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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

Agreement to expand Coca-Cola franchise territory in the U.S.A. Letter of intent to acquire Coca-Cola production assets in the U.S.A.

Reference is made to the Company's announcement in April 2015 about a letter of intent entered into between Swire Coca-Cola, USA and The Coca-Cola Company, under which it was contemplated that Swire Coca-Cola, USA would be granted additional territory rights in Arizona (including the Phoenix and Tucson markets) subject to execution of definitive legal documentation.

On 24th September 2015, (i) Swire Coca-Cola, USA (as Purchaser) and Coca-Cola Refreshments USA, Inc. (as Seller) entered into the Distribution Sale and Purchase Agreement (under which the Purchaser conditionally agreed to acquire the Distribution Assets from the Seller), (ii) The Coca-Cola Company, the Seller and the Purchaser entered into the Comprehensive Beverage Agreement and (iii) The Coca-Cola Company and the Purchaser entered into the LOI, under which it is contemplated that the Purchaser will acquire the Production Assets from the Seller, subject to execution of definitive legal documentation.

The information in this announcement may be price sensitive. This announcement is accordingly being made under Part XIVA of the Securities and Futures Ordinance.

THE DISTRIBUTION SALE AND PURCHASE AGREEMENT dated 24th September 2015

Parties: Coca-Cola Refreshments USA, Inc. (as Seller)

Swire Pacific Holdings Inc. doing business as
Swire Coca-Cola, USA (as Purchaser)

Sale Interest: The Distribution Assets (which are in Arizona, including the Phoenix and Tucson markets, U.S.A.)

Consideration: US\$133.0 million, payable before completion (expected in the third quarter of 2016; US\$20.0 million of which is expected to be paid in 2018 upon the completion of the Production Transaction) and subject to adjustment.

Particulars of the Distribution Transaction and Related Transactions

Reference is made to the Company's announcement in April 2015 about a letter of intent entered into between Swire Coca-Cola, USA and The Coca-Cola Company, under which it was contemplated that Swire Coca-Cola, USA would be granted additional territory rights in Arizona (including the Phoenix and Tucson markets) subject to execution of definitive legal documentation.

On 24th September 2015, (i) Swire Coca-Cola, USA (as Purchaser) and Coca-Cola Refreshments USA, Inc. (as Seller) entered into the Distribution Sale and Purchase Agreement (under which the Purchaser conditionally agreed to acquire the Distribution Assets from the Seller), (ii) The Coca-Cola Company, the Seller and the Purchaser entered into the Comprehensive Beverage Agreement and (iii) The Coca-Cola Company and the Purchaser entered into the LOI, under which it is contemplated that the Purchaser will acquire the Production Assets from the Seller, subject to execution of definitive legal documentation.

Completion of the Distribution Transaction under the Distribution Sale and Purchase Agreement is conditional upon, among other things, the Seller and the Purchaser obtaining all necessary approvals and is expected to take place in the third quarter of 2016.

As a related transaction of a revenue nature in the ordinary and usual course of business of the Group, the Comprehensive Beverage Agreement sets out the terms (in substitution for those presently in place) on which the Purchaser is granted the rights to distribute beverage products in Arizona (including the Phoenix and Tucson markets) and (in substitution for those presently in place) on which the Purchaser is granted the rights to distribute such beverage products in the existing franchise territories in Denver and Colorado Springs. Under the Comprehensive Beverage Agreement, the Purchaser will make quarterly sub-bottler payments to the Seller in amounts equal to agreed percentages of the gross profits earned by the Purchaser from sales of certain Coca-Cola beverages in Arizona, from which will be deducted a fixed quarterly rebate calculated by reference to the earnings before interest, taxes, depreciation and amortisation earned by the Seller from such sales in the 12 months before completion of the Distribution Transaction. The Purchaser estimates that the net present value (which will be subject to adjustment) of such quarterly payments (after deducting such quarterly rebates) will be US\$121.9 million. The Purchaser will account for such net present value as a contingent liability.

Under the LOI, it is contemplated that the Purchaser will acquire the Production Assets from the Seller, subject to the execution of definitive legal documentation. These assets are in or relate to existing franchise territories of the Purchaser in Denver and Colorado Springs as well as Arizona. It is also contemplated that Swire Coca-Cola, USA will become a member of Coca-Cola's U.S. National Product Supply

Group that will administer key national product supply activities. It is intended that the Production Sale and Purchase Agreement relating to the acquisition of the Production Assets will be entered into in the next 12 months and will be completed in 2018.

Financial Matters

As at 31st December 2014, the net asset value attributable to the Distribution Assets was approximately US\$64.0 million.

For the year ended 31st December 2014, the net profits before and after taxation attributable to the Distribution Assets were approximately US\$34.4 million and US\$21.1 million respectively.

For the year ended 31st December 2013, the net profits before and after taxation attributable to the Distribution Assets were approximately US\$30.3 million and US\$18.6 million respectively.

For the year ended 31st December 2014, the sales revenue attributable to the Distribution Assets was approximately US\$374.7 million. During the same period the sales revenue of Swire Coca-Cola, USA was approximately US\$638.0 million.

The Distribution Transaction will result in Swire Coca-Cola, USA expanding its franchise territories in Arizona and will increase its franchise population in the U.S.A. from approximately 11.2 million to 17.5 million.

The consideration for the sale and purchase of the Distribution Assets was determined after arm's length negotiation between the parties and having regard to the matters referred to under "Financial Matters" above.

Reasons for, and benefits of, the Distribution Transaction

The acquisition of rights to distribute Coca-Cola beverages in additional territories in Arizona will expand the Group's beverages business in the U.S.A. The Directors consider that the terms of the Distribution Transaction are fair and reasonable and in the interests of the shareholders as a whole.

Compliance with the Listing Rules

The Company confirms that, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Seller and its ultimate beneficial owner are third parties independent of and not connected with Swire Pacific or any of its connected persons.

As the highest of the relevant percentage ratios under Rule 14.07 of the Listing Rules for the Distribution Transaction is below 5%, the Distribution Transaction does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing

Rules.

As the highest of the relevant percentage ratios under Rule 14.07 of the Listing Rules for the Distribution Transaction and, if it is entered into, the Production Transaction contemplated by the LOI may, in aggregate, be above 5% (but will in any event be less than 25%), the Distribution Transaction and the Production Transaction may together constitute a discloseable transaction for the Company under the Listing Rules. If this happens, the Company will comply with the disclosure requirements under Chapter 14 of the Listing Rules.

This announcement is issued by the Company pursuant to Part XIVA of the Securities and Futures Ordinance.

Investors are advised to exercise caution in dealing in shares of Swire Pacific Limited.

Directors

As at the date of this announcement, the Directors of the Company are:

Executive Directors: J.R. Slosar (Chairman), G.M.C. Bradley, I.K.L. Chu, M. Cubbon, J.B. Rae-Smith, I.S.C. Shiu, A.K.W. Tang;

Non-Executive Directors: P.A. Johansen, M.B. Swire, S.C. Swire; and

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

Definitions

“Company” or “Swire Pacific” Swire Pacific Limited 太古股份有限公司, an investment holding company incorporated in Hong Kong and listed on the Stock Exchange, the subsidiaries, joint venture companies and associated companies of which are engaged in property, aviation, beverages, marine services and trading and industrial businesses.

“Comprehensive Beverage Agreement” The agreement between the The Coca-Cola Company, the Seller and the Purchaser dated 24th September 2015 which contains the rights granted by the Seller to the Purchaser to distribute beverage products of The Coca-Cola Company in Arizona (including the Phoenix and Tucson markets) and (in substitution for those presently in place) on which the Purchaser is granted the rights to distribute such beverage products in the existing franchise territories in Denver and Colorado Springs.

“Directors” The directors of Swire Pacific.

“Distribution Assets”	Certain distribution assets and working capital for the sale of beverages products of The Coca-Cola Company in Arizona (including the Phoenix and Tucson markets), U.S.A.
“Distribution Sale and Purchase Agreement”	The sale and purchase agreement dated 24th September 2015 entered into between the Seller and the Purchaser relating to the Distribution Assets.
“Distribution Transaction”	The transaction to be effected by and in accordance with the Distribution Sale and Purchase Agreement.
“Group”	The Company and its subsidiaries.
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
“LOI”	A non-binding letter of intent dated 24th September 2015 between The Coca-Cola Company and the Purchaser, under which it is contemplated that the Purchaser should enter into the Production Sale and Purchase Agreement and acquire the Production Assets from the Seller.
“Production Assets”	Certain manufacturing assets, working capital and associated manufacturing and packaging rights for the manufacture and sale of beverages products of The Coca-Cola Company in Phoenix, Arizona and in Denver, Colorado.
“Production Sale and Purchase Agreement”	The sale and purchase agreement intended to be entered into between the Seller and the Purchaser relating to the Production Assets.
“Production Transaction”	The transaction to be effected by and in accordance with the Production Sale and Purchase Agreement.
“Purchaser” or “Swire Coca-Cola, USA”	Swire Pacific Holdings Inc. doing business as Swire Coca-Cola, USA, a corporation incorporated in the State of Delaware, U.S.A. and a wholly-owned subsidiary of Swire Pacific, whose principal activities are manufacture and sale of non-alcoholic beverages.
“Seller”	Coca-Cola Refreshments USA, Inc., a corporation incorporated in the State of Delaware, U.S.A. and a wholly-owned subsidiary of The Coca-Cola Company, whose principal activities are manufacture and sale of non-alcoholic beverages.
“Stock Exchange”	The Stock Exchange of Hong Kong Limited 香港聯合交易所有限公司.

“The Coca-Cola Company” The Coca-Cola Company, a corporation incorporated in the State of Delaware, U.S.A. and headquartered in Atlanta, Georgia, U.S.A., whose shares are listed on the New York Stock Exchange and which is an American multinational beverage corporation and manufacturer, retailer and marketer of non-alcoholic beverage concentrates and syrups.

“Transaction” The Distribution Transaction and the Production Transaction.

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

Hong Kong, 24th September 2015