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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular, or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Swire Pacific Limited, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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## **Swire Pacific Limited**

(Incorporated in Hong Kong with limited liability)

(Stock Codes: 00019 and 00087)

### **Acquisition of the Remaining 50% Interest in Festival Walk**

#### **Connected and Discloseable Transaction**

**Independent financial adviser:**  **UBS**



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A letter from the Independent Board Committee containing its recommendation to the independent Shareholders is set out on page 9 of this circular. A letter from UBS AG, the independent financial adviser, containing its advice to the Independent Board Committee and the independent Shareholders is set out on pages 10 to 16 of this circular. A valuation report in relation to Festival Walk is set out on pages 17 to 20 of this circular.

A notice convening the EGM to be held on 1st March 2006 at 11:00 a.m. at the Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong is set out on page 28 of this circular. Whether or not you are able to attend the EGM, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the share registrar of the Company, Computershare Hong Kong Investor Services Limited, 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof and, in such event, the relevant form of proxy shall be deemed to be revoked.

13th February 2006

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## DEFINITIONS

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*In this circular the following expressions have the following meanings unless the context requires otherwise:*

<b>Acquisition</b>	The Acquisition of the Sale Interest pursuant to the terms of the Acquisition Agreement.
<b>Acquisition Agreement</b>	The sale and purchase agreement dated 20th January 2006 entered into between Newmarket, Swire Properties, CITIC Pacific and Swire Pacific in respect of the Acquisition.
<b>Adjustment</b>	An adjustment such that if FWHL's working capital at completion of the Acquisition Agreement is: <ul style="list-style-type: none"><li>(i) a positive amount, an amount equal to 50% of such positive amount is to be added to the consideration; or</li><li>(ii) a negative amount, an amount equal to 50% of such negative amount is to be deducted from the consideration.</li></ul>
<b>Board</b>	The board of Directors.
<b>CITIC Group</b>	CITIC Pacific and its subsidiaries.
<b>CITIC Pacific</b>	CITIC Pacific Limited, a company incorporated in Hong Kong whose shares are listed on the Main Board of the Stock Exchange.
<b>Companies Ordinance</b>	Companies Ordinance (Chapter 32 of the Laws of Hong Kong).
<b>Directors</b>	The directors of Swire Pacific.
<b>EGM</b>	The Extraordinary General Meeting of Swire Pacific to be held for the purposes of considering and, if thought fit, approving the Acquisition Agreement and the Transactions.
<b>Festival Walk</b>	The shopping and commercial complex known as "Festival Walk" located at Kowloon Tong, Kowloon.
<b>FWHL</b>	Festival Walk Holdings Limited, which is a company owned as to 50% by Swire Properties and 50% by Supreme Luck and is the owner of Festival Walk.
<b>Group</b>	Swire Pacific and its subsidiaries.
<b>Independent Board Committee</b>	An independent committee of the Board comprising V H C Cheng, C K M Kwok, C Lee, M C C Sze and M M T Yang, all of whom are independent non-executive Directors.

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## DEFINITIONS

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<b><i>Latest Practicable Date</i></b>	8th February 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular.
<b><i>Listing Rules</i></b>	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
<b><i>Model Code</i></b>	Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 of the Listing Rules.
<b><i>Newmarket</i></b>	Newmarket Holdings Limited, which is a wholly-owned subsidiary of CITIC Pacific and holds 100% of the issued share capital in Supreme Luck.
<b><i>Sale Interest</i></b>	One ordinary share in the issued share capital of Supreme Luck and a shareholder's loan in the amount of HK\$3,252 million from CITIC Pacific to Supreme Luck.
<b><i>SFO</i></b>	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).
<b><i>Shareholders</i></b>	The shareholders of the Company.
<b><i>Stock Exchange</i></b>	The Stock Exchange of Hong Kong Limited.
<b><i>Supreme Luck</i></b>	Supreme Luck Investments Ltd., which is an indirect wholly-owned subsidiary of CITIC Pacific and holds 50% of the issued share capital in FWHL.
<b><i>Swire Pacific or Company</i></b>	Swire Pacific Limited, a company incorporated in Hong Kong whose shares are listed on the Main Board of the Stock Exchange.
<b><i>Swire Properties</i></b>	Swire Properties Limited, a wholly-owned subsidiary of Swire Pacific.
<b><i>Transactions</i></b>	The transactions contemplated by the Acquisition Agreement.

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**LETTER FROM THE BOARD**

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**SWIRE PACIFIC LIMITED**

(Incorporated in Hong Kong with limited liability)

Executive Directors:

C D Pratt, *Chairman*  
P N L Chen  
M Cubbon, *Finance Director*  
D Ho  
K G Kerr

*Registered Office:*

35th Floor  
Two Pacific Place  
88 Queensway  
Hong Kong

*Non- Executive Directors*

Baroness Dunn  
J W J Hughes-Hallett  
P A Johansen  
Sir Adrian Swire

*Independent Non-Executive Directors*

C K M Kwok  
C Lee  
M M T Yang  
M C C Sze  
V H C Cheng

To the Shareholders

13th February 2006

Dear Sir or Madam,

**Acquisition of the Remaining 50% Interest in Festival Walk  
Connected and Discloseable Transaction**

**INTRODUCTION**

Reference is made to the Company's announcement dated 20th January 2006 regarding the Acquisition Agreement entered into between Newmarket, Swire Properties, CITIC Pacific and Swire Pacific in respect of the Acquisition.

The purposes of this circular are:

- (a) to provide you with further information relating to the Acquisition Agreement and the Transactions and other information required by the Listing Rules;
- (b) to set out the letter of advice from UBS AG to the Independent Board Committee and the independent Shareholders and the recommendation and opinion of the Independent Board Committee as advised by UBS AG in relation to the Acquisition Agreement and the Transactions;

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## LETTER FROM THE BOARD

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- (c) to set out the independent valuation report in respect of Festival Walk; and
- (d) to give you notice of the EGM to consider and, if thought fit, to approve the Acquisition Agreement and the Transactions.

### **The Acquisition Agreement**

Date: 20th January 2006

- Parties:
- (1) Newmarket, as seller of the one ordinary share in the issued share capital of Supreme Luck (which is part of the Sale Interest)
  - (2) Swire Properties, as purchaser of the Sale Interest
  - (3) CITIC Pacific, as seller of the shareholder's loan in the amount of HK\$3,252 million to Supreme Luck (which is part of the Sale Interest) and as Newmarket's guarantor
  - (4) Swire Pacific, as purchaser's guarantor

Swire Pacific is an investment holding company. Swire Properties is a wholly-owned subsidiary of Swire Pacific and the principal activities of Swire Properties are property development and property investment.

The CITIC Group is engaged in a diversified range of businesses in Hong Kong and Mainland China, including manufacturing of special steel, property development and investment, basic infrastructure (such as power generation, aviation, tunnels and communications) and distribution of motor vehicles and consumer products.

### **Assets involved**

The CITIC Group's entire 50% interest in Festival Walk is represented by one ordinary share in the issued share capital of Supreme Luck and a shareholder's loan in the amount of HK\$3,252 million from CITIC Pacific to Supreme Luck. Supreme Luck is an indirect wholly-owned subsidiary of CITIC Pacific and holds a 50% equity interest in FWHL. Swire Properties (which is wholly owned by Swire Pacific) is the owner of the remaining 50% interest in Festival Walk. On completion of the Acquisition Agreement, Festival Walk will be wholly owned by Swire Properties.

### **Consideration for the Acquisition**

The consideration for the Acquisition is HK\$6,180 million (which is payable in cash on completion), subject to Adjustment by reference to FWHL's working capital at completion. The consideration was determined after arm's length negotiation between the parties and having regard to an independent valuation of HK\$12,338 million by DTZ Debenham Tie Leung Limited for the whole of Festival Walk as at 31st December 2005 undertaken for the purpose of preparing the audited consolidated accounts of Swire Pacific as at that date.

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## LETTER FROM THE BOARD

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### Completion

Completion of the Acquisition is conditional upon (a) CITIC Pacific obtaining all approvals required under the Listing Rules and (b) Swire Pacific obtaining all approvals required under the Listing Rules, in each case on or before 28th April 2006 (or such later date as the parties may agree).

Completion shall take place within three business days after the last of the above conditions have been satisfied.

### INFORMATION RELATING TO SUPREME LUCK AND FWHL

Supreme Luck is an indirect wholly-owned subsidiary of CITIC Pacific and an investment holding company. It holds a 50% equity interest in FWHL.

FWHL is the owner of the shopping and commercial complex known as "Festival Walk" with a gross floor area of approximately 1.21 million square feet located at Kowloon Tong, Kowloon.

The net book asset value of the Sale Interest as at 31st December 2004 was HK\$3,109 million based on the audited financial statements of Supreme Luck for the year ended 31st December 2004 prepared in accordance with generally accepted accounting principles in Hong Kong. The net profits (both before and after taxation and extraordinary items) of Supreme Luck for the two financial years immediately preceding the Acquisition, as extracted from its audited financial statements prepared in accordance with generally accepted accounting principles in Hong Kong are set out below:

<u>Year ended</u> <u>31st December</u>	<u>Profit before Taxation</u> (HK\$)	<u>Profit after Taxation</u> (HK\$)
2004	126,221,450	126,221,450
2003	90,811,701	90,811,701

### Reasons for, and benefits of, the Acquisition

Festival Walk is one of Hong Kong's leading mixed-use property developments, comprising a 980,000 square foot shopping mall, including an ice-skating rink and a multiplex cinema, and 230,000 square feet of offices, and is linked to a transport interchange with the Kowloon-Canton Railway and the Mass Transit Railway. It was developed, and has been managed, by Swire Properties since opening in late 1998. Festival Walk is a core asset in the Swire Properties investment property portfolio and the acquisition of the remaining 50% interest held by the CITIC Group enables Swire Pacific to obtain full ownership of this asset on terms which it considers to be appropriate.

The Directors consider that the terms of the Acquisition Agreement are normal commercial terms and are fair and reasonable and in the interests of the shareholders of Swire Pacific as a whole.

### **Effect of the Transactions**

The Transactions will be financed by commercial bank loans, other debt instruments of the Group and/or cash generated from the Group's business operations. The Transaction will therefore increase the Group's fixed assets and liabilities. The Transactions may also result in an increase in the Group's debt-to-equity ratio. However, the Company does not expect the Transactions to have any material negative impact on the Group's cash flow position or business operations. Following the completion of the Transactions, the Group's share of rental income from Festival Walk will increase from 50% to 100%.

Save as described above, the Transactions are not expected to have any material impact on earnings, assets and liabilities of the Group.

### **Connection between the parties**

CITIC Pacific is a substantial shareholder of a subsidiary of Swire Pacific. Newmarket is a wholly-owned subsidiary of CITIC Pacific. CITIC Pacific and Newmarket are therefore connected persons of Swire Pacific.

### **Compliance with the Listing Rules**

The applicable percentage ratios as defined under Rule 14.07 of the Listing Rules for the Acquisition exceed 5% but are less than 25%. Accordingly, the Acquisition constitutes a connected and discloseable transaction for Swire Pacific and is subject to the reporting, announcement and independent shareholders' approval requirements of Chapter 14A of the Listing Rules and the disclosure requirements of Chapter 14 of the Listing Rules.

The Independent Board Committee has been constituted to advise the independent Shareholders in respect of the resolution to approve the Acquisition Agreement and the Transactions. UBS AG has been appointed as independent financial adviser to advise the independent Board Committee and the independent Shareholders on the Acquisition Agreement and the Transactions.

Swire Pacific will convene the EGM to consider and, if thought fit, to approve the Acquisition Agreement and the Transactions. Voting will be by poll. In accordance with the Listing Rules, any connected person with a material interest in the Acquisition Agreement and the Transactions and any Shareholder with a material interest in the Acquisition Agreement and the Transactions and its associates must abstain from voting at the EGM. The Company is not aware that any person will be required to abstain from voting at the EGM.

### **EGM**

There is set out on page 28 a notice convening the EGM to be held on 1st March 2006 at 11:00 a.m. at the Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong, at which a resolution will be proposed to the independent Shareholders to approve the Acquisition Agreement and the Transactions. The vote of the independent Shareholders at the EGM will be taken by poll. In accordance with the Listing Rules, any connected person with a

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## LETTER FROM THE BOARD

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material interest in the Acquisition Agreement and the Transactions and any Shareholder with a material interest in the Acquisition Agreement and the Transactions and its associates must abstain from voting at the EGM. The Company is not aware that any person will be required to abstain from voting at the EGM.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM in person, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof and, in such event, the relevant form of proxy shall be deemed to be revoked.

### **Recommendations**

Your attention is drawn to (i) the letter from the Independent Board Committee set out on page 9 of this circular which contains its recommendation to the independent Shareholders concerning the Acquisition Agreement and the Transactions; (ii) the letter from UBS AG set out on pages 10 to 16 of this circular which contains their advice to the Independent Board Committee and the independent Shareholders in relation to the Acquisition Agreement and the Transactions and the principal factors and reasons considered by them in formulating their advice; (iii) and the independent valuation report of DTZ Debenham Tie Leung Limited for the whole of Festival Walk set out in appendix I to this circular.

### **Additional information**

Your attention is also drawn to the information set out in the appendix II to this circular and the notice of the EGM set out in this circular.

By order of the Board  
**Swire Pacific Limited**  
**C D Pratt**  
Chairman



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**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

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13th February 2006

To the independent Shareholders of Swire Pacific Limited

Dear Sir or Madam,

**Acquisition of the Remaining 50% Interest in Festival Walk  
Connected and Discloseable Transaction**

We refer to the circular dated 13th February 2006 of the Company (the "Circular") of which this letter forms part. Terms defined in the Circular bear the same meanings in this letter unless the context otherwise requires.

We have been appointed to form the Independent Board Committee to consider the terms of the Acquisition Agreement and the Transactions and to advise the independent Shareholders whether, in our opinion, such terms are fair and reasonable and in the interests of Swire Pacific and the Shareholders as a whole. UBS AG has been appointed to advise the Independent Board Committee and the independent Shareholders in respect of the terms of the Acquisition Agreement and the Transactions.

We wish to draw your attention to the letter from the Board set out on pages 4 to 8 of the Circular which contains, inter alia, information on the Acquisition Agreement and the Transactions, and the letter of advice from UBS AG set out on pages 10 to 16 of the Circular which contains its advice in respect of the terms of the Acquisition Agreement and the Transactions.

Having taken into account the advice of UBS AG, we consider that the Transactions are in the ordinary and usual course of business of the Group and that the terms of the Acquisition Agreement and the Transactions are normal commercial terms and are fair and reasonable and in the interests of Swire Pacific and the Shareholders as a whole. Accordingly, we recommend the independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM.

Yours faithfully,  
**The Independent Board Committee**  
**V H C Cheng**  
**C K M Kwok**  
**C Lee**  
**M C C Sze**  
**M M T Yang**  
Independent Non-Executive Directors

*The following is the text of a letter received from UBS AG setting out its advice to the Independent Board Committee and the independent Shareholders in respect of the Acquisition Agreement and the Transactions for inclusion in this Circular.*



13th February 2006

To the Independent Board Committee  
and independent Shareholders

Swire Pacific Limited  
35/F, Two Pacific Place  
88 Queensway  
Hong Kong

Dear Sirs,

**CONNECTED AND DISCLOSEABLE TRANSACTION  
ACQUISITION OF THE REMAINING 50% INTEREST IN FESTIVAL WALK**

**1. INTRODUCTION**

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the independent Shareholders in respect of the terms of the transactions contemplated by the Acquisition Agreement. Details of the transactions are set out in a circular (the "Circular") of Swire Pacific Limited to the Shareholders dated 13 February 2006, of which this letter forms part. Unless otherwise defined, expressions used in this letter have the same meanings as defined in the Circular.

On 20 January 2006, Swire Pacific and CITIC Pacific announced that Newmarket, a wholly-owned subsidiary of CITIC Pacific, CITIC Pacific, Swire Properties and Swire Pacific had entered into a conditional agreement for the acquisition by Swire Properties of the CITIC Group's entire 50% interest in Festival Walk for a cash consideration of HK\$6,180 million, subject to Adjustment by reference to FWHL's working capital at completion of the Acquisition Agreement. Swire Properties (which is wholly owned by Swire Pacific) is the owner of the remaining 50% interest in Festival Walk. On completion of the Acquisition Agreement, Festival Walk will be wholly owned by Swire Properties.

As at the Latest Practicable Date, CITIC Pacific is a substantial shareholder of a subsidiary of Swire Pacific. Newmarket is a wholly owned subsidiary of CITIC Pacific. Pursuant to the Listing Rules, CITIC Pacific and Newmarket are therefore connected persons of Swire Pacific. Accordingly, the transactions contemplated by the Acquisition

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## LETTER FROM UBS AG

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Agreement are subject to the approval of the independent Shareholders at an extraordinary general meeting of Swire Pacific.

The Independent Board Committee, comprising of Swire Pacific's five independent non-executive Directors, namely V H C Cheng, C K M Kwok, C Lee, M C C Sze and M M T Yang, has been formed to consider whether the Transactions are in the ordinary and usual course of business of the Group and that the terms of the Acquisition Agreement and the Transactions are normal commercial terms and are fair and reasonable and in the interests of Swire Pacific and the Shareholders as a whole. We have been appointed to advise the Independent Board Committee and the independent Shareholders in this regard.

UBS AG is independent from and not connected with Swire Pacific or any of its substantial shareholders, directors or chief executive, or any of its respective associates, and is qualified to give independent advice to the Independent Board Committee and independent Shareholders.

We were neither a party to the negotiations entered into by the Group in relation to the transactions contemplated under the Acquisition Agreement, nor were we involved in the negotiations and deliberations leading to the decision of the Directors to enter into the transactions as contemplated. We do not, by this letter, warrant the merits of the transactions, contemplated under the Acquisition Agreement, other than to form an opinion, for the purpose of Chapter 14A of the Listing Rules, on whether the Transactions are in the ordinary and usual course of business of the Group and that the terms of the Acquisition Agreement and the Transactions are normal commercial terms and are fair and reasonable and in the interests of Swire Pacific and the Shareholders as a whole.

In determining our recommendation, we have assumed and relied upon the information and facts supplied, and the opinions expressed, by the Directors. We have also assumed, without independent verification, that the information and representations contained or referred to in the Circular were true and accurate at the time they were made and continued to be so at the date of the dispatch of the Circular and also assumed that all intentions of the Company and the Directors will be met or carried out as the case may be. We have been advised by the Directors that, to the best of their knowledge and belief after reasonable enquiry, no material facts have been omitted which would render information provided and representations made to us untrue, inaccurate or misleading in any material respect.

In addition, we have discussed the information supplied with the management of the Group. We have been advised by the management of the Group that, to the best of their knowledge and belief after reasonable enquiry, no material facts have been omitted which would render the information supplied and opinions expressed by them untrue, inaccurate or misleading in any material respect.

We have also reviewed the independent valuation report prepared by DTZ Debenham Tie Leung Limited ("DTZ") in respect of Festival Walk as set out in Appendix I to the Circular (the "Valuation Report"). We have also had the opportunity to discuss with DTZ the valuation of Festival Walk prepared by it. We have assumed that the opinion given by DTZ has been prepared after due care and consideration.

We consider that we have reviewed sufficient information to reach an informed view in order to provide a reasonable basis for our recommendations. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the management of the Group or that any material facts have been omitted or withheld. However, we have not made any independent valuation of Festival Walk nor have we conducted any independent in-depth investigation into the business and affairs of the Group or any of the subsidiaries or associates.

## 2. PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendations in respect of the terms of the transactions, we have considered the following principal factors and reasons:

### **Strategic rationale**

Festival Walk is one of Hong Kong's leading mixed-use property developments, comprising a 980,000 square feet shopping mall, including an ice-skating rink and a multiplex cinema, and 230,000 square feet of offices, and is linked to a transport interchange with the Kowloon-Canton Railway and the Mass Transit Railway. It has been developed, and has been managed by Swire Properties since opening in late 1998. In the Directors' view, Festival Walk is a core asset in the Swire Properties investment property portfolio and the acquisition of the remaining 50% interest held by the CITIC Group enables Swire Pacific to obtain full ownership of this asset on terms which it considers to be appropriate.

The Hong Kong retail market performed strongly in 2004 and 2005. According to the statistics published by the Hong Kong Census and Statistics Department, the total value of retail sales in 2004 was HK\$191.6 billion, a growth of 10.8% in value from 2003. In 2005, retail sales remained strong, with the total value of retail sales reaching an estimated HK\$204.6 billion, a 6.8% growth in value compared to the same period in 2004. Based on information provided to us by the management of the Group, the growth in value of retail sales at Festival Walk was generally in line with the trend of the overall Hong Kong retail market during 2004 and 2005. As a result of the acquisition of the remaining 50% interest in Festival Walk, the Group therefore expects to benefit from the increase of its exposure to the retail market growth in Hong Kong.

We have reviewed the audited financial statements of FWHL for the years ended 31 December 2002, 2003 and 2004, as well as unaudited financial statements of FWHL for the year ended 31 December 2005. We have noted that its gross rental income and operating profit (before taking into account finance cost, taxation and share of profit of associated company) has increased every year between 2002 and 2005, including 2003 when the Hong Kong retail market was adversely affected by Severe Acute Respiratory Syndrome. In our view, this demonstrates the resilience of Festival Walk during the temporary market downturn in 2003 as well as its ability to capture the growth of the stronger retail market in 2004 and 2005.

In conducting our analysis, we have assumed that the Directors have fully considered the strategic rationale for the Group to proceed with the transactions contemplated under the Acquisition Agreement. Having considered the strategic rationale as stated in the Letter from the Board set out in the Circular, and based on our understanding of Hong Kong's

retail market and our review of historical financial performance of Festival Walk as provided to us by the Directors as described above, we are of the view that the entering into of the transactions contemplated under the Acquisition Agreement is in the ordinary and usual course of business of the Group, and consistent with the existing business strategy and property portfolio of the Group.

### **Acquisition Agreement**

#### **Consideration**

As referred to in the Letter from the Board set out in the Circular, the consideration for the Acquisition is HK\$6,180 million (which is payable in cash on completion), subject to Adjustment by reference to FWHL's working capital at completion. We are advised by the Directors that the consideration was determined after arm's length negotiations, taking into account the independent valuation of Festival Walk as at 31 December 2005 performed by DTZ of HK\$12,338 million. We have discussed the property valuation with DTZ to understand the valuation methodology used.

#### **Basis of the Consideration**

As disclosed in the Letter from the Board set out in the Circular, the Sale Interest acquired under the Acquisition Agreement is made up of: (i) the one ordinary share in the issued share capital of Supreme Luck; and (ii) a shareholder's loan from CITIC Pacific to Supreme Luck of HK\$3,252 million.

According to the Valuation Report, 100% of Festival Walk is valued at HK\$12,338 million as of 31 December 2005. Therefore, Supreme Luck's 50% attributable interest in Festival Walk is valued at HK\$6,169 million, which is HK\$11 million, or 0.2%, lower than the consideration for the Acquisition of HK\$6,180 million. As stated in the Valuation Report, DTZ used the 'investment method', whereby the valuation is arrived at by capitalising the rental income derived from the existing tenancies with due provision for any reversionary income potential. Based on our review of the Valuation Report as well as discussions with DTZ, we consider that the approach adopted by DTZ in valuing Festival Walk, which is a common valuation methodology for valuing properties, and the valuation parameters used by DTZ, are appropriate.

#### **Adjustment**

As set out in the Acquisition Agreement, if FWHL's working capital is a positive amount at completion, the consideration for the Acquisition shall be adjusted by adding to the consideration an amount equal to 50% of such positive amount and if FWHL's working capital is a negative amount at completion, the consideration for the Acquisition shall be adjusted by deducting from the consideration an amount equal to 50% of such negative amount. We have also discussed with the management of the Group the basis, expected magnitude and the likely impact of the Adjustment at completion on the consideration for the Acquisition. We have been advised by the management that the Adjustment at completion is unlikely to have a material impact on the consideration for the Acquisition and correspondingly

the financial effects thereof. We concur with the management of the Group that the Adjustment as set out in the Acquisition Agreement is appropriate.

#### **Deferred tax liability**

Based on information provided by the management of the Group, the deferred tax liability balance recorded on the unaudited balance sheet of FWHL as at 31 December 2005 was approximately HK\$1.2 billion, which has mainly arisen as a result of the increase in the valuation of Festival Walk. Under Hong Kong Accounting Standards 12 "Income taxes", issued by the Hong Kong Institute of Certified Public Accountants, deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. In determining the consideration for the Acquisition, the management of the Group considered that the provision for the deferred tax liability was an accounting requirement but it is not expected to be crystallised. Accordingly there would not be any material cash flow implications for the Group, and hence no adjustment was made to the consideration. We concur with the management of the Group that this is appropriate.

Given that the value of Supreme Luck's 50% attributable interest in Festival Walk (based on the independent valuation of Festival Walk performed by DTZ) is approximately the same as the consideration for the Acquisition, and based on our review of the Acquisition Agreement, we are of the view that the consideration of HK\$6,180 million is fair and reasonable so far as Swire Pacific and the Shareholders as a whole are concerned, and that the Acquisition Agreement is on normal commercial terms.

#### **Funding of the Consideration and Liquidity**

As stated in the Letter from the Board set out in the Circular, the consideration of HK\$6,180 million will be financed by commercial bank loans, other debt instruments of the Group and/or cash generated from the Group's business operations. The cash consideration will be paid upon completion of the Acquisition, which is conditional upon the shareholders' approvals required of each of CITIC Pacific and Swire Pacific under the Listing Rules having been obtained on or before 28 April 2006 or such later date as may be agreed between the parties. Based on our discussions with the management of the Group and noting (a) the low gearing position of the Group, and (b) the availability of cash and bank loan facilities, we concur with the views of the Directors that the Group should be able to finance the entire cash consideration of the Acquisition by commercial bank loans, other debt instruments of the Group and/or cash generated from the Group's business operations, and that the Transactions should have no material negative impact on the Group's cash flow position. We also note that as stated in the Group's interim balance sheet as at 30 June 2005, the Group had cash and cash equivalents (net of bank overdrafts) of HK\$1,248 million.

## Financial effects

### Profit and Loss Accounts

According to the Group's interim report for the six months ended 30 June 2005, the Group recorded an unaudited consolidated profit attributable to shareholders of HK\$7,326 million for the six months ended 30 June 2005. Based on the unaudited proforma profit and loss accounts and adjustments for the six months ended 30 June 2005 provided to us by the management of the Group, which have been prepared assuming the purchase of the remaining 50% interest in Festival Walk was effective on 1 January 2005, there would be a marginal increase in the Group's net profits as a result of the Acquisition. The accretion in net profits is mainly due to the reduction of the minority interests attributed to CITIC Pacific in relation to the 50% interest held in Festival Walk, which is partially offset by the increased after-tax financing cost from the external borrowings of the Group for financing the payment of the cash consideration for the Acquisition. Based on the information provided to us, we concur with the management of the Group that the Acquisition should not have any material impact on the Group's net profits.

### Net Assets

According to the Group's interim report for the six months ended 30 June 2005, the Group had an unaudited net asset value of HK\$84,751 million as at 30 June 2005. Based on the unaudited proforma balance sheet and adjustments as at 30 June 2005 provided to us by the management of the Group, which have been prepared assuming the purchase of the remaining 50% interest in Festival Walk was effective on 1 January 2005, there will be a marginal increase in the net asset value of the Group as a result of the Acquisition due to the higher retained profits reserve resulting from the increase in net profits attributable to shareholders arising from the Acquisition. Based on the information provided to us, we concur with the management of the Group that the Acquisition should not have any material impact on the Group's net asset value.

### Net Gearing

According to the Group's interim report for the six months ended 30 June 2005, the Group had a net gearing ratio of approximately 9% (as calculated by dividing the net borrowings by the total equity of the Group). Based on the unaudited proforma balance sheet and adjustments as at 30 June 2005 provided to us by the management of the Group, which have been prepared assuming the purchase of the remaining 50% interest in Festival Walk was effective on 1 January 2005 and the cash consideration of HK\$6,180 million would be fully financed by external borrowings, the proforma net gearing ratio of the Group as at 30 June 2005 would be approximately 17%. The management of the Group is of the view that the net gearing position would remain acceptable after the Acquisition.

In considering the impact of the higher net gearing position of the Group after the Transactions, we have calculated the net gearing ratios of the top ten listed property companies operating in Hong Kong by market capitalisation, according to their published financial statements as of 30 June 2005, and noted that the Group's

proforma net gearing ratio as at 30 June 2005 remains lower than the average of the net gearing ratios of the aforementioned Hong Kong property companies as of 30 June 2005. Having considered the information and representations provided to us by the management of the Group regarding the Group's net gearing ratio and taking into account the analysis we have conducted on the net gearing ratios of the aforementioned property companies in Hong Kong, we concur with the management's view that the Group's net gearing position would remain acceptable after the Acquisition.

### 3. RECOMMENDATIONS

Having considered the above principal factors and reasons, we consider that the Transactions are in the ordinary and usual course of business of the Group and that the terms of the Acquisition Agreement are normal commercial terms, fair and reasonable and in the interests of the Group and the Shareholders as a whole. Accordingly, we recommend that the independent Shareholders vote in favour of the ordinary resolution to be proposed at the EGM to approve the transactions contemplated under the Acquisition Agreement and that the Independent Board Committee advises the independent Shareholders accordingly.

Yours faithfully,  
For and on behalf of UBS AG

Stephen Gore  
Executive Director

Daniel Scamps  
Executive Director



*The following is the text of a letter together with the valuation certificate received from DTZ Debenham Tie Leung Limited, an independent property valuer, in connection with its valuation as at 31st December 2005 in respect of Festival Walk for inclusion in this Circular.*



10th Floor, Jardine House  
1 Connaught Place  
Central  
Hong Kong

13th February 2006

The Directors  
Swire Pacific Limited  
35th Floor, Two Pacific Place  
88 Queensway  
Hong Kong

Dear Sirs,

**Re: Festival Walk, 80 Tat Chee Avenue, Yau Yat Tsuen, Kowloon.**

We refer to your instructions for us to carry out a market valuation of the captioned property in which Swire Pacific Limited (the "Company") and/or its subsidiaries (together referred to as the "Group") have interests. We confirm that we have carried out inspection, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the value of the property as at 31st December 2005 (the "date of valuation").

Our valuation of the property represents its market value which in accordance with the Valuation Standards on Properties of the Hong Kong Institute of Surveyors is defined as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

Our valuation excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of any onerous nature which could affect its value.

We have valued the property by investment method where we arrive at the valuation by capitalising the rental income derived from the existing tenancies with due provision for any reversionary income potential.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenure, particulars of occupancy, site and floor areas, site and floor plans, number of parking spaces, development proposals, interest attributable to the Group and all other relevant matters. Dimensions and measurements are based on the copies of documents or other information provided to us by the Group and are therefore only approximations. No on-site measurement has been carried out.

We have not been provided with copies of the title documents relating to the property but have caused searches to be made at the Land Registry. However, we have not searched the original documents to verify ownership or to ascertain any amendments. All documents have been used for reference only and all dimensions, measurements and areas are approximate.

We have inspected the exterior of the property. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the property is free of rot, infestation or any other structural defects. No test was carried out on any of the services.

Unless otherwise stated, we have not been able to carry out detailed on-site measurements to verify the site and floor areas of the property and we have assumed that the areas shown on the documents handed to us are correct.

We enclose herewith our valuation certificate for your attention.

Yours faithfully,  
for and on behalf of  
**DTZ Debenham Tie Leung Limited**  
**K. B. Wong**  
Registered Professional Surveyor  
(General Practice Division)  
M.R.I.C.S., M.H.K.I.S.  
Director

*Note: Mr. K.B. Wong is a Registered Professional Surveyor who has over 20 years' experience in valuation of properties in Hong Kong.*

## VALUATION CERTIFICATE

Property	Description, age and tenure	Particulars of occupancy	Capital value in existing state as at 31st December 2005
Festival Walk, 80 Tat Chee Avenue, Yau Yat Tsuen, Kowloon	Festival Walk comprises 7 levels of retail space including a 1,916-seat cinema and an ice-skating rink, 4 office levels and 3 basement parking levels. The development is linked to the Kowloon Tong MTR/KCR stations and was completed in 1998.	The property is held for investment and is fully let on full internal repairing terms for mainly 2 years to 10 years with the latest tenancy due to expire on 14th October 2010.	HK\$12,338,000,000  (50% interest attributable to the Group: HK\$6,169,000,000)
New Kowloon Inland Lot No. 6181	The 1st to 3rd basements provide a total of 830 car parking spaces. The upper 7 levels including MTR level, levels LG1, LG2, G, UG, 1 and 2 accommodate a shopping centre, including a cinema and an ice-skating rink whilst levels 3 to 6 provide office accommodation.  The total lettable area of the property is approximately 812,665 sq.ft. (75,498.42 sq.m.), including a lettable area of approximately 598,683 sq.ft. (55,619.01 sq.m.) for retail uses and a lettable area of approximately 213,982 sq.ft. (19,879.41 sq.m.) for office uses, the public transport terminus and multi-storey car park.  The site area of the property is approximately 222,382 sq.ft. (20,660 sq.m.).  The property is held from the Government for a term from 30th March 1993 to 30th June 2047. The current Government rent for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.	The majority of tenancies are held for terms of 3 years with fixed rental escalations and are subject to turnover rent provision.  The cinema is subject to a lease of 10 years from 17th August 1998 to 16th August 2008 at a rent of the higher of fixed rental escalations or turnover provisions.  The ice-skating rink is subject to a lease from 4th December 1998 to 4th April 2008 at a rent of turnover provisions.  The car parking spaces are licensed on a monthly and hourly basis.	

## Notes:

- (1) The registered owner of the property is Festival Walk Holdings Limited, in which the Group has 50% attributable interest.
- (2) Of the total 830 car parking spaces, 400 car parking spaces (forming the multi-storey car park) are fully accountable for gross floor area calculation. The remaining 430 ancillary car parking spaces are provided, being exempted from the gross floor area calculation, without the Group incurring a premium.
- (3) The property falls within Kowloon Planning Area No. 4 and is zoned in Shek Kip Mei Outline Zoning Plan No. S/K4/20 dated 23rd December 2005 for "Other Specified Uses" as "Commercial Uses including a Public Transport Terminus, Multi-Storey Car Park, Post Office".

## RESPONSIBILITY STATEMENT

This document includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company.

The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

## MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31st December 2004, being the date to which the latest published audited accounts of the Company were made up.

## DISCLOSURE OF INTERESTS

### (a) Share Interests of Directors and Chief Executive

Save as disclosed below, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have taken under such provisions of the SFO); or (b) were required pursuant to section 352 of the SFO to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

### Interests in shares of Swire Pacific and associated corporations (all being long positions)

Swire Pacific Limited	Capacity			Total no. of shares	Percentage of issued capital (%)	Note
	Beneficial interest					
	Personal	Family	Trust interest			
<b>'A' shares</b>						
P N L Chen	-	2,000	-	2,000	0.0002	-
P A Johansen	10,000	-	1,500	11,500	0.0012	1
C D Pratt	21,000	-	-	21,000	0.0023	-
Sir Adrian Swire	-	-	794,473	794,473	0.0854	2
<b>'B' shares</b>						
P N L Chen	65,000	10,142	-	75,142	0.0025	-
D Ho	100,000	-	-	100,000	0.0033	-

**APPENDIX II****GENERAL INFORMATION**

P A Johansen	-	-	200,000	200,000	0.0067	1
C Lee	750,000	-	21,405,000	22,155,000	0.7376	1
C D Pratt	50,000	-	-	50,000	0.0017	-
Sir Adrian Swire	4,813,169	-	15,741,913	20,555,082	0.6844	2

<b>John Swire &amp; Sons Limited</b>	Capacity		Trust interest	Total no. of shares	Percentage of issued capital (%)	Note
	Beneficial interest					
	Personal	Family				
<b>Ordinary Shares of £1</b>						
Baroness Dunn	8,000	-	-	8,000	0.01	3
P A Johansen	8,000	-	-	8,000	0.01	3
Sir Adrian Swire	2,142,152	2,815,062	24,715,975	29,673,189	29.67	4
<b>8% Cum. Preference Shares of £1</b>						
Baroness Dunn	2,400	-	-	2,400	0.01	3
Sir Adrian Swire	1,186,758	843,411	7,332,727	9,362,896	31.21	4

<b>Cathay Pacific Airways Limited</b>	Beneficial interest (personal)	Percentage of issued capital (%)
<b>Ordinary Shares</b>		
P N L Chen	9,000	0.00027

## Notes :

1. All the Swire Pacific Limited 'A' and 'B' shares held by these Directors under "Trust Interest" are held by them as beneficiaries of trusts.
2. All the Swire Pacific Limited 'A' and 'B' shares held by Sir Adrian Swire under "Trust Interest" are held by him as trustee only and he has no beneficial interest in those shares.
3. Sir Adrian Swire has a residual beneficial interest in 4,000 Ordinary Shares in John Swire & Sons Limited held by each of Baroness Dunn and P A Johansen and in 1,200 Preference Shares held by Baroness Dunn. These holdings are therefore duplicated in the personal interest of Sir Adrian Swire.
4. Neither Sir Adrian Swire nor his wife, who are trustees of trusts which hold the Ordinary and Preference Shares in John Swire & Sons Limited listed under "Trust Interest", has any beneficial interest in those shares.

Included in the personal beneficial interest of Sir Adrian Swire are 14,426 Ordinary Shares and 2,453 Preference Shares held by other shareholders, including those referred to in Note 3, in which he has a residual beneficial interest.

**(b) Substantial shareholders**

Save as disclosed below, the Directors and chief executive of the Company are not aware that there was any party who, as at the Latest Practicable Date, had an interest or short position in the shares and underlying shares (including options) of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

**Interests in shares of Swire Pacific**

<b>Swire Pacific Limited</b>	<b>No. of Shares</b>	<b>Percentage of issued capital (%)</b>	<b>Long or short position</b>	<b>Note</b>
<b>'A' shares</b>				
John Swire & Sons Limited	52,250,015	5.62	Long position	1
Franklin Resources, Inc.	103,228,390	11.10	Long position	2
J.P. Morgan Chase & Company	120,905,656	12.99	Long position	3
The Capital Group Companies Inc.	65,604,421	7.05	Long position	4
<b>'B' shares</b>				
John Swire & Sons Limited	2,035,480,765	67.77	Long position	1
Aberdeen Asset Management plc.	240,303,900	8.00	Long position	5

Notes:

- The shares are held in the capacity of beneficial owner.
- This notification was filed under the repealed Securities (Disclosure of Interests) Ordinance and the capacities in which they are held were not given. A subsequent notification has been received from Templeton Global Advisors Ltd, which is a 100% owned subsidiary of Franklin Resources, Inc., declaring its interest in 55,761,220 'A' shares (representing 5.99% of the issued capital), held in the capacity of investment manager.

- The shares held by J.P. Morgan Chase & Company are held in the following capacities:

<u>Capacity</u>	<u>No. of shares</u>
Beneficial owner	3,420,588
Investment manager	64,875,014
Custodian Corporation/Lending agent	52,610,054

- These shares are held in the capacity of investment manager.
- Aberdeen Asset Management plc is interested in these shares in its capacity as investment manager and includes shares in which wholly owned controlled corporations of Aberdeen Asset Management plc are interested.

**(c) Substantial shareholders in the Company's subsidiaries**

So far as is known to any Director or chief executive of the Company, as at the Latest Practicable Date, the following persons were interested in 10% or more of the issued capital carrying rights to vote at general meetings of the following subsidiaries of the Company:

<b>Name of subsidiary</b>	<b>Name of shareholder</b>	<b>Number and class of shares held</b>	<b>Percentage of shareholding</b>
Festival Walk Holdings Limited	Supreme Luck Investments Limited	50,000 ordinary shares	50%
Hangzhou BC Foods Co. Ltd.	COFCO Beverages (Hangzhou) Ltd	USD4,000,000 of the registered capital	20%
	Hangzhou Hezhong Industrial Group Investment Company Limited	USD4,000,000 of the registered capital	20%
Hangzhou BC Warehousing and Transportation Company Limited	COFCO Beverages (Hangzhou) Ltd	RMB 330,000 of the registered capital	10%
	Hangzhou Hezhong Industrial Group Investment Company Limited	RMB 330,000 of the registered capital	10%
Hixburg Ltd.	Ngan Kit Ling, Irene	20 ordinary shares	20%
Intermarket Agencies (Far East) Ltd.	Pentland Industries Limited	3 "B" ordinary shares	30%
Jade at Brickell Bay Associates Ltd	Suttonwood Holdings LC	Nil	37.5%
Nanjing BC Foods Co. Ltd	COFCO Beverages (Nanjing) Ltd	USD3,800,000 of the registered capital	20%
	Nanjing General Factory of Essence and Perfume	USD3,800,000 of the registered capital	20%
Reebok Hong Kong Limited	Reebok International Limited	5,000 ordinary shares	33.3%
Swire and Island Communication Developments Limited	Island Communication Enterprises Ltd.	1 non-voting dividend shares 40 "B" ordinary shares	40%
Swire Aviation Limited	Jade Wonder Limited	1,667 ordinary shares	33.3%
Swire BCD Co. Ltd.	CITIC Beverage (HK) Limited	USD9,000,000 of the registered capital	15%
Swire Coca-Cola Beverages Hefei Limited	CITIC Group	USD2,400,000 of the registered capital	20%



APPENDIX II		GENERAL INFORMATION	
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Swire Coca-Cola Beverages Xiamen Limited	Xiamen Luquan Industries General Co. Ltd.	USD25,841,000 of the registered capital	49%
Swire Coca-Cola Beverages Zhengzhou Limited	CITIC Group	USD2,315,364 of the registered capital	12.9%
Swire Guangdong Coca-Cola Limited	COFCO Beverages (Guangzhou) Ltd	RMB 97,027,110 of the registered capital	19%
	Guangdong Foodstuffs Import and Export (Group) Corporation	RMB153,200,700 of the registered capital	30%
Swire Guangdong Coca-Cola (Huizhou) Ltd	Guangdong Foodstuffs Import and Export (Group) Corporation	USD600,000 of the registered capital	12%

**(d) Other interests of Directors**

P N L Chen, M Cubbon, J W J Hughes-Hallett, D Ho, K G Kerr, C D Pratt are directors and employees of John Swire & Sons Limited (“Swire”) group. Baroness Dunn and P A Johansen are shareholders, directors and employees of Swire. Sir Adrian Swire is a shareholder of Swire. Swire is a substantial shareholder of the Company, as noted above.

The Company has an agreement for services (the “JSS Agreement”) with John Swire & Sons (H.K.) Limited (“JSSHK”), pursuant to which JSSHK provides advice and expertise of the directors and senior officers of Swire group, full or part time services of members of the staff of Swire group, other administrative and similar services and such other services as may have been agreed from time to time.

In return for these services, JSSHK receives annual service fees calculated as 2.5% of the Company’s consolidated profit before taxation and minority interests after certain adjustments. The Company also reimburses the Swire group for all the expenses incurred in the provision of the services at cost.

The JSS Agreement took effect from 1st January 2005 and will terminate on 31st December 2007. However it is renewable for successive periods of three years thereafter unless either party to it gives to the other notice of termination of not less than three months expiring on any 31st December.

As directors and employees of Swire group, P N L Chen, M Cubbon, J W J Hughes-Hallett, D Ho, K G Kerr, C D Pratt are interested in the JSS Agreement. Baroness Dunn and P A Johansen are interested in the JSS Agreement as shareholders, directors and employees of Swire. Sir Adrian Swire is interested in the JSS Agreement as shareholder of Swire.

**(e) Interests in assets**

As at the latest Practicable Date, none of the Directors and the experts whose names are referred to in the paragraph headed “Consents and Experts” in this appendix II has or has had

any interest, direct or indirect, in any assets which have been, since 31st December 2004, being the date to which the latest published audited accounts of the Group were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

**(f) Service contracts**

No Director has a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

**LITIGATION**

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance to the Group and so far as the Directors are aware, no litigation or claims of material importance are pending or threatened by or against any member of the Group.

**CONSENTS AND EXPERTS**

UBS AG has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its letter as set out in this Circular and references to its name in the form and context in which they respectively appear in this Circular.

DTZ Debenham Tie Leung Limited has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its letter and valuation certificate as set out in this Circular and references to its name in the form and context in which they respectively appear in this Circular.

**QUALIFICATION OF EXPERTS**

The following are the qualifications of the experts which have given their opinions or advice which are contained in this Circular:

Name	Qualification
UBS AG	A licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) and an authorised financial institution under the SFO to carry out type 1 (dealing in securities), 4 (advising on securities), 6 (advising on corporate finance), 7 (providing automated trading services) and 9 (asset management) regulated activities as set out in Schedule 5 of the SFO.
DTZ Debenham Tie Leung Limited	Independent property valuer.

UBS AG has confirmed to the Company that as at 7th February 2006 (being the latest practicable date prior to the printing of this circular for ascertaining the information set out in this paragraph), the UBS AG group held, for itself and on behalf of its clients, less than 5% of the entire issued share capital of the Company. Each of UBS AG and DTZ Debenham Tie Leung

Limited has confirmed (in respect of itself) to the Company that save as disclosed in the preceding sentence, it did not, as at 7th February 2006, have any shareholding interest, directly or indirectly, in any member of the Group nor the right (whether legally enforceable or not) to subscribe for or to nominate any person to subscribe for securities in any members of the Group.

**DOCUMENT AVAILABLE FOR INSPECTION**

A copy of the Acquisition Agreement is available for inspection by Shareholders during normal business hours at the registered office of the Company at 35th Floor, Two Pacific Place, 88 Queensway, Hong Kong on weekdays other than public holidays up to and including 28th February 2006.

**POLL PROCEDURE**

Under the articles of association of the Company, at any general meeting, on a show of hands every member present in person shall have one vote and on a poll every member present in person or by proxy shall have one vote for every fully paid up share of which he is the holder. A resolution put to the vote of a meeting shall be decided on a show of hands unless, before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll, a poll is duly demanded. Article 72 of the Company's articles of association provides that, subject to the provisions of the Companies Ordinance, a poll may be demanded by:

- (i) the chairman of the meeting; or
- (ii) at least three members present in person or by proxy and entitled to vote at the meeting; or
- (iii) any member or members present in person or by proxy and representing in the aggregate not less than one-tenth of the total voting rights of all members having the right to attend and vote at the meeting; or
- (iv) any member or members present in person or by proxy and holding shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

**MISCELLANEOUS**

1. The secretary of the Company is David Fu. He holds a Master of Arts degree from Oxford University and is an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators.
2. The qualified accountant to the Company is Martin Cubbon. He holds a Bachelor of Arts (Honours) degree from Liverpool University and is a member of the Institute of Chartered Accountants in England and Wales.
3. The Company's share registrars and transfer office is Computershare Hong Kong Investor Services Limited, 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### SWIRE PACIFIC LIMITED

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

### NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the shareholders of Swire Pacific Limited will be held at the Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong on 1st March 2006 at 11:00 a.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution as an ordinary resolution:

#### ORDINARY RESOLUTION

THAT the entering into of the Acquisition Agreement by Swire Properties and Swire Pacific (a copy of which agreement has been produced to the meeting and signed by the chairman of the meeting for the purpose of identification) and the Transactions be and are hereby approved, terms defined in the circular to shareholders of the Company dated 13th February 2006 having the same meanings when used in this resolution.

By order of the Board

**David Fu**  
Secretary

Hong Kong, 13th February 2006

#### Notes:

1. Any member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.
2. All proxies must be deposited with the Registrars, Computershare Hong Kong Investor Services Limited, 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time appointed for the meeting or any adjourned meeting thereof.
3. The vote at the Extraordinary General Meeting will be taken by poll.