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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: 01972)

Discloseable Transaction

Formation of Joint Venture for Investment in Target Company and Grant of Linlian Call Option

Formation of Joint Venture for Investment in Target Company

On the date of this joint announcement, Shiny Harbour (a wholly-owned subsidiary of Swire Properties) was notified of the success of the Bid made by Shiny Harbour and the JV Partner Subsidiaries at the Listing-for-sale for their investment in the Target Company by way of capital contributions. The principal asset of the Target Company comprises the land use rights in respect of the Property located at Tuofangying Village, Jiangtai Township, Chaoyang, Beijing.

Grant of Linlian Call Option

As part of the Transaction, Swire China (a wholly-owned subsidiary of Swire Properties) has granted SOG China the Linlian Call Option, which gives SOG China the right to acquire (by itself or through any of its affiliates) Swire China's entire 50% interest in Linlian at the Exercise Price.

Listing Rules Implications

As the highest percentage ratio under Rule 14.07 of the Listing Rules for the Transaction for each of the Companies is more than 5% and less than 25%, the Transaction constitutes a discloseable transaction for each of the Companies under the Listing Rules. Accordingly, the Transaction is subject to the announcement requirement but is exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Swire China's grant of the Linlian Call Option is required under Rule 14.74(1) of the Listing Rules to be classified upon its grant as if it had been exercised. As the highest percentage ratio under Rule 14.07 of the Listing Rules for Swire China's grant of the Linlian Call Option for Swire Pacific

is more than 5% and less than 25%, Swire China's grant of the Linlian Call Option constitutes a discloseable transaction for Swire Pacific under the Listing Rules. Accordingly, for Swire Pacific, Swire China's grant of the Call Option is subject to the announcement requirement but is exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

FORMATION OF JOINT VENTURE FOR INVESTMENT IN THE TARGET COMPANY

On the date of this joint announcement, Shiny Harbour (a wholly-owned subsidiary of Swire Properties) was notified of the success of the Bid made by Shiny Harbour and the JV Partner Subsidiaries at the Listing-for-sale for their investment in the Target Company by way of capital contributions. The principal asset of the Target Company comprises the land use rights in respect of the Property.

THE PROPERTY

The Property comprises two parcels of land (being Lot 627 and Lot 628 granted to the Target Company pursuant to the land grant contracts dated 9th July 2020 entered into between the Target Company and the Beijing Municipal Commission of Planning and Resources (北京市規劃和自然資源委員會)) of 34,000 square metres and 44,298.68 square metres, respectively, at Tuofangying Village, Jiangtai Township, Chaoyang, Beijing. Pursuant to such land grant contracts, the Property is zoned for greenbelt development (綠隔產業), including commercial, office, underground parking and underground storage uses. The Property is currently vacant with land levelling works being carried out on it.

The Property is located near to INDIGO, a mixed-use development comprising a shopping mall, a Grade-A office tower and a hotel situated south of Jiangtai Road and east of Jiuxianqiao Road in Chaoyang, Beijing. It is currently envisaged that the Property will be developed into an office-led, mixed-use extension of INDIGO with an expected total gross floor area of approximately 393,550 square metres (excluding car parks), and will comprise a shopping mall, office towers and a hotel.

PRINCIPAL TERMS OF THE TRANSACTION

The principal terms of the Transaction are summarised as follows:

Capital Increase Agreement

As at the date of this joint announcement, the registered capital of the Target Company is RMB10,000,000 and the Target Company is wholly owned by the Existing Shareholder. Pursuant to the terms of the Listing-for-sale, the New Shareholders, the Existing Shareholder and the Target Company entered into the Capital Increase Agreement on the date of this joint announcement. Pursuant to the Capital Increase Agreement, Shiny Harbour and the JV Partner Subsidiaries will contribute capital to the Target Company in the amounts of RMB3,325,000,000 and RMB6,165,000,000 (with RMB10,270,800 of the latter being deemed to be contributed by the Existing Shareholder), respectively.

Upon completion of such capital contributions, the registered capital of the Target Company will be RMB9,500,000,000, of which RMB3,325,000,000 (representing 35% of the total equity interest in the Target Company) will be attributable to Shiny Harbour, RMB6,154,729,200 (representing 64.79% of the total equity interest in the Target Company) will be attributable to the JV Partner Subsidiaries and RMB20,270,800 (representing 0.21% of the total equity interest in the Target Company) will be attributable to the Existing Shareholder. Accordingly, Shiny Harbour, the JV Partner Subsidiaries and the Existing Shareholder will hold 35%, 64.79% and 0.21%, respectively, of the Target Company upon completion of such capital contributions.

Such capital contributions are to be made by the New Shareholders in cash to the Target Company in the following instalments:

- (i) the JV Partner Subsidiaries will make at least 30% of their capital contributions within 30 days of the date of the Capital Increase Agreement;
- (ii) Shiny Harbour will make at least 30% of its capital contributions within 30 days of the completion of the registration of the New Shareholders as shareholders of the Target Company; and
- (iii) the New Shareholders are to make the remainder of their respective capital contributions within 180 days of the completion of the registration of the New Shareholders as shareholders of the Target Company and in any event before 19th May 2021.

Shiny Harbour's capital contribution to the Target Company is expected to be funded by Swire Properties' internal resources.

Shareholders' Agreement

Pursuant to the terms of the Listing-for-sale, the New Shareholders and the Existing Shareholder entered into the Shareholders' Agreement on the date of this joint announcement. The principal terms of the Shareholders' Agreement are summarised as follows:

Total investment amount

The total investment amount of the Target Company is RMB23,000,000,000.

The total investment amount of the Target Company was determined after arm's length negotiation between the New Shareholders in arriving at the Bid, with reference to the consideration for the land use rights in respect of the Property and the estimated capital needs of the development of the Property. The total investment amount may be changed by a decision of the shareholders holding not less than two-thirds of the total voting rights in the Target Company.

Business of the Target Company

The principal asset of the Target Company comprises the land use rights in respect of the Property. The Target Company will be principally engaged in the development of the Property and the operation and management of the Development.

Term of the Target Company

The Target Company is to have a term of 30 years from its date of incorporation, being 8th July 2015. If approved by the shareholders holding not less than two-thirds of the total voting rights in the Target Company at a general meeting, the Target Company shall apply to the relevant authority for an extension of its term.

Financing

In addition to the capital contributions to be made by the New Shareholders pursuant to the Capital Increase Agreement, the New Shareholders and the Existing Shareholder are obliged under the Shareholders' Agreement to provide (or cause to be provided) to the Target Company shareholder loans in an aggregate principal amount of not more than RMB2,600,000,000 on a pro-rata basis in proportion to their respective equity interests in the Target Company. Accordingly, Shiny Harbour's portion of such shareholder loans to be provided (or caused to be provided) will not exceed RMB910,000,000, which is expected to be funded by Swire Properties' internal resources.

If the Target Company requires further funding for the development of the Property or for its working capital, such further funding is intended to be financed primarily by external debt financing from banks or financial institutions. If necessary, Swire Properties and the JV Partner will guarantee the Target Company's obligations in respect of such external debt financing on a pro-rata basis in proportion to their respective equity interests in the Target Company. If and to the extent that the Target Company is not able to obtain sufficient external debt financing, the New Shareholders and the Existing Shareholder will inject additional capital or provide (or cause to be provided) additional shareholder loans to the Target Company on a pro-rata basis in proportion to their respective equity interests in the Target Company.

Governance

A resolution at a general meeting of the Target Company shall be passed by its shareholders holding not less than two-thirds of the total voting rights in the Target Company.

The board of directors of the Target Company comprises eight directors. Shiny Harbour is entitled to appoint four directors and the JV Partner Subsidiaries together are entitled to appoint four directors. A resolution at a board meeting of the Target Company shall be passed by no less than six directors. The Target Company will have one supervisor, who will be appointed by the Existing Shareholder.

Third-Party Investor

The JV Partner Subsidiaries will use their best endeavors to identify and procure a third party acceptable to Shiny Harbour and the JV Partner Subsidiaries (a "**Third-Party Investor**") to invest in the Target Company by way of an acquisition from the JV Partner Subsidiaries of a 29.79% equity interest in the Target Company (together with the corresponding shareholder loan) such that Shiny Harbour, the JV Partner Subsidiaries, the Third-Party Investor and the Existing Shareholder will hold 35%, 35%, 29.79% and 0.21%, respectively, of the equity interest in the Target Company. Such acquisition by the Third-Party Investor shall be subject to Shiny Harbour's

right of last refusal such that Shiny Harbour may reject such acquisition (in which case, such acquisition shall not happen) and/or require the JV Partner Subsidiaries to sell to Shiny Harbour a 14.895% equity interest in the Target Company (together with the corresponding shareholder loan) on the same terms (in which case, Shiny Harbour, the JV Partner Subsidiaries and the Existing Shareholder will hold 49.895%, 49.895% and 0.21%, respectively, of the equity interest in the Target Company).

Restrictions on transfers

During the Lock-up Period, no transfer of any New Shareholder's equity interest in the Target Company or the corresponding shareholder loan (other than an intra-group transfer and a transfer by the JV Partner Subsidiaries to a Third-Party Investor (or, as the case may be, to Shiny Harbour pursuant to its right of last refusal referred to above)) may happen without the unanimous approval of the shareholders of the Target Company. After the expiry of the Lock-up Period, any transfer of any New Shareholder's equity interest in the Target Company or the corresponding shareholder loan (other than an intra-group transfer, a transfer by the JV Partner Subsidiaries to a Third-Party Investor (or, as the case may be, to Shiny Harbour pursuant to its right of last refusal referred to above) and a transfer pursuant to any exercise of the Call Option) will be subject to the other shareholders' right of first refusal.

No transfer of the Existing Shareholder's equity interest in the Target Company or the corresponding shareholder loan (other than an intra-group transfer) may happen, whether during or after the Lock-up Period, without the unanimous approval of the shareholders of the Target Company.

Shiny Harbour's Call Option

For so long as the Target Company is owned by Shiny Harbour, the JV Partner Subsidiaries and the Existing Shareholder as to 35%, 64.79% and 0.21%, respectively, Shiny Harbour has a call option to acquire from the JV Partner Subsidiaries a 14.895% equity interest in the Target Company (together with the corresponding shareholder loan) (the "**Call Option**"). Upon completion of the exercise of the Call Option, Shiny Harbour will, and the JV Partner Subsidiaries will together, each own a 49.895% equity interest in the Target Company.

Shiny Harbour may exercise the Call Option after the third anniversary of the official opening of the Development as long as the total rental income attributable to the Property for the 12 month period immediately preceding the exercise of the Call Option is higher than the total rental income attributable to the Property for any earlier 12 month period after the official opening of the Development.

The exercise price for the Call Option shall be determined by reference to the average of the valuations of the Target Company by two valuers to be appointed by the New Shareholders respectively.

No premium is payable for the grant of the Call Option.

Shiny Harbour's tag-along right

Before the JV Partner Subsidiaries sell any of their equity interest in the Target Company to a purchaser (which is not Shiny Harbour, the Existing Shareholder or a Third-Party Investor), Shiny Harbour will be entitled to require such purchaser to purchase the same proportion of its equity interest in the Target Company (together with the corresponding shareholder loan) on the terms available to the JV Partner Subsidiaries.

Guarantees

Pursuant to the terms of the Listing-for-sale, (a) Swire Properties has given the Existing Shareholder and the Target Company a guarantee of Shiny Harbour's performance of the obligations undertaken by it as a shareholder of the Target Company, including its obligations to pay its capital contribution and to provide (or cause to be provided) shareholder loans and (b) a similar guarantee has been given by the JV Partner to the Existing Shareholder and the Target Company in respect of the same obligations of the JV Partner Subsidiaries.

Existing Shareholder Portion

Pursuant to the terms of the Listing-for-sale, the Existing Shareholder will be entitled to the economic benefits attributable to a specific portion of the Development with a gross floor area of 20,000 square metres (the "**Existing Shareholder Portion**") and will be liable for the costs of the development of the Existing Shareholder Portion. The Existing Shareholder Portion will be part of the office portion of the Development. Within 30 days of the completion of the final inspection of such office portion, the Target Company will apply to the relevant authority for the transfer to the Existing Shareholder of the title to the Existing Shareholder Portion. The Target Company will develop, lease and manage the Existing Shareholder Portion as part of the Development.

Linlian Call Option

Swire China and SOG China entered into the MOU on 15th December 2020 in respect of their agreement to submit the Bid. On the same date, each of Swire China and SOG China as grantor (the "**Grantor**") has, pursuant to the MOU, granted a call option (the "**Linlian Call Option**") to the other as grantee (the "**Grantee**") which gives the Grantee the right to acquire (by itself or through any of its affiliates) the Grantor's entire 50% interest in Linlian (comprising an equity interest and loans) at the Exercise Price of RMB2,700,000,000. The Exercise Price was determined after arm's length negotiation between Swire China and the SOG China by reference to the current fair value of Linlian. No premium is payable for the grant of the Linlian Call Option.

The Linlian Call Option may be exercised only if (a) the relevant affiliate of the Grantor has failed to perform its obligation to pay its Capital Commitment and (b) the relevant affiliate of the Grantee has notified the Existing Shareholder and the relevant affiliate of the Grantor of its agreement to pay the Capital Commitment on behalf of the relevant affiliate of the Grantor (the "**Relevant Payment**") (in which case, for the avoidance of doubt, the capital contribution so paid by the relevant affiliate of the Grantee would remain attributable to the relevant affiliate of the Grantor).

If the Linlian Call Option is exercised and:

- (a) the Relevant Payment is equal to the Exercise Price, no exercise price will be payable by the Grantee upon such exercise;
- (b) the Relevant Payment exceeds the Exercise Price, the Grantor shall pay the Grantee the amount of such excess and no exercise price will be payable by the Grantee upon such exercise; or
- (c) the Relevant Payment is less than the Exercise Price, the exercise price payable by the Grantee upon such exercise will be the difference between the Exercise Price and the Relevant Payment. If Swire China is the Grantor in such case, the proceeds of such payment will be applied towards the general working capital requirements of Swire Properties.

In the event that the Linlian Call Option becomes exercisable by SOG China and is exercised by SOG China, it is estimated that Swire Properties would recognise in its consolidated income statement a gain before tax of approximately HK\$591,000,000 (on a statutory basis) as if the Linlian Call Option was exercised today. It is estimated that Swire Pacific would recognise in its consolidated income statement a gain before tax of approximately HK\$484,620,000 (on a statutory basis) in respect of its 82% interest in Swire Properties as if the Linlian Call Option was exercised today. The actual gain or loss as a result of SOG China's exercise of the Linlian Call Option will be calculated as at the date of SOG China's exercise of the Linlian Call Option.

FURTHER INFORMATION RELATING TO THE TARGET COMPANY

Based on the audited financial statements (under generally accepted accounting principles in the Chinese mainland) of the Target Company as at 31st July 2020, the net liabilities of the Target Company as at 31st July 2020 were approximately RMB42,000,000. Based on the audited financial statements of the Target Company for each of the two years ended 31st December 2018 and 31st December 2019, its net loss (whether before or after taxation and extraordinary items) for the year ended 31st December 2018 was RMB1,100,000 and its net profits (whether before or after taxation and extraordinary items) for the year ended 31st December 2019 were RMB300,000.

FURTHER INFORMATION RELATING TO LINLIAN

Linlian is a company incorporated in the Chinese mainland which is indirectly held by each of Swire Properties and the JV Partner as to 50%. The principal asset of Linlian is INDIGO.

Based on the audited financial statements (under generally accepted accounting principles in the Chinese mainland) of Linlian as at 31st December 2019, the net asset value of Linlian as at 31st December 2019 was approximately RMB1,465,400,000. Based on the audited financial statements of Linlian for each of the two years ended 31st December 2018 and 31st December 2019, its net profits (before taxation and extraordinary items) for the years ended 31st December 2018 and 31st December 2019 were RMB107,900,000 and RMB110,400,000, respectively, and its net profits (after taxation and extraordinary items) for the years ended 31st December 2018 and 31st December 2019 were RMB107,900,000 and RMB103,600,000, respectively.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Property is located near to INDIGO, a mixed-use development comprising a shopping mall, a Grade-A office tower and a hotel situated south of Jiangtai Road and east of Jiuxianqiao Road in Chaoyang, Beijing, in which Swire Properties indirectly holds a 50% equity interest. The Property is expected to be developed into an office-led, mixed-use extension of INDIGO with an expected total gross floor area of approximately 393,550 square metres (excluding car parks), and is expected to comprise a shopping mall, office towers and a hotel, which will complement INDIGO and generate synergies as a result. The Transaction is in line with Swire Properties' key strategies to continue to focus on development in the Chinese mainland and transformational mixed-use projects in urban areas, and is expected to enhance the long-term value of Swire Properties' overall portfolio.

The directors of Swire Pacific consider that the terms of the Transaction are fair and reasonable and in the interests of Swire Pacific and its shareholders as a whole.

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COMPLIANCE WITH LISTING RULES

Each Company confirms that, to the best of its directors' knowledge, information and belief having made all reasonable enquiries, the JV Partner, the Existing Shareholder and the Target Company and their respective ultimate beneficial owners are third parties independent of and not connected with that Company or any of its connected persons.

As the highest percentage ratio under Rule 14.07 of the Listing Rules in respect of the Transaction for each of the Companies is more than 5% and less than 25%, the Transaction constitutes a discloseable transaction for each of the Companies under the Listing Rules. Accordingly, the Transaction is subject to the announcement requirement but is exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Swire China's grant of the Linlian Call Option is required under Rule 14.74(1) of the Listing Rules to be classified upon its grant as if it had been exercised. As the highest of the relevant percentage ratios under Rule 14.07 of the Listing Rules for Swire China's grant of the Linlian Call Option for Swire Pacific is more than 5% and less than 25%, Swire China's grant of the Linlian Call Option constitutes a discloseable transaction for Swire Pacific under the Listing Rules. Accordingly, for Swire Pacific, Swire China's grant of the Linlian Call Option is subject to the announcement requirement but is exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules. (For the avoidance of doubt, the highest of the relevant percentage ratios under Rule 14.07 of the Listing Rules for Swire China's grant of the Linlian Call Option for Swire Properties is less than 5%. Accordingly, Swire China's grant of the Linlian Call Option does not constitute a discloseable transaction or any other notifiable transaction for Swire Properties under the Listing Rules.)

Each of the Companies will comply with the reporting, announcement and shareholders' approval requirements under the Listing Rules (to the extent that such requirements are applicable) if and when any of the following occurs:

- (a) the Call Option is exercised;
- (b) the Linlian Call Option is exercised (whether by Swire China or by SOG China); and
- (c) Shiny Harbour exercises its right of last refusal to purchase from the JV Partner Subsidiaries a 14.895% equity interest in the Target Company (together with the corresponding shareholder loan).

Strict compliance with the announcement requirement under Chapter 14 of the Listing Rules would have required the Transaction to be announced on the date of the MOU. The Companies have applied to the Stock Exchange for, and have been granted, a waiver from strict compliance with such announcement requirement. On the basis of such waiver, the Companies publish this joint announcement in accordance with Rule 14.33B of the Listing Rules after Swire Properties has been notified of the success of the Bid. Such waiver has been granted on the following grounds.

1. Each Company is a “Qualified Issuer” (as defined under Rule 14.04(10B) of the Listing Rules).
2. The Transaction satisfies all the conditions of a Qualified Property Acquisition under Rule 14.33A of the Listing Rules for the following reasons.
 - a. The Target Company is a single purpose corporate vehicle for the holding of the land use rights in respect of the Property and the development of the Property, which is consistent with the purpose under the terms of the Listing-for-sale.
 - b. The terms of the Transaction are on an arm’s length basis and on normal commercial terms. Such terms include provisions that, without the unanimous consent of Swire Properties and the JV Partner:
 - i. the Target Company may not change the nature or scope of its business and if there are any such changes, the changes must still be consistent with the scope or purpose under the terms of the Listing-for-sale; and
 - ii. the Target Company may not enter into any transactions which are not on an arm’s length basis.
 - c. The board of each Company confirms that the Transaction is in that Company’s ordinary and usual course of business and that the Bid and the terms of the Transaction, including its financing and profit distribution arrangements, are on normal commercial terms, fair and reasonable and in the interests of that Company and its shareholders as a whole.
3. While the ultimate shareholder of the Existing Shareholder, the Jiangtai Government, is not specifically included in the list of governmental bodies in the definition of “PRC Governmental Body” in Rule 19A.04 of the Listing Rules, it is a governmental body pursuant to the Constitution of the People’s Republic of China and performs a governmental development function in respect of the Property for the benefit of the Jiangtai Township and its indigenous residents subject to the supervision by the Chaoyang Government, which is a PRC Governmental Body (as defined in Rule 19A.04 of the Listing Rules).

4. While the subject matter of the Listing-for-sale is not the Property but an equity interest in the Target Company, a distinction between an equity interest and the underlying land is immaterial. This is because the Target Company is a single purpose corporate vehicle for the holding of the land use rights to the Property and the development of the Property. An acquisition of the Target Company would be equivalent to an acquisition of the land use rights to the Property. In addition, the Target Company has no business other than the administration of the development of the Property and the financing of such development. The subject matter of the Listing-for-sale being an equity interest in the Target Company instead of the Property merely reflects the Jiangtai Government's intention to retain an interest in the Property in order to serve its governmental development function referred to above.
5. The Listing-for-sale was conducted pursuant to a competitive and fairly structured and established bidding process similar to the bidding process for transactions which qualify as Qualified Property Acquisitions.
6. Shiny Harbour and the JV Partner Subsidiaries as the successful bidder has had no discretion to change the pre-established terms of the Listing-for-sale.
7. It is common practice in the Chinese mainland to acquire a governmental land through a bidding process.
8. The strict application of Chapter 14 of the Listing Rules would have resulted in the Transaction not being feasible. This is because the Transaction would have been required under the Listing Rules to be announced before the Bid was confirmed to be the successful bid. Such premature announcement, in particular, of the price, would have eliminated the competitiveness of the Bid altogether and would have materially reduced the ability of Shiny Harbour and the JV Partner Subsidiaries to succeed at the Listing-for-sale.

DIRECTORS

As at the date of this joint 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.

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

Executive Directors: M.B. Swire (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; and

Independent Non-Executive Directors: L.K.L. Cheng, T.T.K. Choi, S.T. Fung, J.L. Wang and M.Y. Wu.

DEFINITIONS

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| “Bid” | The bid made by Shiny Harbour and the JV Partner Subsidiaries under the Listing-for-sale. |
| “Call Option” | Has the meaning given to it in the section headed “ <i>Shiny Harbour’s Call Option</i> ” of this joint announcement. |
| “Capital Commitment” | The capital contributions to be paid by the New Shareholders (in the amount of RMB3,325,000,000 in the case of Shiny Harbour and in the amount of RMB6,165,000,000 in the case of the JV Partner Subsidiaries), and the shareholder loans to be provided (or caused to be provided) by the New Shareholders (not exceeding RMB910,000,000 in the case of Shiny Harbour and not exceeding RMB1,684,540,000 in the case of the JV Partner Subsidiaries), in each case, to the Target Company pursuant to the terms of the Listing-for-sale. |
| “Capital Increase Agreement” | The capital increase agreement entered into between the New Shareholders, the Existing Shareholder and the Target Company on the date of this joint announcement in relation to the New Shareholders’ capital contributions to the Target Company. |
| “Chaoyang” | Chaoyang (朝陽區), Beijing. |
| “Chaoyang Government” | The People’s Government of Chaoyang (朝陽區人民政府). |
| “Chinese mainland” | The People’s Republic of China (for the purpose of this joint announcement only, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan). |
| “Companies” | Swire Pacific and Swire Properties. |
| “Development” | The extension of INDIGO comprising a shopping mall, office towers and a hotel to be developed at the Property. |
| “Exercise Price” | The consideration for the Grantor’s 50% interest in Linlian, being RMB2,700,000,000, if the Grantee exercises the Linlian Call Option. |
| “Existing Shareholder” | Beijing Xingtai Hongxin Asset Management Co., Ltd.* (北京星泰泓信資產管理有限公司), a company established in the Chinese mainland with limited liability, which is wholly owned by the Jiangtai Government. |

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| “Existing Shareholder Portion” | Has the meaning given to it in the section headed “ <i>Existing Shareholder Portion</i> ” of this joint announcement. |
| “Grantee” | Has the meaning given to it in the section headed “ <i>Linlian Call Option</i> ” of this joint announcement. |
| “Grantor” | Has the meaning given to it in the section headed “ <i>Linlian Call Option</i> ” of this joint announcement. |
| “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. |
| “INDIGO” | A mixed-use development comprising a shopping mall, a Grade-A office tower and a hotel situated south of Jiangtai Road and east of Jiuxianqiao Road in Chaoyang, Beijing. |
| “Jiangtai Township” | Jiangtai Township (將台鄉), Chaoyang, Beijing. |
| “Jiangtai Government” | The People’s Government of Jiangtai Township (將台鄉人民政府). |
| “JV Partner” | Sino-Ocean Group Holding Limited (遠洋集團控股有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 03377). The business scope of the JV Partner and its subsidiaries covers residential and integrated development, property development and operation, business collaboration and customer services. |
| “JV Partner Subsidiaries” | Beijing Yingyu Enterprise Management Consulting Co., Ltd.* (北京穎煜企業管理諮詢有限公司) and Tianjin Yigangtong Enterprise Management Co., Ltd.* (天津頤港通企業管理有限公司), both being wholly-owned subsidiaries of the JV Partner incorporated in the Chinese mainland with limited liability, the principal activity of both of which is investment holding. |
| “Linlian” | Beijing Linlian Real Estate Company Limited (北京麟聯置業有限公司), a company incorporated in the Chinese mainland, which is indirectly held by each of Swire China and SOG China as to 50% and the principal asset of which comprises INDIGO. The principal activity of Linlian is property investment. |
| “Linlian Call Option” | Has the meaning given to it in the section headed “ <i>Linlian Call Option</i> ” of this joint announcement. |
| “Listing Rules” | The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. |

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| “Listing-for-sale” | The public listing-for-sale for a 99.79% the equity interest in the Target Company conducted on the Beijing Rural Area Equity Exchange* (北京農村產權交易所), an indirect subsidiary of Beijing Capital Group Co., Ltd, which is a state-owned enterprise under the supervision of the State-owned Assets Supervision and Administration Commission of the People’s Government of Beijing. |
| “Lock-up Period” | The period from the date of the Shareholders’ Agreement to the date of completion of the Development. |
| “MOU” | The memorandum of understanding on cooperation entered into between Swire China and SOG China on 15th December 2020 in respect of their agreement to submit the Bid. |
| “New Shareholders” | Shiny Harbour and the JV Partner Subsidiaries. |
| “Property” | The two parcels of land (namely Lot 627 and Lot 628 under the land grant contracts dated 9th July 2020 entered into between the Target Company and the Beijing Municipal Commission of Planning and Resources (北京市規劃和自然資源委員會)) of 34,000 square metres and 44,298.68 square metres respectively located at Tuofangying Village, Jiangtai Township, Chaoyang, Beijing. |
| “Relevant Payment” | Has the meaning given to it in the section headed “ <i>Linlian Call Option</i> ” of this joint announcement. |
| “RMB” | Renminbi, the lawful currency of Chinese mainland. |
| “Shareholders’ Agreement” | The shareholders’ agreement entered into between the New Shareholders and the Existing Shareholder on the date of this joint announcement in relation to the Target Company. |
| “Shiny Harbour” | Shiny Harbour Limited, a wholly-owned subsidiary of Swire Properties incorporated in Hong Kong with limited liability, the principal activity of which is investment holding. |
| “SOG China” | Sino-Ocean Holding Group (China) Limited (遠洋控股集團(中國)有限公司), a wholly-owned subsidiary of the JV Partner incorporated in the Chinese mainland with limited liability, the principal activity of which is investment management and asset management. |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited 香港聯合交易所有限公司. |
| “Swire China” | Swire Properties China Holdings Limited (太古地產中國控股有限公司), a wholly-owned subsidiary of Swire Properties incorporated in |

the British Virgin Islands with limited liability, the principal activity of which is investment holding.

- “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”** Beijing Xingtaitonggang Properties Company Limited* (北京星泰通港置業有限公司), a company established in the Chinese mainland with limited liability.
- “Third-Party Investor”** Has the meaning given to it in the section headed “*Third-Party Investor*” of this joint announcement.
- “Transaction”** The formation of a joint venture pursuant to which Shiny Harbour will invest in a 35% interest in the Target Company.

By Order of the Board

SWIRE PACIFIC LIMITED
太古股份有限公司

St. John Flaherty
Company Secretary

Hong Kong, 18th December 2020

By Order of the Board

SWIRE PROPERTIES LIMITED
太古地產有限公司

St. John Flaherty
Company Secretary

Hong Kong, 18th December 2020

**for identification purpose only*