered into on 8th April 2018 between the Vendor and the Purchaser.

Under the Agreement, the Vendor has agreed to sell and the Purchaser has agreed to purchase the Property for a cash consideration of HK\$120,000,000 on condition that the Pre-emption Offer is not accepted by any of the Remaining Owners. A deposit of HK\$12,000,000 (being 10% of the Consideration) was paid by the Purchaser on entry into the Agreement. If the Pre-emption Offer is not accepted by any of the Remaining Owners, completion of the Transaction will take place on or before 9th July 2018. The balance of the Consideration will be paid by the Purchaser on completion of the Transaction. Each party to the Agreement will bear its/his own costs. The Purchaser will pay all stamp duty on the sale and purchase of the Property.

The Vendor's sale of the Property to the Purchaser pursuant to the Agreement is subject to and conditional upon (a) the Vendor's compliance with the provisions of the deed of mutual covenant of the Estate by giving not less than one calendar month's notice in writing to all the Remaining Owners and offering to sell to them the Property at the same purchase price payable by the Purchaser under the Agreement (namely, the Pre-emption Offer); and (b) there being no acceptance of the Pre-emption Offer. If the Pre-emption Offer is accepted by any of the Remaining Owners, the Transaction will be cancelled and the Vendor will return the deposit, being 10% of the Consideration, to the Purchaser.

Consideration for the Transaction

The Consideration for the Transaction was determined on an arm's length basis and on normal commercial terms having regard to the market transaction prices of units at the Estate in the first quarter of 2018. The Consideration is the same consideration as would have been accepted from a buyer who is not a connected person of Swire Pacific or Swire Properties under the Listing Rules.

As at 31st December 2017, the Property was valued at approximately HK\$84,453,000 by an independent valuer. For the year ended 31st December 2017, the net rental income before and after taxation attributable to the Property were approximately HK\$849,000 and HK\$709,000 respectively. For the year ended 31st December 2016, the net rental income before and after taxation attributable to the Property were approximately HK\$1,118,000 and HK\$934,000 respectively.

Swire Properties is expected to record a gain on disposal (disregarding the expenses of the sale) of approximately HK\$35,547,000 by reference to the valuation of the Property as at 31st December 2017. Swire Pacific is expected to record an attributable gain on disposal (disregarding the expenses of sale) of approximately HK\$29,148,540 in respect of its 82% interest in Swire Properties.

Reasons for and benefits of the Transaction

The Transaction will enable Swire Pacific and Swire Properties to realise cash from their investment in the Property. The proceeds from the Transaction will be applied towards the general working capital requirements of Swire Pacific and Swire Properties.

Connection between the parties

As the Purchaser is a director of Swire Pacific and Swire Properties, the Purchaser is a connected person of Swire Pacific and Swire Properties at the issuer level under the Listing Rules.

Compliance with the Listing Rules

As the highest of the relevant percentage ratios (other than the profits ratio) as defined under Rule 14.07 of the Listing Rules in respect of the Transaction is more than 0.1% but less than 5% for Swire Pacific and the Transaction is a connected transaction between Swire Pacific and a connected person at the issuer level on normal commercial terms or better, the Transaction is subject to the announcement and reporting requirements under Chapter 14A of the Listing Rules but is exempt under Listing Rule 14A.76(2) from the circular, independent financial advice and shareholders' approval requirements.

The relevant percentage ratios under Rule 14.07 of the Listing Rules for the Transaction for Swire Properties are less than 0.1%. As such, the Transaction constitutes a *de minimis* transaction of Swire Properties under Rule 14A.76(1) of the Listing Rules, which is fully exempt from the connected transaction requirements, and this announcement is made by Swire Properties pursuant to Rule 13.09(2) of the Listing Rules and Part XIVA of the SFO.

Opinion of the Directors

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

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

J.R. Slosar (the Purchaser) is interested in the Transaction and has abstained from voting on the relevant board resolutions of Swire Pacific and Swire Properties in respect of the Transaction.

Directors

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

Executive Directors: J.R. Slosar (Chairman), I.K.L. Chu, D.P. Cogman, M.M.S. Low;

Non-Executive Directors: M.B. Swire, S.C. Swire; and

Independent Non-Executive Directors: P.K. Etchells, T.G. Freshwater, C. Lee, R.W.M. Lee and G.R.H. Orr.

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

Executive Directors: J.R. Slosar (Chairman), G.M.C. Bradley, F.N.Y. Lung;

Non-Executive Directors: P. Healy, R.S.K. Lim, M.M.S. Low, M.B. Swire; and

Independent Non-Executive Directors: S.E. Bradley, L.K.L. Cheng, S.T. Fung, S.C. Liu and M.Y. Wu

Definitions

- “Agreement”** The provisional agreement for sale and purchase dated 8th April 2018 entered into between the Vendor and the Purchaser in respect of the Property. Pursuant to the Agreement, the Vendor and the Purchaser will sign a formal agreement for the sale and purchase of the Property within 14 days of the date of the Agreement.
- “Consideration”** A cash consideration of HK\$120,000,000.
- “Estate”** The residential estate known as Eredine located at No. 38, Mount Kellett Road, Hong Kong.
- “Listing Rules”** The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
- “Pre-emption Offer”** The offer by the Vendor to sell the Property to the Remaining Owners by giving not less than one calendar month’s notice in writing to all the Remaining Owners and offering to sell to them the Property at the same purchase price as that payable by the Purchaser under the Agreement, in compliance with the provisions of the deed of mutual covenant of the Estate.
- “Property”** The residential unit at Flat B on the 1st Floor (with a saleable area of approximately 258.8 square metres) and car park 1B, Eredine, No. 38, Mount Kellett Road, Hong Kong (together with private outdoor space with an aggregate area of approximately 306.6 square metres).

“Purchaser”	John Robert SLOSAR, who is the Chairman of the Board and an Executive Director of Swire Pacific and Swire Properties.
“Remaining Owners”	Owners of units at the Estate other than the Vendor.
“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.
“Transaction”	The sale and purchase of the Property pursuant to the Agreement.
“Vendor”	Redhill Properties Limited, a company incorporated in Hong Kong and wholly owned by Swire Properties, 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, 9th April 2018

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