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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**

Reference is made to the joint announcement of Swire Pacific and Swire Properties dated 14th August 2014 in connection with the Tenancy Framework Agreement dated 14th August 2014 entered into between JSSHK, Swire Pacific and Swire Properties 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.

The Tenancy Framework Agreement will be renewed on 1st October 2015 for a term of three years from 1st January 2016 to 31st December 2018.

As JSSHK and Swire Pacific are connected persons of Swire Properties and JSSHK is a connected person of Swire Pacific, the 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 and to be renewed on 1st October 2015

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 will be renewed on 1st October 2015 for the three years from 1st January 2016 and will terminate on 31st December 2018. Under its terms, the Tenancy Framework Agreement will be automatically renewed for successive periods of three years thereafter unless any party to it gives to the others notice of termination of not less than three months expiring on any 31st December.

The annual caps

The annual caps for the Transactions have been determined by reference to the actual amounts of the Transactions in the seven years ended 31st December 2014 (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 three years ending 31st December 2018 will not exceed the annual caps set out below.

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	Actual	Cap
Transactions	134	159	181	286
	<u>2016</u>	<u>2017</u>	<u>2018</u>	
(HK\$ million)	Cap	Cap	Cap	
Transactions	286	286	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	Actual	Cap
Transactions	73	86	93	145
	<u>2016</u>	<u>2017</u>	<u>2018</u>	
(HK\$ million)	Cap	Cap	Cap	
Transactions	145	145	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 renewal 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 renewal of the Tenancy Framework Agreement is in the ordinary and usual course of Swire Properties' business.

J.R. Slosar, G.M.C. Bradley, I.K.L. Chu, M. Cubbon, J.B. Rae-Smith, I.S.C. Shiu, M.B. Swire, S.C. Swire and A.K.W. Tang, being directors and/or employees (and also shareholders in the case of J.B. Rae-Smith, M.B. Swire and S.C. 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, P. Healy, 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, G.M.C. Bradley, M. Cubbon 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), G.M.C. Bradley, I.K.L. Chu, M. Cubbon, J.B. Rae-Smith, I.S.C. Shiu, A.K.W. Tang;

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

Independent Non-Executive Directors: T.G. Freshwater, 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), G.M.C. Bradley, M.M.S. Low, D.C.Y. Ho, G.J. Ongley;

Non-Executive Directors: M. Cubbon, P. Healy, 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, 20th August 2015

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

Hong Kong, 20th August 2015