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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)

Discloseable Transaction**Sale of 100% Interest in the
Cityplaza Three and Cityplaza Four Properties**

Swire Properties, the Seller, the Purchaser and the Purchaser's Guarantor entered into the Sale and Purchase Agreement on 15th June 2018 for the sale of the Seller's 100% interest in the Target Company to the Purchaser for a total cash consideration of HK\$15,000 million, subject to the Adjustments. The Target Company is the immediate holding company of a wholly-owned property holding subsidiary of Swire Properties which is the owner of the Cityplaza Three and Cityplaza Four Properties.

Completion is conditional upon Swire Properties having transferred two shares in the property holding subsidiary to the Target Company. On Completion, the Target Company will cease to be a subsidiary of Swire Pacific and Swire Properties.

The Disposal constitutes a discloseable transaction of each of Swire Pacific and Swire Properties under the Listing Rules and is subject to the announcement requirement but is exempt from the circular (including accountants' report) and shareholders' approval requirements under Chapter 14 of the Listing Rules.

THE SALE AND PURCHASE AGREEMENT

Date: 15th June 2018

Parties: The Seller (as the seller)
The Purchaser (as the purchaser)

Swire Properties (as the seller's guarantor)
The Purchaser's Guarantor (as the purchaser's guarantor)

Sale Interest: The Sale Share and the Sale Loan

Consideration: HK\$15,000 million, subject to the Adjustments

Particulars of the Disposal

On 15th June 2018, Swire Properties, the Seller, the Purchaser and the Purchaser's Guarantor entered into the Sale and Purchase Agreement for the sale of the Seller's 100% interest in the Target Company to the Purchaser.

The Sale Interest is to comprise Swire Properties' entire 100% interest in the Cityplaza Three and Cityplaza Four Properties, which will be represented by the Sale Share and the Sale Loan immediately before Completion. The Target Company is the immediate holding company of a wholly-owned property holding subsidiary of Swire Properties which is the owner of the Cityplaza Three and Cityplaza Four Properties.

Completion is conditional upon Swire Properties having transferred two shares in the property holding subsidiary to the Target Company. On Completion, the Target Company will cease to be a subsidiary of Swire Pacific and Swire Properties.

The performance of the Seller's obligations under the Sale and Purchase Agreement is guaranteed by Swire Properties. The performance of the Purchaser's obligations under the Sale and Purchase Agreement is guaranteed by the Purchaser's Guarantor.

Consideration for the Disposal

The Consideration is a cash consideration of HK\$15,000 million, subject to the Adjustments.

The Consideration is to be satisfied as follows:-

- (a) HK\$1,480 million has been paid by the Purchaser to the Seller as a deposit;
- (b) HK\$1,480 million will be paid by the Purchaser to the Seller on or before 12th November 2018 as part payment;
- (c) HK\$740 million will be paid by the Purchaser to the Seller on or before 26th January 2019 as further part payment; and
- (d) the balance of the Consideration in the amount of HK\$11,300 million (subject to the Interim Adjustment) will be paid by the Purchaser to the Seller on Completion.

If the Purchaser exercises its right to accelerate the Completion in accordance with the Sale and Purchase Agreement, any part payment which has not yet been paid will,

together with the balance of the Consideration, be paid by the Purchaser to the Seller on Completion.

The Consideration is also subject to the Final Adjustment.

The Consideration was determined after arm's length negotiations between the parties and having regard to an independent valuation of the Properties as at 31st March 2018.

Further Information relating to the Sale Interest

As at 31st December 2017, the Properties were valued at approximately HK\$9,278 million by an independent valuer. Based on the Pro-forma Accounts as at 30th April 2018, the net asset value of the Target Company was approximately HK\$14,491 million. For the year ended 31st December 2016, the net rental income before and after taxation attributable to the Properties were approximately HK\$354 million and HK\$296 million respectively. For the year ended 31st December 2017, the net rental income before and after taxation attributable to the Properties were approximately HK\$343 million and HK\$286 million respectively.

Swire Properties is expected to record a gain on disposal (disregarding the Adjustments and the expenses of the Disposal) of approximately HK\$509 million (on a statutory basis) or approximately HK\$14,027 million (on an underlying basis), by reference to the Pro-forma Accounts as at 30th April 2018. Swire Pacific is expected to record an attributable gain on disposal (disregarding the Adjustments and the expenses of the Disposal) of approximately HK\$417 million (on a statutory basis) or approximately HK\$11,502 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 put Swire Properties in a strong position to continue its major investment programmes.

Compliance with the Listing Rules

Swire Pacific confirms that, to the best of its directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial

owner are third parties independent of and not connected with Swire Pacific or any of its connected persons.

Swire Properties confirms that, to the best of its directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are third parties independent of and not connected with Swire Properties 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 Swire Pacific and Swire Properties is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for each of Swire Pacific and Swire Properties under the Listing Rules. Accordingly, the Disposal is subject to the announcement requirement but is exempt from the circular (including accountants' report) 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: J.R. Slosar (Chairman), I.K.L. Chu, D.P. Cogman, M.M.S. Low;
Non-Executive Directors: M.B. Swire, 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: J.R. Slosar (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, M.B. Swire; and
Independent Non-Executive Directors: S.E. Bradley, L.K.L. Cheng, S.T. Fung, S.C. Liu and M.Y. Wu.

Definitions

“Adjustments”	The Interim Adjustment and the Final Adjustment.
“Cityplaza Three”	The building known as “Cityplaza Three” (also known as “Cityplaza 3” or “太古城中心第三座”), No.14 Taikoo Wan Road, Quarry Bay, Hong Kong erected on Sub-section 18 of Section K of Quarry Bay Marine Lot No.2 and The Extension Thereto
“Cityplaza Three and Cityplaza Four Properties” or “Properties”	(1) office units of 13th, 14th, 15th, 16th, 17th, 18th, 19th, 20th, 21st (including the flat roofs adjacent thereto) and 22nd floors of Cityplaza Three (“ CP3 Office Units ”);

- (2) air handling unit rooms on 13th to 22nd Floor of Cityplaza Three and all ancillary facilities thereto, excluding any ancillary facilities located within any CP3 Office Units;
- (3) lifts operating between 2nd to 21st floors and their associated lift pits on 1st floor, lift shafts on 2nd to 21st floors, platforms on 22nd floor, and lift machine room on 22nd floor of Cityplaza Three;
- (4) certain commercial areas of Cityplaza Three (including certain portions of Ground floor and 1st and 2nd floors), excluding the fibre optic equipment room located on the Basement floor;
- (5) all carparking units located on the Basement floor of Cityplaza Three; and
- (6) Cityplaza Four.

“Cityplaza Four”	All that piece or parcel of ground registered in the Land Registry as The Remaining Portion of Section K of Quarry Bay Marine Lot No.2 and The Extension Thereto together with the messuages erections and buildings thereon now known as “Cityplaza Four” (also known as “Cityplaza 4” or “太古城中心第四座”), No.12 Taikoo Wan Road, Quarry Bay, Hong Kong
“Completion”	Completion of the Disposal, which will take place on 11th April 2019 or such earlier date as is specified by the Purchaser in accordance with the Sale and Purchase Agreement.
“Consideration”	The consideration for the Disposal.
“Disposal”	The sale of the Sale Share and assignment of the Sale Loan pursuant to the Sale and Purchase Agreement.
“Final Adjustment”	An adjustment such that if the:- <ol style="list-style-type: none">(1) audited value of the current assets less current and non-current liabilities (excluding the Sale Loan) of the Group (on a consolidated basis) at Completion (“Audited NAV”) is more than the Estimated NAV (as defined below), by adding to the Consideration the amount by which the Audited NAV is more than the Estimated NAV; or(2) Audited NAV is less than the Estimated NAV, by deducting from the Consideration the amount by which the Audited NAV is less than the Estimated NAV.
“Group”	The Target Company and its property holding subsidiary.

“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”	<p>An adjustment such that if the estimated value of the current assets less current and non-current liabilities (excluding the Sale Loan) of the Group (on a consolidated basis) at Completion (“Estimated NAV”) is:-</p> <p>(1) a positive amount, such positive amount is to be added to the Consideration; or</p> <p>(2) a negative amount, such negative amount is to be deducted from the Consideration.</p>
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
“Pro-forma Accounts”	The unaudited pro-forma consolidated accounts of the Target Company (as if the Restructuring had been completed) as at 30th April 2018.
“Purchaser”	Henglilong Investments Limited 恒力隆投資有限公司, a company incorporated in the British Virgin Islands, the principal activity of which is investment holding.
“Purchaser’s Guarantor”	Mr. Chen Chang Wei 陳長偉, being the ultimate beneficial owner holding 100% interest in the Purchaser.
“Restructuring”	A group restructuring for the purpose of the Disposal.
“Sale and Purchase Agreement”	The sale and purchase agreement dated 15th June 2018 entered into between Swire Properties, the Seller, the Purchaser and the Purchaser’s Guarantor relating to the Sale Interest.
“Sale Interest”	The Sale Share and the Sale Loan.
“Sale Loan”	The loan which will be owing by the Target Company to the Seller as at Completion, if any.
“Sale Share”	10,000,000 issued shares of US\$1.00 par value per share in the capital of the Target Company, representing the entire issued share capital of the Target Company.
“Seller”	Improve Fame Limited, a wholly-owned subsidiary of Swire Properties incorporated in the British Virgin Islands, the principal activity of which is investment holding.

“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.

“Target Company” Thrive Power Limited, a company incorporated in the British Virgin Islands, the principal activity of which is investment holding.

By Order of the Board
SWIRE PACIFIC LIMITED
太古股份有限公司
David Fu
Company Secretary

Hong Kong, 15th June 2018

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SWIRE PROPERTIES LIMITED
太古地產有限公司
David Fu
Company Secretary

Hong Kong, 15th June 2018