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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)

Announcement Update as to Prospects Profit Warning

2016 Interim Report

This is what was said about prospects in the 2016 Interim Report of Swire Pacific Limited (“**Swire Pacific**” or the “**Company**”) dated 18th August 2016:

“In the Property Division, near full occupancy of our office properties in Hong Kong should underpin rents. Investment property results in Mainland China are expected to improve as retail sales grow modestly. Property trading profits are expected to continue to be recognised in the second half of 2016 on sales of residential units in Miami and Hong Kong.

The Cathay Pacific group is likely to be affected in the second half of 2016 by the same factors which adversely affected its results in the first half. Passenger yields will remain under pressure. Cargo demand will continue to be affected by overcapacity and economic fragility. The benefit from lower fuel prices will continue to be partially offset by fuel hedging.

The prospects of the HAECO group’s different businesses are mixed. Demand for line services in Hong Kong is expected to be firm. Demand for airframe services is expected to improve in the USA but be weaker in Xiamen. The engine overhaul businesses are expected to continue to perform well in Xiamen but to perform less well in Hong Kong.

In the Beverages Division, sales volumes in Greater China are expected to remain weak in the second half of 2016. In the USA, the beverages market is expected to grow moderately. Additional profits will be earned from the acquisition of distribution rights in Arizona and New Mexico.

Trading conditions for SPO in the second half of 2016 are expected to be similar to those in the first half of the year. Demand from oil majors remains weak and vessels continue to operate in an oversupplied market.

The Trading & Industrial Division businesses are expected to face challenging conditions. The results of the division will continue to be affected by the cost of new business development.”

Update as to Prospects

We have reviewed the prospects for the Company’s businesses since the 2016 Interim Report was issued.

The prospects for the property, beverages and trading & industrial divisions remain broadly the same.

In a trading statement announced on 12th October 2016, Cathay Pacific Airways Limited indicated that, since its 2016 interim report was issued, the outlook for its airlines’ business had deteriorated, that overcapacity and strong competition was putting particular pressure on its passenger business (with continued shortfalls in revenue compared with forecasts and heavy pressure on yield) and that, against this background, it was no longer expected that the Cathay Pacific group’s results for the second half of 2016 would be better than those of the first half.

In a trading statement announced on 8th November 2016, Hong Kong Aircraft Engineering Company Limited (“**HAECO**”) indicated that the trading outlook for most of its individual businesses remained broadly the same. However, significantly higher losses were expected at HAECO Americas in the second half of 2016 than in the first half. This reflected losses on some seat contracts and the costs of closing down the line services business. In addition, a review had been undertaken of the carrying value of the cabin and seats businesses in the United States. As a result of this review, impairment charges currently estimated at HK\$280 million are expected to be made against the profit for 2016. Swire Pacific’s share of these impairment charges amounts to HK\$210 million.

While the outlook for the business of the Swire Pacific Offshore (“**SPO**”) group remains broadly the same, a review has been undertaken of the carrying value of its fleet. A significant influence on the value of the fleet is the outlook for the offshore industry in which it operates. SPO’s outlook for the industry now anticipates a longer period for and a slower rate of recovery than previously. Our review of the fleet’s carrying value reflects this. As a result of the review, impairment charges currently estimated at HK\$2,310 million are expected to be made against the consolidated profits for 2016. In addition, SPO’s Altus logistics subsidiary has been disposed of. A loss of HK\$116 million is expected to be recorded on the disposal.

The foregoing matters are expected to have a material adverse effect on the consolidated underlying profit attributable to the shareholders of the Company for 2016.

General

It is considered that the information in this announcement may constitute inside information. This announcement is accordingly being made pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Shareholders and potential investors are advised to exercise caution in dealing in shares of Swire Pacific.

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

Executive Directors: J.R. Slosar (Chairman), G.M.C. Bradley, I.K.L. Chu, M. Cubbon, I.S.C. Shiu, A.K.W. Tang;

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

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

By Order of the Board

SWIRE PACIFIC LIMITED

太古股份有限公司

David Fu

Company Secretary

Hong Kong, 10th November 2016