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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 Inside Information

First half of 2020

On 17th February 2020, Swire Pacific Limited (“Swire Pacific”) announced that its recurring results for the first half of 2020 were likely to be materially worse than those for the first half of 2019. On 12th March 2020, it was stated in the 2019 annual results announcement of Swire Pacific that Swire Pacific expected to incur a recurring loss in the first half of 2020. The purpose of this announcement is to give further information about the financial performance of certain Swire Pacific group companies in the first half of 2020.

Swire Properties Limited (“Swire Properties”)

Swire Pacific holds 82% of the shares in Swire Properties. On 15th June 2020, Swire Properties announced that it expected that there would be a substantial decrease in the profit attributable to its shareholders for the six months ending 30th June 2020, as compared to the same period in 2019. The announcement of Swire Properties included the following paragraph.

“It is expected that there will be a loss on revaluation of investment properties, net of deferred tax, of approximately HK\$2.6 billion in the first six months of 2020, compared with a profit on revaluation of investment properties, net of deferred tax, of approximately HK\$3.6 billion in the first six months of 2019. The loss principally reflects the effect of adverse market conditions and COVID-19 on the valuation of investment properties in Hong Kong and retail investment properties in the U.S.A. Profits on the sale of investment properties, which were significant in the first six months of 2019, are not expected to be significant in the first six months of 2020. The hotel interests, which recorded a profit in the first six months of 2019, are expected to make a loss in the first six months of 2020.”

Cathay Pacific Airways Limited (“Cathay Pacific”)

Swire Pacific holds 45% of the shares in Cathay Pacific. On 17th February 2020, Cathay Pacific announced that its financial results for the first half of 2020 would be significantly down on the same period last year. On 11th March 2020, it was stated in the 2019 annual results announcement of Cathay Pacific that Cathay Pacific expected to incur a substantial loss in the first half of 2020. On 15th May 2020, Cathay Pacific announced a year to date (that is January to April) unaudited loss of HK\$4.5 billion at the full-service airline level (Cathay Pacific and Cathay Dragon). On 9th June 2020, Cathay Pacific announced a proposed HK\$39 billion recapitalization. It was stated in that announcement that Cathay Pacific had been losing cash at the rate of HK\$2.5-3.0 billion per month since February 2020. In an announcement on 12th June 2020, Cathay Pacific repeated its expectation of a substantial loss in the first half of 2020.

Swire Pacific Offshore Holdings Limited (“Swire Pacific Offshore”)

Demand for oil has fallen significantly this year, principally as a result of COVID-19. Business conditions in the offshore supply industry and the outlook for the industry have deteriorated substantially. All this has a significant influence on the value of Swire Pacific Offshore’s fleet. Accordingly, a review of the carrying value of the fleet has been undertaken. As a result of the review, impairment charges currently estimated at approximately HK\$4.3 billion are expected to be made against the consolidated profits of Swire Pacific for the first half of 2020. Swire Pacific Offshore is also expected to continue to make a recurring loss during the period.

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.

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.

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

Hong Kong, 15th June 2020