

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

## **SWIRE PACIFIC LIMITED**

**太古股份有限公司**

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

### **Announcement**

### **Discloseable Transaction**

### **Agreement to expand Coca-Cola franchise territory and acquisition of Distribution Assets and Production Assets in the Pacific Northwest, U.S.A.**

Reference is made to the announcement issued by the Company on 19th February 2016 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 the Pacific Northwest of the United States by a wholly owned subsidiary of The Coca-Cola Company, subject to execution of definitive legal documentation.

On 30th October 2016, the Sale and Purchase Agreements were entered into. Under or pursuant to them, Swire Coca-Cola, USA was conditionally granted the additional territory rights referred to above and conditionally agreed to acquire the Distribution Assets and the Production Assets. These assets are in or relate to the states of Washington, Oregon and Idaho (including the cities of Seattle and Spokane in Washington and the city of Portland in Oregon).

The Transactions constitute a discloseable transaction of the Company under the Listing Rules. As such, the Transactions are subject to the announcement requirement but are exempt from the circular (including accountants' report) and shareholders' approval requirements under Chapter 14 of the Listing Rules.

**THE SALE AND PURCHASE AGREEMENTS** dated 30th October 2016

Parties: Coca-Cola Refreshments USA, Inc. and  
BCI Coca-Cola Bottling Company of Los Angeles (as Sellers)

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

Sale Interest: The Distribution Assets and the Production Assets (which are in or  
relate to the states of Washington, Oregon and Idaho)

Consideration: US\$170.1 million (subject to adjustment)

**Particulars of the Transactions and Related Transaction**

Reference is made to the announcement issued by the Company on 19th February 2016 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 the Pacific Northwest of the United States by a wholly owned subsidiary of The Coca-Cola Company, subject to execution of definitive legal documentation.

On 30th October 2016, the Sale and Purchase Agreements were entered into. Under or pursuant to them, Swire Coca-Cola, USA was conditionally granted the additional territory rights referred to above and conditionally agreed to acquire the Distribution Assets and the Production Assets. These assets are in or relate to the states of Washington, Oregon and Idaho (including the cities of Seattle and Spokane in Washington and the city of Portland in Oregon).

Completion of the Transactions under the Sale and Purchase Agreements is conditional upon, among other things, the Sellers and the Purchaser obtaining all necessary approvals and is expected to take place in 2017.

As a related transaction of a revenue nature in the ordinary and usual course of business of the Group, the Purchaser will make quarterly sub-bottler payments to one of the Sellers in amounts equal to agreed percentages of the gross profits earned by the Purchaser from sales of certain Coca-Cola and other permitted beverages in the territories to which the Sale and Purchase Agreements relate, from which will be deducted a fixed quarterly rebate calculated by reference to the earnings before interest, taxes, depreciation and amortisation earned by the Sellers from such sales in the 12 months before completion of the Transactions. The Purchaser estimates that the net present value (which will be subject to adjustment) of such quarterly sub-bottler payments (after such rebates) will be US\$7.9 million. The Purchaser will account for such net present value as a contingent liability.

**Financial Matters**

As at 31st December 2015, the net asset value attributable to the Distribution Assets and the Production Assets was approximately US\$170.1 million.

For the year ended 31st December 2015, the net profits before and after taxation attributable to the Distribution Assets and the Production Assets were approximately US\$16.9 million and US\$10.4 million respectively.

For the year ended 31st December 2014, the net profits before and after taxation attributable to the Distribution Assets and the Production Assets were approximately US\$16.5 million and US\$10.1 million respectively.

For the year ended 31st December 2015, the sales revenue attributable to the Distribution Assets and the Production Assets was approximately US\$493.8 million. During the same period the sales revenue of Swire Coca-Cola, USA was approximately US\$769.5 million.

The Transactions will result in Swire Coca-Cola, USA expanding its franchise territories in the states of Washington, Oregon and Idaho (including the cities of Seattle and Spokane in Washington and the city of Portland in Oregon) and will increase its franchise population in the U.S.A. from approximately 19 million to 28.6 million.

The consideration for the sale and purchase of the Distribution Assets and the Production 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 Transactions**

The acquisition of rights to distribute and produce Coca-Cola beverages in additional territories in the states of Washington, Oregon and Idaho will expand the Group's beverages business in the U.S.A. The Directors consider that the terms of the Transactions 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 Sellers and their 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 Transactions is more than 5% but less than 25%, the Transactions constitute a discloseable transaction of the Company under the Listing Rules. As such, the Transactions are subject to the announcement requirement but are 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 the Company are:

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

Non-Executive Directors: 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**

<b>“Company” or “Swire Pacific”</b>	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.
<b>“Directors”</b>	The directors of Swire Pacific.
<b>“Distribution Assets”</b>	The assets of the Sellers related to or used in connection with the marketing, promotion, distribution and sale of Coca-Cola and other beverage products in the states of Washington, Oregon and Idaho (including the cities of Seattle and Spokane in Washington and the city of Portland in Oregon), including an intangible asset relating to the right to distribute certain other permitted beverage products.
<b>“Group”</b>	The Company and its subsidiaries.
<b>“Listing Rules”</b>	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
<b>“Production Assets”</b>	The assets of the Sellers related to or used in connection with the manufacturing or production of Coca-Cola and other beverage products in the states of Washington, Oregon and Idaho (including the cities of Seattle and Spokane in Washington and the city of Portland in Oregon).
<b>“Purchaser” or “Swire Coca-Cola, USA”</b>	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 the manufacture and sale of non-alcoholic beverages.

- “Sale and Purchase Agreements”** The sale and purchase agreements dated 30th October 2016 entered into between the Sellers and the Purchaser relating to the Distribution Assets and the Production Assets.
- “Sellers”** Coca-Cola Refreshments USA, Inc. and BCI Coca-Cola Bottling Company of Los Angeles (each of the foregoing being wholly owned subsidiaries of The Coca-Cola Company incorporated in the State of Delaware, U.S.A. and engaged in some or all of the manufacturing, production, marketing, promotion, and sale of Coca-Cola and other beverage products).
- “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.
- “Transactions”** The transactions to be effected under and pursuant to the Sale and Purchase Agreements.

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

Hong Kong, 31st October 2016