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Frasers Property (China) Limited

星獅地產(中國)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00535)

**QUARTERLY RESULTS
FOR THE NINE MONTHS ENDED 30 JUNE 2009**

The Board of Directors (the “Board”) of Frasers Property (China) Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the nine months ended 30 June 2009.

* For identification purpose only

UNAUDITED CONSOLIDATED INCOME STATEMENT

For the nine months ended 30 June 2009

	For the three months ended 30 June		For the nine months ended 30 June	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000 (Restated)	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000 (Restated)
Revenue	30,656	35,533	90,412	102,840
Cost of sales	(272)	(6,230)	(1,900)	(21,687)
Gross profit	30,384	29,303	88,512	81,153
Direct operating expenses	(27,865)	(18,626)	(68,724)	(49,110)
Other income	6,206	5,296	20,540	17,439
Changes in fair values of investment properties	—	—	(60,924)	—
Gain on disposal of property, plant and equipment	—	—	—	12,724
Provision written back	—	—	—	8,492
Administrative expenses	(6,455)	(6,838)	(20,257)	(20,543)
Operating profit/(loss)	2,270	9,135	(40,853)	50,155
Finance costs	(5,271)	(6,216)	(18,957)	(19,738)
(Loss)/Profit before tax	(3,001)	2,919	(59,810)	30,417
Tax credit/(charge)	1,761	(1,814)	21,640	15,295
(Loss)/Profit for the period	<u>(1,240)</u>	<u>1,105</u>	<u>(38,170)</u>	<u>45,712</u>
Attributable to:				
Ordinary equity holders of the Company	(151)	1,011	(31,056)	24,564
Minority interests	(1,089)	94	(7,114)	21,148
	<u>(1,240)</u>	<u>1,105</u>	<u>(38,170)</u>	<u>45,712</u>
(Loss)/Earnings per share attributable to ordinary equity holders of the Company				
– basic (HK cent)	<u>(0.002)</u>	<u>0.015</u>	<u>(0.454)</u>	<u>0.359</u>
– diluted (HK cent)	<u>N/A</u>	<u>0.015</u>	<u>N/A</u>	<u>0.358</u>

UNAUDITED CONSOLIDATED BALANCE SHEET

As at 30 June 2009

	As at	
	30 June 2009 (Unaudited) HK\$'000	30 September 2008 (Audited) HK\$'000
NON-CURRENT ASSETS		
Property, plant and equipment	3,363	4,063
Investment properties	1,002,428	1,054,454
Prepayment for acquisition of land use rights	443,300	419,749
Available-for-sale financial assets	14,787	14,787
Deferred tax assets	15,329	23,625
Total non-current assets	1,479,207	1,516,678
CURRENT ASSETS		
Properties held for sale	35,331	37,055
Properties under development	2,413,233	2,205,630
Trade receivables	5,846	6,618
Prepayments, deposits and other receivables	55,607	23,316
Due from the immediate holding company	69,770	71,443
Due from a fellow subsidiary	69	—
Restricted cash	231	334
Cash and cash equivalents	829,813	596,096
Total current assets	3,409,900	2,940,492
CURRENT LIABILITIES		
Trade payables	8,363	15,587
Accruals and other payables	820,017	369,791
Interest-bearing bank borrowings	706,620	195,502
Due to the immediate holding company	91,291	91,291
Due to a fellow subsidiary	52	220,107
Tax payable	8,482	52,493
Total current liabilities	1,634,825	944,771
NET CURRENT ASSETS	1,775,075	1,995,721
TOTAL ASSETS LESS CURRENT LIABILITIES	3,254,282	3,512,399
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	1,033,993	1,310,363
Deferred tax liabilities	114,005	122,951
Total non-current liabilities	1,147,998	1,433,314
NET ASSETS	2,106,284	2,079,085

UNAUDITED CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 30 June 2009

	As at	
	30 June 2009 (Unaudited) HK\$'000	30 September 2008 (Audited) HK\$'000
EQUITY		
Equity attributable to the ordinary equity holders of the Company		
Issued capital	684,337	684,337
Reserves	1,091,812	1,110,781
	<u>1,776,149</u>	<u>1,795,118</u>
Minority interests	330,135	283,967
Total equity	<u>2,106,284</u>	<u>2,079,085</u>

Notes:

1 Basis of preparation and accounting policies

The consolidated financial information should be read in conjunction with the annual financial statements for the year ended 30 September 2008.

The accounting policies and methods of computation used in the preparation of these unaudited consolidated financial statements are consistent with those in the annual financial statements for the year ended 30 September 2008.

2 (Loss)/Earnings per share

(a) Basic loss/earnings per share

The calculation of basic loss per share for the three months ended 30 June 2009 is based on the loss attributable to ordinary equity holders of the Company of HK\$151,000 (2008: a profit of HK\$1,011,000) and the weighted average of 6,843,371,580 (2008: 6,843,371,580) ordinary shares in issue during the period.

The calculation of basic loss per share for the nine months ended 30 June 2009 is based on the loss attributable to ordinary equity holders of the Company of HK\$31,056,000 (2008: profit of HK\$24,564,000) and the weighted average of 6,843,371,580 (2008: 6,843,088,310) ordinary shares in issue during the period.

(b) Diluted loss/earnings per share

Diluted loss per share for the three months and nine months ended 30 June 2009 have not been disclosed as the share options outstanding during the period has an anti-dilutive effect on the basic loss per share.

The calculation of diluted earnings per share for the three months and nine months ended 30 June 2008 was based on the profit for that period attributable to ordinary equity holders of the Company of HK\$1,011,000 and HK\$24,564,000 and the weighted average of 6,843,371,580 and 6,843,088,310 ordinary shares in issue respectively during that period, as used in the basic earnings per share calculations, plus the weighted average of 14,896,129 ordinary shares assumed to have been issued at no consideration on the deemed exercise of all potential share options into ordinary shares.

REVIEW OF RESULTS FOR THE THREE MONTHS ENDED 30 JUNE 2009

The lower revenue for the three months ended 30 June 2009 of HK\$30.7 million against HK\$35.5 million of the corresponding period in the previous financial year was due to the reduced sales realized from the completed project in Dalian and partially offset by the higher rental income produced by Vision Shenzhen Business Park (“VSBP”).

The Group recorded a loss attributable to equity holders of HK\$0.2 million for the period compared to a profit of HK\$1.0 million for the corresponding period in 2008. The loss resulted from the higher direct operating expenses incurred during the quarter amounting to HK\$27.9 million against HK\$18.6 million of the previous corresponding period. The higher direct operating expenses were incurred due to an additional business tax assessment of HK\$3.8 million, while in the previous corresponding period, the direct operating expenses were offset by a substantial exchange gain of HK\$7.4 million.

REVIEW OF RESULTS FOR THE NINE MONTHS ENDED 30 JUNE 2009

Revenue for the nine months ended 30 June 2009 amounted to HK\$90.4 million against HK\$102.8 million of the corresponding period in the previous financial year. The decrease was primarily due to the reduced sales realized from the Dalian project and partially offset by the higher rental income contributed by VSBP.

The direct operating expenses for the nine months ended 30 June 2009 amounted to HK\$68.7 million against HK\$49.1 million of the corresponding period in the previous financial year. The increase was due to the additional business tax assessment of HK\$3.8 million recorded in the current financial year and the lower exchange gain of HK\$1.3 million as compared to HK\$21.6 million of the previous corresponding period.

For the nine-month period under review, the Group recorded a loss attributable to ordinary equity holders of the Company of HK\$31.1 million compared with a profit of HK\$24.6 million for the corresponding period in the previous financial year. The loss was largely due to the decrease in fair values of investment properties amounting to HK\$60.9 million and partially offset by tax credit of HK\$21.6 million. The tax credit consisted of the write-back of the over-provision of corporate income tax and land appreciation tax of HK\$9.9 million; the deferred tax effect on fair value losses of investment properties of HK\$15.2 million and partially offset by other tax transactions in relation to normal operations. The profit of the corresponding period was boosted by the one-off gain on the disposal of a non-core asset (a villa with the transfer of the ownership of golf club membership in Shenzhen) of HK\$12.7 million, the write-back of a provision on other payables of HK\$8.5 million and the deferred tax credit adjustment of HK\$25.1 million due to the unification of PRC income tax rate effective from 1 January 2008, partially offset by the additional land appreciation tax provision of HK\$13.8 million. On a per-share basis, the Group recorded a loss of HK0.45 cent for the period under review against an earnings per share of HK0.36 cent for the corresponding period of the previous financial year.

The Group's total assets increased to HK\$4,889.1 million as at 30 June 2009 from HK\$4,457.2 million as at 30 September 2008, attributable mainly to the capitalised development costs incurred in connection with the Shanghai Songjiang project and additional cash and cash equivalents. On a per-share basis, the consolidated net asset value of the Group as at 30 June 2009 was HK26.0 cents against HK26.2 cents as at 30 September 2008.

SHANSHUI FOUR SEASONS, SONGJIANG, SHANGHAI

The construction of the first phase of this residential project progressed satisfactorily during the period under review and some 65% or 281 of the 418 units available for pre-sales were committed as at 30 June 2009. Since 30 June 2009, a further 63 units had been pre-sold as at the date of this announcement, bringing the total to 344 units. However, no revenue has been recognised yet. In compliance with the accounting standards, revenue will be recognised upon the issue of building occupation permits for the pre-sold units by the relevant authorities. All payments received prior to this stage were recorded as sales deposits received. The completion of construction of this phase and the subsequent handover of pre-sold units to the purchasers are expected to occur by December 2009. The design and pre-construction works for the second phase of this project are continuing.

DEVELOPMENT SITE IN SHENYANG, LIAONING PROVINCE, PRC

The process to resettle existing occupants of the site continued during the period under review. The Group expects to take vacant possession of the site by January 2010. Subject to approvals being obtained, the Group proposes to build a commercial development comprising office, retail and serviced apartment components.

ALLEGATIONS AND CLAIM OF RMB50 MILLION AGAINST WHOLLY-OWNED SUBSIDIARY

As detailed in an announcement released on 13 May 2009, a writ dated 16 April 2009 was served by China Resources Land (Beijing) Co Ltd (“CRL”) against Gang Lu Real Estate Development Co Ltd (“Gang Lu”), a wholly-owned subsidiary of the Group, in respect of alleged failure to fulfill certain obligations under the land development construction compensation agreement entered into between CRL and Gang Lu on 15 December 2006.

The Group’s PRC legal counsels have submitted the necessary documents and evidence to the relevant authorities and taken the necessary actions to defend Gang Lu against the said allegations. The PRC legal counsels are of the opinion that the allegations and claim made by CRL have no factual or legal basis. As at the date hereof, no hearing date has yet been fixed by the court.

By Order of the Board
Frasers Property (China) Limited
Ang Ah Lay
Executive Director and Chief Executive Officer

Hong Kong, 4 August 2009

As at the date hereof, the Board of Directors comprises one executive director, namely Mr. Ang Ah Lay; five non-executive directors, namely Mr. Lim Ee Seng, Mr. Goh Yong Chian, Patrick, Mr. Tang Kok Kai, Christopher, Mr. Hwang Soo Chin and Ms. Chong Siak Ching (whose alternate is Mr. Chia Nam Toon); and four independent non-executive directors, namely Mr. Alan Howard Smith, J.P., Mr. Kwong Che Keung, Gordon, Mr. Hui Chiu Chung, J.P. and Mr. Chong Kok Kong.