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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: 01972)

Discloseable Transaction**Sale of Interests in the Cityplaza One Property**

Reference is made to the Companies' announcement dated 28th October 2020 in relation to a possible disposal of Swire Properties' interests in the Cityplaza One Property.

Swire Properties, the Purchaser and the Purchaser Guarantor entered into the Sale and Purchase Agreement on 9th November 2020 for the sale of Swire Properties' 100% interest in the Target Company for a total consideration of HK\$9,845,436,000, subject to the Adjustments. The Target Company wholly owns the property holding subsidiaries which together own the Cityplaza One Property.

The consideration for Swire Properties' 100% interest in the Target Company is to be satisfied partly by cash and partly by the Consideration Shares (which are Purchaser Holdco Shares). Upon SPA Completion, the Target Company will cease to be a subsidiary of each Company and the Swire Shareholding Entity will own the Consideration Shares, which will represent not more than 37% of the Purchaser Holdco Shares, which in turn will represent an indirect equity interest of not more than 37% in the Cityplaza One Property.

Pursuant to the Sale and Purchase Agreement, the Swire Shareholding Entity, the Purchaser Guarantor and the Purchaser Holdco shall enter into the Shareholders' Agreement at SPA Completion in respect of the relationship between the Swire Shareholding Entity and the Purchaser Guarantor as the shareholders of the Purchaser Holdco. The principal terms of the Shareholders' Agreement have been agreed in the Sale and Purchase Agreement. Such principal terms include:

- (a) the Call Option, being the right of the Purchaser Guarantor to acquire some or all of the Purchaser Holdco Shares owned by the Swire Shareholding Entity at the Call Option Exercise Price during the Call Option Exercise Period; and
- (b) the Put Option, being the right of the Swire Shareholding Entity to require the Purchaser Guarantor to acquire all of the Purchaser Holdco Shares owned by the Swire Shareholding Entity at the Put Option Exercise Price during the Put Option Exercise Period.

The Disposal constitutes a discloseable transaction of each of the Companies under the Listing Rules and is subject to the announcement requirement but is exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

THE SALE AND PURCHASE AGREEMENT

Reference is made to the Companies' announcement dated 28th October 2020 in relation to a possible disposal of Swire Properties' interests in the Cityplaza One Property.

On 9th November 2020, Swire Properties, the Purchaser and the Purchaser Guarantor entered into the Sale and Purchase Agreement for the Disposal, by way of (a) the sale of the Sale Interest to the Purchaser and (b) if any Purchaser Holdco Shares are issued to the Swire Shareholding Entity as the Consideration Shares, the sale of the Purchaser Holdco Shares owned by the Swire Shareholding Entity to the Purchaser Guarantor.

Sale of the Sale Interest

The Sale Interest comprises the Sale Share and the Sale Loan and represents Swire Properties' 100% interest in the Cityplaza One Property through the Target Company. The Target Company wholly owns the property holding subsidiaries which together own the Cityplaza One Property. The Target Company does not hold any companies other than the property holding subsidiaries.

Upon SPA Completion, the Target Company will cease to be a subsidiary of each Company.

Consideration for the Sale Interest

The Consideration for the Sale Interest is HK\$9,845,436,000, subject to the Adjustments. The Consideration is to be satisfied as follows.

- (a) HK\$980,000,000 has been paid by the Purchaser to Swire Properties upon signing of the Sale and Purchase Agreement.

- (b) The balance of the Consideration less the Deferred Payment (such balance being in the amount of HK\$8,330,000,000, subject to the Interim Adjustment) is to be satisfied at SPA Completion as follows:
- (i) part of such balance is to be paid by the Purchaser to Swire Properties in cash; and
 - (ii) the remainder of such balance is to be satisfied by the issue of the Consideration Shares to the Swire Shareholding Entity.

The Purchaser has the right to determine the proportion in which such balance will be satisfied in cash and by the Consideration Shares provided that not more than HK\$1,631,700,000 shall be satisfied by the Consideration Shares. On the assumption that the amount of such balance satisfied by the Consideration Shares is HK\$1,631,700,000, the Consideration Shares will represent 37% of the Purchaser Holdco Shares. If a smaller portion of such balance is satisfied by the Consideration Shares, the number of the Purchaser Holdco Shares to be issued as Consideration Shares will be reduced on a pro rata basis.

- (c) After SPA Completion, the Consideration will be subject to the Post-Completion Adjustment, with the payment by the Purchaser or, as the case may be, by Swire Properties for the Post-Completion Adjustment to be made in cash after the agreement or determination of the Post-Completion Adjustment.
- (d) The Deferred Payment (in the amount of HK\$535,436,000) is to be deferred until the third anniversary of the SPA Completion. Such deferral is conditional upon, among other things, the Purchaser Holdco Share Charge and the Purchaser Holdco Debenture having been granted to Swire Properties. The Purchaser Guarantor has agreed in the Sale and Purchase Agreement to guarantee the performance of the Purchaser's obligation to pay the Deferred Payment. Swire Properties is entitled to require the earlier payment of the Deferred Payment if an Acceleration Event occurs.

The Consideration was determined after arm's length negotiations between the parties and having regard to an independent valuation of the Property as at 30th June 2020.

Shareholders' Agreement

The Swire Shareholding Entity, the Purchaser Guarantor and the Purchaser Holdco shall, based on the principal terms agreed in the Sale and Purchase Agreement, agree the Shareholders' Agreement in good faith and procure its execution at SPA Completion. The principal terms of the Shareholders' Agreement are determined based on arm's length negotiations between the parties and include the following.

Shareholding structure

Upon SPA Completion, the Swire Shareholding Entity shall be the legal and beneficial owner of the Consideration Shares, which represent not more than 37% of the share capital of the Purchaser Holdco, and the Purchaser Guarantor shall be the legal and beneficial owner of the remaining Purchaser Holdco Shares, which represent not less than 63% of the share capital of the Purchaser Holdco.

Business

The sole business of the Purchaser Holdco shall be to hold all the shares in the Purchaser.

Funding

No Purchaser Holdco Shares shall be issued unless new Purchaser Holdco Shares are issued, for an aggregate consideration of HK\$1, to the Swire Shareholding Entity in order to maintain its percentage shareholding in the Purchaser Holdco. The Swire Shareholding Entity shall not be liable in any way in respect of any financing of the Purchaser Holdco or its subsidiaries. The Swire Shareholding Entity shall have the right, but not any obligation, to participate in any funding for the Purchaser Holdco.

Governance

The board of the Purchaser Holdco shall comprise two directors nominated by the Swire Shareholding Entity and three directors nominated by the Purchaser Guarantor. The Swire Shareholding Entity and the Purchaser Guarantor shall negotiate changes to the board composition as the shareholding structure changes though the Swire Shareholding Entity shall have the right to nominate at least one director as long as it remains a shareholder of the Purchaser Holdco.

All matters of the Purchaser Holdco shall be decided by a simple majority of its board or the holders of more than 51% of the Purchaser Holdco Shares except that certain reserved matters (such as a decision to wind up the Purchaser Holdco and any material amendment to its articles of association) shall be approved by the Swire Shareholding Entity and the Purchaser Guarantor.

Guaranteed Return

For so long as the Swire Shareholding Entity is a shareholder of the Purchaser Holdco, it shall be entitled to the Guaranteed Return.

Call Option

The Purchaser Guarantor will have the Call Option to acquire some or all of the Purchaser Holdco Shares owned by the Swire Shareholding Entity at the Call Option Exercise Price. The Call Option may be exercised during the Call Option Exercise Period and, if the Call Option is not exercised in respect of all the Purchaser Holdco Shares, may be exercised more than once.

Put Option

The Swire Shareholding Entity will have the Put Option to require the Purchaser Guarantor to acquire all of the Purchaser Holdco Shares owned by the Swire Shareholding Entity at the Put Option Exercise Price. The Put Option may be exercised during the Put Option Exercise Period but the Swire Shareholding Entity will have the right to exercise the Put Option on an earlier date if an Acceleration Event occurs.

Security

The Purchaser Guarantor's payment obligations under the Shareholders' Agreement will be secured by the Purchaser Holdco Share Charge.

FURTHER INFORMATION RELATING TO THE SALE INTEREST

As at 30th June 2020, the Property was valued at approximately HK\$7,938 million by an independent valuer. Based on the Pro-forma Accounts as at 31st July 2020, the net asset value of the Target Group was approximately HK\$7,655 million. For the year ended 31st December 2018, the net rental income before and after taxation attributable to the Property was approximately HK\$276 million and HK\$230 million respectively. For the year ended 31st December 2019, the net rental income before and after taxation attributable to the Property was approximately HK\$278 million and HK\$232 million respectively.

Swire Properties is expected to record a gain on disposal (disregarding the Adjustments and the expenses of the Disposal) of approximately HK\$2,010 million (on a statutory basis) or approximately HK\$5,471 million (on an underlying basis), by reference to the Pro-forma Accounts as at 31st July 2020. Swire Pacific is expected to record an attributable gain on disposal (disregarding the Adjustments and the expenses of the Disposal) of approximately HK\$1,648 million (on a statutory basis) or approximately HK\$4,486 million (on an underlying basis) in respect of its 82% interest in Swire Properties.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Disposal will enable Swire Properties to realise cash from its investment in the Sale Interest. The proceeds from the Disposal will be applied towards the general working capital requirements of Swire Properties.

The directors of Swire Pacific consider that the terms of the Disposal are fair and reasonable and in the interests of Swire Pacific and its shareholders as a whole.

The directors of Swire Properties consider that the terms of the Disposal are fair and reasonable and in the interests of Swire Properties and its shareholders as a whole and will strengthen Swire Properties' position to continue with its major investments.

COMPLIANCE WITH THE LISTING RULES

Each of the Companies confirms that, to the best of its directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser, the Purchaser Guarantor and their respective ultimate beneficial owners are third parties independent of and not connected with that Company or any of its connected persons.

As the highest of the relevant percentage ratios under Rule 14.07 of the Listing Rules for the Disposal for each of the Companies is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for each of the Companies under the Listing Rules. Accordingly, the Disposal is subject to the announcement requirement but is exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

DIRECTORS

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

Executive Directors: M.B. Swire (Chairman), D.P. Cogman, M.M.S. Low, Z.P. Zhang;

Non-Executive Directors: M. Cubbon, 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: M.B. Swire (Chairman), G.M.C. Bradley, F.N.Y. Lung;

Non-Executive Directors: N.A.H. Fenwick, P. Healy, R.S.K. Lim, M.M.S. Low; and

Independent Non-Executive Directors: L.K.L. Cheng, T.T.K. Choi, S.T. Fung, J.L. Wang and M.Y. Wu.

DEFINITIONS

“Acceleration Event”	An event which would trigger Swire Properties' right to require the earlier payment of the Deferred Payment or (as the case may be) would accelerate the Swire Shareholding Entity's right to exercise the Put Option pursuant to the Sale and Purchase Agreement, such as an event of default on the part of the Purchaser or (as the case may be) the Purchaser Guarantor.
“Adjustments”	The Interim Adjustment and the Post-Completion Adjustment.
“Call Option”	The right of the Purchaser Guarantor to acquire some or all of the Purchaser Holdco Shares owned by the Swire Shareholding Entity at the Call Option Exercise Price during the Call Option Exercise Period.

“Call Option Exercise Period”	The period during which the Call Option may be exercised, being the period from the date of SPA Completion to the first anniversary of such date.
“Call Option Exercise Price”	The price at which the Call Option may be exercised, being the aggregate of (1) the Investment Amount attributable to the Purchaser Holdco Shares in respect of which the Call Option is exercised and (2) the amount of the accrued Guaranteed Return (in respect of such Purchaser Holdco Shares) which has not been received by the Swire Shareholding Entity.
“Cityplaza One Property” or “Property”	The multi-storey office building located at No.1111 King’s Road, Taikoo Shing, Hong Kong, which has been constructed above the Cityplaza shopping centre, and which is erected on the Remaining Portion of Section R of Quarry Bay Marine Lot No.2 and the Extension Thereto and the Remaining Portion of Section J of Quarry Bay Marine Lot No.2 and the Extension Thereto.
“Companies”	Swire Pacific and Swire Properties.
“Consideration”	The consideration for the sale of the Sale Interest under the Sale and Purchase Agreement.
“Consideration Shares”	The Purchaser Holdco Shares to be issued to the Swire Shareholding Entity in satisfaction of part of the Consideration pursuant to the Sale and Purchase Agreement.
“Deferred Payment”	The payment of part of the Consideration, in the amount of HK\$535,436,000, which is to be deferred until the third anniversary of the SPA Completion. Such deferral is conditional upon, among other things, the Purchaser Holdco Share Charge and the Purchaser Holdco Debenture having been granted to Swire Properties.
“Disposal”	The sale of Swire Properties’ 100% interest in the Property by (1) the sale of the Sale Interest to the Purchaser and (2) if any Purchaser Holdco Shares are issued to the Swire Shareholding Entity as the Consideration Shares, the sale of the Purchaser Holdco Shares owned by the Swire Shareholding Entity pursuant to the exercise of the Call Option and, if any of such Purchaser Holdco Shares are not so sold, the exercise of the Put Option.
“Guaranteed Return”	The minimum return (being the minimum amount of cash distributed by the Purchaser Holdco and received by the Swire Shareholding Entity in the form of dividends, return of capital or other distributions) on the Swire Shareholding Entity’s investment in the Purchaser Holdco guaranteed by the Purchaser Guarantor, which is 3% per annum.

“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong.
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China.
“Interim Adjustment”	An adjustment being the estimated value of the agreed asset items less the agreed liability items of the Target Group as at 31st July 2020 (“ Estimated Adjustment Value ”).
“Investment Amount”	The amount of the Swire Shareholding Entity’s investment in the Purchaser Holdco Shares, which is based on the amount of the Consideration which is satisfied by the issue of the Consideration Shares.
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
“Post-Completion Adjustment”	<p>An adjustment as follows to the Consideration after SPA Completion:</p> <p>(1) if the audited value of the agreed asset items less the agreed liability items of the Target Group as at the date of SPA Completion (“Audited Adjustment Value”) exceeds the Estimated Adjustment Value (as defined above), by adding to the Consideration (as adjusted by the Interim Adjustment) the amount of such excess; or</p> <p>(2) if the Audited Adjustment Value falls short of the Estimated Adjustment Value, by deducting from the Consideration (as adjusted by the Interim Adjustment) the amount of such shortfall.</p>
“Pro-forma Accounts”	The unaudited pro-forma balance sheet of the Target Group (as if the Restructuring had taken place) as at 31st July 2020.
“Purchaser”	Rocha Land Limited, a company incorporated in the British Virgin Islands, the principal activity of which is investment holding.
“Purchaser Guarantor”	Timber Sight Limited, a company incorporated in the British Virgin Islands and the sole legal and beneficial shareholder of the Purchaser Holdco. The principal activity of the Purchaser Guarantor is investment holding. The Purchaser Guarantor is managed and controlled by Gaw Capital Partners and owned by a consortium led by Gateway Real Estate Fund VI, L.P. (“ Gateway Fund ”). Gateway Fund is a fund principally engaged in long-term investment in real properties in the Asia Pacific region.

“Purchaser Holdco”	Raven Blue Limited, a company incorporated in the British Virgin Islands and the sole legal and beneficial shareholder of the Purchaser. The principal activity of the Purchaser Holdco is its investment in the Purchaser.
“Purchaser Holdco Debenture”	A debenture creating a floating charge over all present and future assets of the Purchaser Holdco (excluding the shares in the Purchaser) as security for the Purchaser’s obligation to pay the Deferred Payment.
“Purchaser Holdco Shares”	Shares in the capital of the Purchaser Holdco.
“Purchaser Holdco Share Charge”	A charge over all the shares in the Purchaser Holdco held by the Purchaser Guarantor as security for the Purchaser’s obligation to pay the Deferred Payment and the Purchaser Guarantor’s payment obligations under the Shareholders’ Agreement.
“Put Option”	The right of the Swire Shareholding Entity to require the Purchaser Guarantor to acquire all of the Purchaser Holdco Shares owned by the Swire Shareholding Entity at the Put Option Exercise Price during the Put Option Exercise Period.
“Put Option Exercise Period”	The period during which the Put Option may be exercised, being any time after the fourth anniversary of the SPA Completion.
“Put Option Exercise Price”	The price at which the Put Option may be exercised, being the aggregate of (1) the Investment Amount attributable to the Purchaser Holdco Shares in respect of which the Put Option is exercised and (2) the amount of the accrued Guaranteed Return (in respect of such Purchaser Holdco Shares) which has not been received by the Swire Shareholding Entity.
“Restructuring”	A group restructuring for the purpose of the Disposal, which was completed before signing of the Sale and Purchase Agreement.
“Sale and Purchase Agreement”	The sale and purchase agreement dated 9th November 2020 entered into between Swire Properties, the Purchaser and the Purchaser Guarantor for the Disposal.
“Sale Interest”	The Sale Share and the Sale Loan.
“Sale Loan”	The amount (if any) owed by the Target Group to Swire Properties as at SPA Completion.

“Sale Share”	One issued ordinary share of US\$1.00 in the Target Company, representing the entire issued share capital of the Target Company.
“Shareholders’ Agreement”	A shareholders’ agreement to be entered into between the Swire Shareholding Entity, the Purchaser Guarantor and the Purchaser Holdco at SPA Completion pursuant to the Sale and Purchase Agreement.
“SPA Completion”	Completion of the sale and purchase of the Sale Interest under the Sale and Purchase Agreement, which is expected to take place on 30th December 2020 (or such other date as may be agreed between Swire Properties and the Purchaser).
“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.
“Swire Shareholding Entity”	The entity to which the Consideration Shares will be issued. The Swire Shareholding Entity will be Swire Properties or its nominee.
“Target Company”	Actuate Too Limited, a company incorporated in the British Virgin Islands, the principal activity of which is investment holding.
“Target Group”	The Target Company and its property holding subsidiaries.
“US\$”	United States Dollars, the lawful currency of the United States of America.



By Order of the Board
SWIRE PACIFIC LIMITED
太古股份有限公司
St.John Flaherty
Company Secretary

Hong Kong, 9th November 2020



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SWIRE PROPERTIES LIMITED
太古地產有限公司
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Hong Kong, 9th November 2020