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## **SWIRE PACIFIC LIMITED**

**太古股份有限公司**

(Incorporated in Hong Kong with limited liability)

(Stock Codes: 00019 and 00087)

### **Announcement**

#### **Continuing Connected Transactions with JS&SHK**

Reference is made to the Company's announcements dated 1st December 2004, 1st October 2007, 1st October 2010, 14th November 2013, 19th August 2016 and 9th August 2019 in connection with the Services Agreements dated 1st December 2004 entered into by the Company and certain members of the Group with JS&SHK. The Services Agreements will be renewed on 1st October 2022 for a term of three years from 1st January 2023 to 31st December 2025. As JS&SHK is a connected person of the Company, the Transactions contemplated under the Services Agreements constitute continuing connected transactions for the Company under Rule 14A.31 of the Listing Rules and are subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

**Services Agreements** dated on or after 1st December 2004, as amended and restated on 18th September 2008 and as further amended and restated on 9th August 2019, and to be renewed on 1st October 2022

**Parties:** (1) The Company or a subsidiary of the Company (each a "Recipient" and collectively "Recipients")  
(2) JS&SHK

#### **Particulars**

Pursuant to the Services Agreements, JS&SHK provides the Services to members of the Group. The Services comprise advice and expertise of the directors and senior officers of the Swire Group including (but not limited to) assistance in negotiating with regulatory and other governmental or official bodies, full or part time services of members of the staff of the Swire Group, certain staff and central services and such other services as may be agreed from time to time. The Services Agreement between the Company and JS&SHK also provides for procurator by JS&SHK for the Group of the use of relevant trademarks owned by JS&SL. In return for the Services, JS&SHK receives annual

service fees. The Recipients also reimburse the Swire Group at cost for most of the expenses incurred in the provision of the Services.

Upon renewal of the Services Agreements, the basis for calculation of the annual service fees will remain unchanged. Annual service fees are calculated (A) in the case of the Company, as 2.5% of the dividends receivable from associates and joint ventures of the Company and (B) in the case of other Recipients, as 2.5% of the relevant Recipient's consolidated profit before taxation and non-controlling interests, adjusted by (a) adding back the annual service fee, (b) excluding any gain or loss on the realisation, change in fair value or other revaluation of fixed assets, (c)(i) disregarding any impairment provision in respect of goodwill and (ii) calculating the overall gain or loss on the subsequent realisation of any related investment by reference to its cost and (d) subtracting any profits and losses from associates and joint ventures, but adding back the dividends receivable from these companies.

In all cases, any dividend or profit in respect of which service fee is payable under any other profit related services agreement with the Swire Group are excluded, to avoid duplication of payment.

Service fees for each year are payable in cash from the Recipients' internal resources in arrears in two instalments, an interim payment by the end of October and a final payment by the end of April of the following year, adjusted to take account of the interim payment.

The Services Agreements will be renewed automatically on 1st October 2022 for the three years from 1st January 2023 to 31st December 2025. Each of the Services Agreements will be renewed automatically under its terms 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.

A party to a Services Agreement may terminate it with immediate effect by notice to the other party in the event of default by that other party. In the event of termination of a Services Agreement, all the rights and obligations of the parties shall forthwith cease, but any rights, liabilities or remedies arising prior to such termination shall not be affected.

### **The annual caps**

The annual caps for the Transactions have been determined by reference to the actual amounts of service fees (excluding reimbursement of costs in respect of seconded staff and shared administrative services) in the four years ended 31st December 2021 set out below. In addition, a cushion has been added to cater for the growth of the Group's business operations and to provide flexibility for possible changes in the level of profit by reference to which service fees are charged.

Reimbursement of costs by the Recipients to JS&SHK mainly covers the employment costs of the directors and senior officers of the Swire Group who are seconded to the Group under the Services Agreements and the sharing of administrative services, including company secretarial services, which constitutes exempt continuing connected transactions under Listing Rule 14A.98 and the reimbursement of such costs accordingly does not form part of the Transactions or the annual caps under the Services Agreements.

The annual caps represent the maximum aggregate annual amounts of the service fees except for the costs reimbursed to the Swire Group in respect of seconded staff and shared administrative services.

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
(HK\$ million)	Actual	Actual	Actual	Actual
Service fees	397	303	291	315
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
(HK\$ million)	Cap	Cap	Cap	Cap
Service fees	520	630	630	630

### **Reasons for, and benefits of, the Transactions**

There have since 1949 been agreements between members of the Group and members of the Swire Group for the provision of management support services. For over 70 years, the Group has considerably benefited from the management expertise and other services provided by the Swire Group.

### **Connection between the parties**

The Swire Group owns approximately 57.89% of the equity of the Company and controlled 66.24% of the voting rights attached to shares in the Company. JS&SHK, a member of the Swire Group, is therefore a connected person of the Company under the Listing Rules.

### **Compliance with Listing Rules**

As the highest of the relevant percentage ratios as defined under Rule 14.07 of the Listing Rules (other than the profits ratio) in respect of the annual caps of the Transactions will, on an annual basis, be more than 0.1% but less than 5%, the Transactions constitute continuing connected transactions for the Company and are subject to the announcement, annual review and annual reporting requirements but are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company will comply with the continuing obligations under Rules 14A.55-59 of the Listing Rules and will re-comply with the relevant Listing Rules if the annual caps are exceeded, when the Services Agreements are renewed or when there is a material change to their terms.

## **Opinion of the Directors**

In view of the benefits of the Services to the Group, the Directors (including the independent non-executive Directors) consider that the terms of the Services Agreements are fair and reasonable and that the Services Agreements are on normal commercial terms or better and in the ordinary and usual course of business of the Group and are in the interests of the Company and its shareholders as a whole.

G.M.C. Bradley, D.P. Cogman, P. Healy, G.D. McCallum, M.J. Murray, M.B. Swire, S.C. Swire and Z.P. Zhang, being directors and/or employees (and also shareholders in the case of G.D. McCallum, M.B. Swire and S.C. Swire) of the Swire Group, which is a substantial shareholder of the Company, have declared their interests in the Transactions and have abstained from voting on the relevant board resolutions of the Company in respect of the Transactions.

## **Directors**

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

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

Non-Executive Directors: G.D. McCallum, M.B. Swire, S.C. Swire; and

Independent Non-Executive Directors: P.K. Etchells, C. Lee, R.W.M. Lee, E.M. Ngan, G.R.H. Orr, Y. Xu and B.Y. Zhang.

## **Definitions**

- “Company”** Swire Pacific Limited 太古股份有限公司, an investment holding company incorporated in Hong Kong with limited liability whose shares are listed on the Stock Exchange, the subsidiaries, associates and joint ventures of which are engaged principally in the property, beverages and aviation businesses, as well as new areas of growth in healthcare and sustainable foods.
- “Directors”** The directors of the Company.
- “Group”** The Company and its subsidiaries.
- “JS&SHK”** John Swire & Sons (H.K.) Limited 香港太古集團有限公司, a private investment holding company incorporated in Hong Kong and wholly owned by JS&SL.
- “JS&SL”** John Swire & Sons Limited, a private investment holding company incorporated in England.
- “Listing Rules”** The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

- “Services”** The services provided by JS&SHK to the Group under the Services Agreements.
- “Services Agreements”** The services agreements entered into by the Company and several members of the Group with JS&SHK on or after 1st December 2004, as amended and restated on 18th September 2008 and as further amended and restated on 9th August 2019.
- “Stock Exchange”** The Stock Exchange of Hong Kong Limited 香港聯合交易所有限公司.
- “Swire Group”** JS&SL and its subsidiaries.
- “Transactions”** The continuing connected transactions contemplated under the Services Agreements.

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

Hong Kong, 11th August 2022