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## **SWIRE PACIFIC LIMITED**

(Incorporated in Hong Kong with limited liability)  
(Stock Codes: 00019 and 00087)

### **Connected Transaction Provision of Guarantee**

## **SWIRE PROPERTIES LIMITED**

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

### **Provision of Guarantee**

On 19th December 2013, Swire Properties, Newmarket, CITIC Pacific and Marvel Glory entered into the Agreement for the sale and purchase of the Sale Share and assignment of the Shareholder's Loan. Under the Agreement, Swire Properties agreed to guarantee to CITIC Pacific and Newmarket the due and punctual payment by Marvel Glory of the Consideration in accordance with the Agreement.

The provision of the Guarantee by Swire Properties to CITIC Pacific and Newmarket constitutes a connected transaction for Swire Pacific and is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

This announcement is made by Swire Properties pursuant to Rule 13.09(2) of the Listing Rules and Part XIVA of the SFO.

## **INTRODUCTION**

On 19th December 2013, Swire Properties, Newmarket, CITIC Pacific and Marvel Glory entered into the Agreement for the sale and purchase of the Sale Share and assignment of the Shareholder's Loan. Under the Agreement, Swire Properties agreed to guarantee to CITIC Pacific and Newmarket the due and punctual payment by Marvel Glory of the Consideration in accordance with the Agreement.

## **THE AGREEMENT**

Date: 19th December 2013

- Parties:
- (1) Newmarket, as seller of the Sale Share
  - (2) CITIC Pacific, as guarantor of the performance of the obligations of Newmarket under the Agreement and assignor of the Shareholder's Loan
  - (3) Marvel Glory, as purchaser of the Sale Share and assignee of the Shareholder's Loan
  - (4) Swire Properties, as guarantor of the obligation of Marvel Glory to pay the Consideration

### **Guarantee**

Under the Agreement, Swire Properties agreed to guarantee to CITIC Pacific and Newmarket the due and punctual payment by Marvel Glory of the Consideration in accordance with the Agreement. If Marvel Glory fails to make payment of the Consideration in accordance with the Agreement, Swire Properties shall forthwith upon written demand, make payment of such part of the Consideration not paid by Marvel Glory in accordance with the Agreement.

Any guaranteed moneys and all costs, losses and damages incurred by CITIC Pacific and Newmarket as a result of the failure by Marvel Glory to make any payment of the Consideration under the Agreement when due which are not recoverable from Marvel Glory will be recoverable from Swire Properties as principal debtor, by way of indemnity, on the demand of CITIC Pacific and Newmarket.

The Guarantee is a continuing guarantee which will remain in force until the full amount of the Consideration under the Agreement has been paid.

The Consideration is HK\$3,900 million, subject to the Adjustment.

Marvel Glory has paid a deposit in the amount of HK\$390 million, which shall be applied towards the Consideration upon Completion. Marvel Glory shall pay the Consideration (less the Deposit) on Completion and any amount payable pursuant to the Adjustment within 14 business days of the verification of the relevant working capital.

Completion shall take place on 15th January 2014 or such other date as the parties to the Agreement may agree otherwise and if such day is not a business day, on the immediately preceding business day.

Swire Properties will not receive any fee or commission for providing the Guarantee under the Agreement.

### **REASONS FOR, AND BENEFITS OF, THE GUARANTEE**

Marvel Glory is indirectly owned as to 50% by Swire Properties, a subsidiary of Swire Pacific. The remaining 50% of the shareholding of Marvel Glory is held by two joint venture partners of Swire Properties (the "**Joint Venture Partners**").

On Completion, Marvel Glory will own indirectly 100% of the shareholding of Pacific Grace, which in turn owns the Property.

The Property is located in close proximity to Swire Properties' TaiKoo Place portfolio in Island East. Swire Properties' interest in Marvel Glory and the Property will enable it to further grow its office portfolio. The Property is a valuable addition to Swire Properties' core investment portfolio in Island East.

To facilitate the transactions under the Agreement, Swire Properties has agreed to provide the Guarantee to CITIC Pacific and Newmarket.

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

None of the directors of Swire Pacific has a material interest in the Guarantee and accordingly none of them was required to abstain from voting on the relevant board resolutions of Swire Pacific in respect of the Guarantee.

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

None of the directors of Swire Properties has a material interest in the Guarantee and accordingly none of them was required to abstain from voting on the relevant board resolutions of Swire Properties in respect of the Guarantee.

## **CONNECTION BETWEEN THE PARTIES**

CITIC Pacific and Newmarket, being associates of a substantial shareholder of a subsidiary of Swire Pacific, are connected persons of Swire Pacific under the Listing Rules.

As Swire Properties is a subsidiary of Swire Pacific, the provision of the Guarantee by Swire Properties to CITIC Pacific and Newmarket constitutes a connected transaction of Swire Pacific under Chapter 14A of the Listing Rules.

## **COMPLIANCE WITH THE 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) in respect of the Guarantee under the Agreement is more than 1% but less than 5% for Swire Pacific, the Guarantee as a connected transaction for Swire Pacific is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

This announcement is made by Swire Properties pursuant to Rule 13.09(2) of the Listing Rules and Part XIVA of the SFO.

## **DEFINITIONS**

In this announcement, the following terms have the meanings set out below, unless the context requires otherwise:

<b>“Adjustment”</b>	the adjustment of the Consideration with reference to the working capital of Joyluck and Pacific Grace as at Completion
<b>“Agreement”</b>	the agreement dated 19th December 2013 entered into among Swire Properties, Newmarket, CITIC Pacific and Marvel Glory in relation to the sale and purchase of the Sale Share and the assignment of the Shareholder’s Loan
<b>“associate(s)”</b>	has the meaning ascribed to it under the Listing Rules
<b>“CITIC Pacific”</b>	CITIC Pacific Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange. CITIC Pacific’s operational focus is on the PRC, both the mainland and Hong Kong. Its major businesses are special steel manufacturing, iron ore mining and property development in the PRC.
<b>“Completion”</b>	completion of the sale and purchase of the Sale Share and the assignment of the Shareholder’s Loan in accordance with the Agreement
<b>“Consideration”</b>	HK\$3,900 million, comprising the consideration for the sale of the Sale Share and assignment of the Shareholder’s Loan, subject to the Adjustment
<b>“Guarantee”</b>	the guarantee given by Swire Properties to CITIC Pacific and Newmarket of the due and punctual payment by Marvel Glory of the Consideration in accordance with the Agreement
<b>“HK\$”</b>	Hong Kong Dollars, the lawful currency of Hong Kong
<b>“Hong Kong”</b>	The Hong Kong Special Administrative Region of the

People's Republic of China

<b>“Joyluck”</b>	Joyluck Limited, a company incorporated in the British Virgin Islands, the principal activity of which is the holding of the entire issued share capital of Pacific Grace
<b>“Listing Rules”</b>	The Rules Governing the Listing of Securities on the Stock Exchange
<b>“Marvel Glory”</b>	Marvel Glory Limited, a company incorporated in the British Virgin Islands and indirectly owned as to 50% by Swire Properties.
<b>“Newmarket”</b>	Newmarket Holdings Limited, an investment holding company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of CITIC Pacific.
<b>“Pacific Grace”</b>	Pacific Grace Limited, a company incorporated in Hong Kong wholly-owned by Joyluck. The principal activity of Pacific Grace is the holding of the Property
<b>“PRC”</b>	the People's Republic of China
<b>“Property”</b>	the property known as DCH Commercial Centre located at 25 Westlands Road, Quarry Bay, Hong Kong.
<b>“Sale Share”</b>	One ordinary share of US\$1.00, being the entire issued share capital of Joyluck
<b>“SFO”</b>	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
<b>“Shareholder's Loan”</b>	the total amount (inclusive of principal and interest, if any) owing from Pacific Grace to CITIC Pacific as at (and including) the date of Completion
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Swire Pacific”</b>	Swire Pacific Limited, a company incorporated in Hong Kong and whose shares are listed on the Stock Exchange, the principal activity of which is investment holding

**“Swire Properties”** Swire Properties Limited, a company incorporated in Hong Kong and whose shares are listed on the Stock Exchange, the principal activities of which are property investment, property trading and hotel investment

**“US\$”** United States Dollars, the lawful currency of the United States of America

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

Executive Directors: C.D. Pratt (Chairman), M. Cubbon, P.A. Kilgour, J.B. Rae-Smith, I.S.C. Shiu, J.R. Slosar, A.K.W. Tang;

Non-Executive Directors: Baroness Dunn, J.W.J. Hughes-Hallett, P.A. Johansen, M.B. Swire; and

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

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

Executive Directors: C.D. Pratt (Chairman), M. Cubbon, M.M.S. Low, G.M.C. Bradley, D.C.Y. Ho, G.J. Ongley;

Non-Executive Directors: J.W.J. Hughes-Hallett, P.A. Kilgour, 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.

By Order of the Board  
**SWIRE PACIFIC LIMITED**  
David Fu  
Company Secretary

By Order of the Board  
**SWIRE PROPERTIES LIMITED**  
David Fu  
Company Secretary

Hong Kong, 19th December 2013

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