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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 a Joint Venture
for the Acquisition and Development of Land in Xi'an**

On 4th March 2022, the Swire Entity (a wholly-owned subsidiary of Swire Properties) and the Platform Company entered into the JV Articles for the formation of the JV Company. The JV Company is formed to acquire the land use rights of the Target Land located in Beilin District of Xi'an for a consideration of RMB2,575 million pursuant to the successful bid by the Consortium, comprising the Swire Entity and the Platform Company, for the same as confirmed in the Confirmation Letter entered into on 4th March 2022. The JV Company will acquire and hold such land use rights and will be principally engaged in the development of the Target Land.

The Swire Entity and the Platform Company will hold 70% and 30%, respectively, of the equity interests in the JV Company. The Swire Entity and the Platform Company are required to contribute RMB2,558 million and RMB1,096 million, respectively, to the registered capital of the JV Company.

The formation of the JV Company constitutes a discloseable transaction of each of Swire Pacific and Swire Properties under the Listing Rules. The acquisition by the JV Company of the Target Land also constitutes a discloseable transaction of Swire Pacific under the Listing Rules. 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.

THE TRANSACTION

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The registered capital of the JV Company will be RMB3,654 million. The Swire Entity and the Platform Company will hold 70% and 30%, respectively, of the equity interests in the JV Company. The JV Company will therefore be formed as a subsidiary of the Swire Entity and therefore a subsidiary of each of Swire Properties and Swire Pacific.

Capital Commitment to the JV Company

The Swire Entity and the Platform Company are required to contribute RMB2,558 million and RMB1,096 million, respectively, to the registered capital of the JV Company (being RMB3,654 million), which is in proportion to their equity interests in the JV Company. The payments of such contributions shall be made in cash in the following manner:

- (i) the payment by the Swire Entity and the Platform Company of RMB1,810 million and RMB775 million, respectively, (I) within 29 working days after the issuance of the registered capital payment notice by the JV Company but no later than 7 working days prior to the deadline for the payment of the consideration for the assignment of the Target Land as stated in the Land Use Right Contract or (II) by 16th May 2022 (whichever is earlier);
- (ii) the payment by the Swire Entity and the Platform Company of RMB118 million and RMB51 million, respectively, within 30 calendar days after the JV Company has fully paid the consideration for the assignment of the Target Land or by 30th June 2022 (whichever is earlier);
- (iii) the payment by the Swire Entity and the Platform Company of RMB210 million and RMB90 million, respectively, within one year after the date on which the JV Company obtains its business licence or by 1st May 2023 (whichever is earlier); and
- (iv) the payment by the Swire Entity and the Platform Company of RMB420 million and RMB180 million, respectively, being the remainder of the registered capital, within two years after the date on which the JV Company obtains its business licence or by 1st May 2024 (whichever is earlier).

The JV Company will fund its payment for the Target Land by its registered capital. The registered capital of the JV Company was determined after arm's length negotiation between the Swire Entity and the Platform Company, taking into account the costs (including the deed tax and stamp duty in respect of the Target Land) of the acquisition of the Target Land and the initial capital requirement for the Project.

Further funding requirements of the JV Company shall in the first instance be funded by means other than shareholder financing, failing which, such further funding requirements shall be satisfied by shareholders' financing to be provided in proportion to their respective equity interests in the JV Company.

Having considered the land acquisition, development and ancillary costs of the Project and the Swire Entity's 70% equity interest in the JV Company, the Swire Entity's total capital commitment to the Project (comprising its contribution to the registered capital of the JV Company and any financial assistance to be provided by the Swire Entity for the further funding requirement of the JV Company for such costs) is estimated to be RMB7,000 million.

The Swire Entity intends to fund such capital commitment by Swire Properties' internal resources and/or bank facilities.

Governance

Each shareholder of the JV Company is entitled to nominate one director of the JV Company for every 20% equity interest which it holds in the JV Company. The JV Company will have two supervisors, to be nominated by the Swire Entity and the Platform Company, respectively.

Distribution of profits

The shareholders of the JV Company will be entitled to share the profits of the JV Company in proportion to their respective paid-in registered capital in the JV Company.

Restrictions on transfer of equity interests

No shareholder shall transfer its equity interests in the JV Company (except where by way of an intra-group transfer) during the Lock-up Period. After the end of the Lock-up Period, any transfer of an equity interest in the JV Company shall be subject to the other shareholder's right of first refusal.

Acquisition of the Target Land

The Land Use Right Contract in relation to the Target Land will be entered into pursuant to the Confirmation Letter. The consideration for the Target Land is RMB2,575 million and shall be paid in full within 60 days upon the signing of the Land Use Right Contract. The payment of the consideration shall be funded by the registered capital of the JV Company.

The consideration of the Target Land is equal to the price indicated in the Consortium's successful bid for the Target Land under the auction sale of the Target Land conducted in accordance with the relevant laws and regulations in the Chinese Mainland, which was arrived at after taking into account the base price under such auction sale and the location and the development potential of the Target Land.

The Target Land is located in the area commonly known as the Small Wild Goose Pagoda historical and cultural zone (小雁塔歷史文化片區) in Beilin District, Xi'an. The Target Land is designated for commercial use with a total site area of approximately 119,906 square meters. The term of the land use rights for the Target Land is 40 years.

It is currently planned that the Target Land will be developed into a mixed-use development comprising properties including commercial and retail properties, business apartments, a hotel, serviced residences, cultural facilities, underground parking lot and other ancillary facilities.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Transaction is in line with one of Swire Properties' key business strategies of creating long-term value by developing and owning transformational mixed-used projects in urban areas. The Target Land is located in the heart of downtown Xi'an, adjacent to a park which hosts the popular Small Wild Goose Pagoda and the Xi'an Museum. The Project is envisioned to become a key commercial destination in Xi'an encompassing world class architecture within one of the most important historical and cultural landmarks in Xi'an. The Transaction is also in line with Swire Properties' other key business strategy to remain focused principally in Hong Kong and the Chinese Mainland.

The directors of Swire Pacific consider that the Transaction is entered into in the ordinary and usual course of Swire Pacific's business and that the terms of the Transaction (including the financing and profit distribution arrangements of the JV Company) are on normal commercial terms, fair and reasonable and in the interests of Swire Pacific and its shareholders as a whole.

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COMPLIANCE WITH THE LISTING RULES

Swire Pacific confirms that, to the best of its directors' knowledge, information and belief having made all reasonable enquiries, Xi'an Natural Resources and Planning Bureau (西安市自然資源和規劃局), the Platform Company and its ultimate beneficial owners (including MCQJ) are third parties independent of and not connected with Swire Pacific or any of its connected persons.

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As the highest of the relevant percentage ratios under Rule 14.07 of the Listing Rules for the formation of the JV Company for each of Swire Pacific and Swire Properties is more than 5% and is less than 25%, the formation of the JV Company constitutes a discloseable transaction for each of Swire Pacific and Swire Properties under the Listing Rules. As the highest of the relevant percentage ratios for the acquisition of the Target Land for Swire Pacific is more than 5% and is less than 25%, the acquisition by the JV Company of the Target Land also constitutes a discloseable transaction of Swire Pacific 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.

Directors

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

Executive Directors: G.M.C. Bradley (Chairman), D.P. Cogman, P. Healy, M.J. Murray, Z.P. Zhang;

Non-Executive Directors: M. Cubbon, M.B. Swire, S.C. Swire; and

Independent Non-Executive Directors: P.K. Ethells, T.G. Freshwater, C. Lee, R.W.M. Lee, G.R.H. Orr and Y. Xu.

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

Executive Directors: G.M.C. Bradley (Chairman), T.J. Blackburn, F.N.Y. Lung, M.S.C. Ma;

Non-Executive Directors: N.A.H. Fenwick, R.S.K. Lim, M.J. Murray, M.B. Swire; and

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

Definitions

“Confirmation Letter”

The confirmation letter (成交確認書) dated 4th March 2022 entered into between the Consortium and Xi'an Natural Resources and Planning Bureau (西安市自然資源和規劃局) confirming the success of the Consortium's bid for the Target Land.

“Consortium”

The consortium formed by the Swire Entity and the Platform Company on a 70:30 basis for the bid for the Target Land.

“Chinese Mainland”	The People’s Republic of China (for the purpose of this announcement only, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan region).
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China.
“Land Use Right Contract”	The State-owned Land Use Rights Grant Contract (國有建設用地使用權出讓合同) to be entered into with Xi’an Natural Resources and Planning Bureau of Xi’an (西安市自然資源和規劃局) in relation to the Target Land pursuant to the Confirmation Letter.
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange.
“Lock-up Period”	The period from (a) the date on which the JV Company obtains its business licence to (b) the completion of (i) the first ownership registration for properties to be developed on the Target Land and (ii) the ownership transfer registration for 50% of the properties for sale and the obtaining of the relevant real estate ownership certificates for such properties.
“JV Articles”	The Articles of Association of the JV Company.
“JV Company”	The project company to be established pursuant to the laws of the Chinese Mainland as a foreign-invested enterprise, in which the Swire Entity and the Platform Company will be interested in 70% and 30%, respectively, of the equity interests.
“MCQJ”	Xi’an Qujiang New District Management Committee* (西安曲江新區管理委員會) which, to the best knowledge of Swire Pacific and Swire Properties, is established by the local people’s government of Xi’an.
“Platform Company”	Xi’an Cheng Huan Cultural Investment and Development Co., Ltd.* (西安城桓文化投資發展有限公司), a company incorporated in the Chinese Mainland with limited liability, (i) the principal activity of which is investment holding; and (ii) which is ultimately controlled as to approximately 98% by MCQJ, and as to approximately 2% in aggregate by the Chinese Mainland governmental bodies. MCQJ and such governmental bodies are, (i) to the best knowledge of Swire Pacific, third parties independent of and not connected with

Swire Pacific or any of its connected persons; and (ii) to the best knowledge of Swire Properties, third parties independent of and not connected with Swire Properties or any of its connected persons.

- “RMB”** Renminbi, the lawful currency of the Chinese Mainland.
- “Project”** The proposed acquisition and development of the Target Land (and any further land and area the land use rights of which may from time to time be acquired by the JV Company if it considers appropriate for such development) into a mixed-use development comprising properties including commercial and retail properties, business apartments, a hotel and serviced residences.
- “Stock Exchange”** The Stock Exchange of Hong Kong Limited 香港聯合交易所有限公司.
- “Swire Entity”** Chance Ascent Limited 騰運有限公司, a wholly-owned subsidiary of Swire Properties incorporated in Hong Kong 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 principally in property, aviation, beverages, marine services and trading and industrial businesses. Swire Pacific is the listed 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 Land”** The land located at the south of Youyi Road, west of Chang’an Road, north of Stadium North Road and east of Zhuque Street in Beilin District of Xi’an, with a total site area of approximately 119,906 square meters.

“Transaction”

The acquisition of the Target Land and the formation of the JV Company for the purpose of the acquisition, holding and development of the Target Land (and any further land and area the land use rights of which may from time to time be acquired by the JV Company if it considers appropriate for such development).

** For identification purpose only.*

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

Hong Kong, 4th March 2022

By Order of the Board
SWIRE PROPERTIES LIMITED
太古地產有限公司
Bernadette Lomas
Company Secretary

Hong Kong, 4th March 2022