

**SWIRE PACIFIC LIMITED**

(Incorporated in Hong Kong with limited liability)

(Stock Codes : 00019 and 00087)

**TAIKOO SHING ARBITRATION CONCLUDED**

Swire Properties and the Lands Department have agreed an amount of HK\$2,900 million as the land premium payable in relation to the Cityplaza Four, Cityplaza Three and Cityplaza One office towers.

**This announcement is made pursuant to paragraph 13.09 of the Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.**

Further to the Company's announcements dated 16th January 2001, 10th February 2001 and 7th July 2003, Swire Properties and the Lands Department have agreed on an amount of HK\$2,900 million as the land premium to be paid in relation to the Cityplaza Four, Cityplaza Three and Cityplaza One office towers.

The Lands Department's claim for premium was upheld in an arbitration award announced in January 2001. In July 2003, the Court of Final Appeal refused to grant Swire Properties leave to appeal on a point of law. Following a fresh hearing held in February 2004, the arbitrator determined that the valuation dates for the purpose of quantifying the amount of land premium on the office towers should be the dates on which occupation permits were issued for each of the buildings, and that interest should be calculated at two-thirds of HIBID from those valuation dates.

Swire Properties and the Lands Department have been engaged in discussions to settle land premium figures for the Cityplaza office towers at the respective valuation dates. Those discussions have now concluded and the amount of land premium has been agreed to be HK\$2,900 million. Interest at two-thirds of HIBID from the relevant valuation dates to the date of this announcement is calculated to be HK\$658 million, of which HK\$500 million was charged to the profit and loss account in 2004 and the balance of HK\$158 million in the first half of 2005. The total amount of premium and premium interest payable in relation to the Cityplaza office towers is therefore HK\$3,558 million. Taking into account the payment on account of premium made to Government in an amount of HK\$2,027 million in August 2004, a further payment of approximately HK\$1,531 million will therefore be made in respect of the balance of premium and premium interest from the Company's internal resources.

The amount of HK\$4,250 million was provided in the Company's consolidated accounts for the year ended 31st December 2000 in relation to the Cityplaza office towers. This compares with the total amount of HK\$3,558 million now payable. The balance of HK\$692 million remaining from the provision made in 2000 will be credited to the profit and loss account in the first half of 2005. Prior to 2005, this amount would have been credited to the Group's property valuation reserve: following the adoption of the new Hong Kong Accounting Standards for the year commencing 1st January 2005, property valuation movements will be shown as part of the Group's operating profit for the year.

As at the date of this announcement, the Directors of the Company are: Executive Directors: D M Turnbull, P N L Chen, M Cubbon, D Ho and K G Kerr; Non-Executive Directors: Baroness Dunn, J W J Hughes-Hallett, P A Johansen and Sir Adrian Swire; and Independent Non-Executive Directors: V H C Cheng, C K M Kwok, C Lee, M M T Yang and M C C Sze.

**Definitions**

<b>"Company"</b>	Swire Pacific Limited, an investment holding company.
<b>"Group"</b>	the Company together with its subsidiaries.
<b>"Lands Department"</b>	Lands Department of the Hong Kong SAR Government.
<b>"Swire Properties"</b>	Swire Properties Limited, a wholly-owned subsidiary of the Company, whose principal activities are property development and property investment.

By Order of the Board

**Swire Pacific Limited**  
**Margaret Yu**  
Secretary

Hong Kong, 9th August 2005