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SWIRE PACIFIC LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Codes: 00019 and 00087)

Announcement

Continuing Connected Transactions JSSHK Tenancy Framework Agreement

Independent Financial Adviser: KBC Bank N.V. Hong Kong Branch

The Company and JSSHK entered into the JSSHK Tenancy Framework Agreement on 5th August 2010 to govern existing and future tenancy agreements between members of the Group and members of the JSSHK Group.

As JSSHK is a connected person of the Company, the Transactions under the JSSHK Tenancy Framework Agreement constitute continuing connected transactions for the Company under Rule 14A.14 of the Listing Rules and are subject to reporting, annual review and announcement requirements under Rule 14A.35.

JSSHK Tenancy Framework Agreement dated 5th August 2010

Parties: (1) Swire Pacific
(2) JSSHK

Particulars

Members of the Group from time to time enter into tenancy agreements with members of the JSSHK Group under which members of the JSSHK Group lease properties from members of the Group. The Company entered into the JSSHK Tenancy Framework Agreement on 5th August 2010 to govern existing and future tenancy agreements between members of the Group and members of the JSSHK Group.

The JSSHK Tenancy Framework Agreement is for a term of six years with effect from 1st January 2010 and will terminate on 31st December 2015. The Company considers that it is normal business practice for commercial tenancy agreements to be entered into for periods of up to six years, and considers that it is necessary for

members of the Group to be able to offer tenancy agreements of up to six years in order to compete on equal terms with their competitors in the leasing market. DTZ, an independent property valuer, has confirmed that it is normal business practice in Hong Kong and the PRC for commercial tenancy agreements such as the tenancy agreements under the JSSHK Tenancy Framework Agreement to be entered into for periods of up to six years.

Pursuant to the JSSHK Tenancy Framework Agreement, members of the Group will enter into tenancy agreements with members of the JSSHK Group from time to time on normal commercial terms based on prevailing market rentals. DTZ has reviewed the terms of the existing tenancy agreements under the JSSHK Tenancy Framework Agreement and has confirmed that the rentals payable under these tenancy agreements were determined with reference to prevailing market rentals and are on normal commercial terms.

The JSSHK Tenancy Framework Agreement will terminate on 31st December 2015. However, it will be renewed for successive periods of six years thereafter unless either party to it gives to the other notice of termination of not less than three months expiring on any 31st December.

The annual caps

For the three years ended 31st December 2007, 2008 and 2009, the aggregate rentals paid by members of the JSSHK Group to members of the Group amounted to approximately HK\$38.1 million, HK\$52.0 million and HK\$52.2 million, respectively.

The annual caps for the JSSHK Tenancy Framework Agreement have been determined by reference to the terms of the JSSHK Tenancy Framework Agreement and the aggregate rentals paid to the Group in the past three years. A cushion has been added in order to cater for possible increases in the number of tenancies between the Group and the JSSHK Group and in the amount of rentals payable under the tenancies. The Directors estimate that the aggregate rentals payable to the Group under the tenancies pursuant to the JSSHK Tenancy Framework Agreement for the six years ending 31st December 2015 will not exceed the annual caps set out below.

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
(HK\$ million)	Cap	Cap	Cap	Cap	Cap	Cap
Transactions	86.4	96.9	99.7	104.7	109.9	115.4

Opinion of the Independent Financial Adviser

Since the term of JSSHK Tenancy Framework Agreement will be for six years, KBC Bank N.V. Hong Kong Branch has been appointed as Independent Financial Adviser to comment on the duration of the JSSHK Tenancy Framework Agreement. After considering DTZ's confirmation that it is normal business practice in Hong Kong and the PRC for commercial tenancy agreements such as the tenancy agreements under the JSSHK Tenancy Framework Agreement to be entered into for periods of up to six

years, the Independent Financial Adviser has confirmed that it is normal business practice for the term of the JSSHK Tenancy Framework Agreement to be of six years.

Reasons for, and benefits of, the Transactions

The Company has entered into the JSSHK Tenancy Framework Agreement with JSSHK in order to provide a consistent framework for individual tenancy agreements between the Group and the JSSHK Group and considers that such consistency will benefit the Group.

Connection between the parties

JSSHK is a substantial shareholder of the Company and is therefore a connected person of the Company 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% and the Transactions constitute continuing connected transactions for the Company, the Transactions are subject to reporting, annual review and announcement requirements under Rule 14A.35 of the Listing Rules.

The Company will comply with its continuing obligations under Rules 14A.37-41 of the Listing Rules and will re-comply with the relevant Listing Rules if the annual caps are exceeded, when the JSSHK Tenancy Framework Agreement is renewed and when there is a material change to its terms.

Opinion of the Directors

The Directors, including the independent non-executive Directors, consider that the terms of the JSSHK Tenancy Framework Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole and have been negotiated on an arm's length basis in the usual and ordinary course of business, on normal commercial terms and on terms no more favourable to JSSHK than those which the Company would offer to parties which are not connected persons (as defined under the Listing Rules) of the Company.

C.D. Pratt, M. Cubbon, Baroness Dunn, J.W.J. Hughes-Hallett, P.A. Kilgour, I.S.C. Shiu, J.R. Slosar, M.B. Swire and A.N. Tyler, being directors of JSSHK or its holding company, John Swire & Sons Limited, are materially interested in the Transactions and have abstained from voting on the relevant board resolutions of the Company in respect of the Transactions.

Directors

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, J.R. Slosar and A.N. Tyler;

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.

Definitions

“Directors”	The directors of the Company.
“DTZ”	DTZ Debenham Tie Leung Limited.
“Group”	Swire Pacific and its subsidiaries.
“Independent Financial Adviser”	KBC Bank N.V., acting through its Hong Kong branch, a licensed bank under the Banking Ordinance and a registered institution under the SFO to conduct type 6 (advising on corporate finance) regulated activities as set out in Schedule 5 to the SFO, and appointed as the independent financial adviser to the Company.
“JSSHK”	John Swire & Sons (H.K.) Limited, a private investment holding company incorporated in Hong Kong.
“JSSHK Group”	JSSHK and its subsidiaries, excluding the Group.
“JSSHK Tenancy Framework Agreement”	The tenancy framework agreement dated 5th August 2010 between Swire Pacific and JSSHK in respect of tenancy agreements between members of the Group and members of the JSSHK Group.
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
“PRC”	The People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, Macau and Taiwan.
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.



“Swire Pacific” or “Company” 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.

“Transactions” The transactions constituted by the tenancy agreements to which the JSSHK Tenancy Framework Agreement applies.

By Order of the Board
Swire Pacific Limited
David Fu
Company Secretary

Hong Kong, 5th August 2010