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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: 535)

**QUARTERLY RESULTS
FOR THE NINE MONTHS ENDED 30 JUNE 2010**

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 2010 together with the relevant comparative figures.

* For identification purpose only

UNAUDITED CONSOLIDATED INCOME STATEMENT

For the nine months ended 30 June 2010

	For the three months ended		For the nine months ended	
	30 June		30 June	
	2010	2009	2010	2009
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	59,172	30,656	1,281,197	90,412
Cost of sales	(13,065)	(272)	(998,774)	(1,900)
Gross profit	46,107	30,384	282,423	88,512
Direct operating expenses	(18,743)	(27,865)	(63,522)	(68,724)
Other income	5,847	6,206	18,029	20,540
Changes in fair values of investment properties	–	–	–	(60,924)
Provision written back	–	–	69,599	–
Administrative expenses	(5,914)	(6,455)	(17,696)	(20,257)
Finance costs	(12,686)	(5,271)	(32,681)	(18,957)
Profit/(loss) before tax	14,611	(3,001)	256,152	(59,810)
Tax (charge)/credit	(7,183)	1,761	(97,087)	21,640
Profit/(loss) for the period	<u>7,428</u>	<u>(1,240)</u>	<u>159,065</u>	<u>(38,170)</u>
Profit/(loss) attributable to:				
Ordinary equity holders of the parent	7,336	(151)	120,898	(31,056)
Non-controlling interests	92	(1,089)	38,167	(7,114)
	<u>7,428</u>	<u>(1,240)</u>	<u>159,065</u>	<u>(38,170)</u>
Earnings/(loss) per share attributable to ordinary equity holders of the parent				
– basic (HK cent)	<u>0.107</u>	<u>(0.002)</u>	<u>1.767</u>	<u>(0.454)</u>
– diluted (HK cent)	<u>0.107</u>	<u>N/A</u>	<u>1.764</u>	<u>N/A</u>

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 30 June 2010

	For the three months ended		For the nine months ended	
	30 June		30 June	
	2010	2009	2010	2009
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit/(loss) for the period	7,428	(1,240)	159,065	(38,170)
Other comprehensive income/(loss) for the period				
Exchange difference arising on translating foreign operations	10,809	27,521	(3,137)	12,448
Other comprehensive income/(loss) for the period, net of tax	10,809	27,521	(3,137)	12,448
Total comprehensive income/(loss) for the period	18,237	26,281	155,928	(25,722)
Total comprehensive income/(loss) attributable to:				
Ordinary equity holders of the parent	16,984	23,607	118,491	(20,275)
Non-controlling interests	1,253	2,674	37,437	(5,447)
	18,237	26,281	155,928	(25,722)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2010

	As at 30 June 2010 (Unaudited) HK\$'000	As at 30 September 2009 (Audited) HK\$'000
NON-CURRENT ASSETS		
Property, plant and equipment	2,074	3,115
Investment properties	1,047,128	1,047,561
Prepayment for acquisition of land use rights	441,176	442,142
Prepayments, deposits and other receivables	1,820	1,855
Available-for-sale financial assets	8,822	8,822
Deferred tax assets	–	15,278
Total non-current assets	1,501,020	1,518,773
CURRENT ASSETS		
Properties held for sale	105,779	35,173
Properties under development	1,598,747	2,550,357
Trade receivables	13,098	4,775
Prepayments, deposits and other receivables	22,721	80,681
Due from the immediate holding company	64,105	66,213
Restricted cash	30,368	45,574
Cash and cash equivalents	774,280	812,316
Total current assets	2,609,098	3,595,089
CURRENT LIABILITIES		
Trade payables	3,779	7,947
Advanced receipts, accruals and other payables	288,345	1,267,403
Interest-bearing bank borrowings	911,300	478,532
Due to the immediate holding company	91,291	91,291
Due to fellow subsidiaries	678	54
Tax payable	44,101	2,463
Total current liabilities	1,339,494	1,847,690
NET CURRENT ASSETS	1,269,604	1,747,399
TOTAL ASSETS LESS CURRENT LIABILITIES	2,770,624	3,266,172
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	372,261	1,026,593
Deferred tax liabilities	135,799	122,253
Total non-current liabilities	508,060	1,148,846
NET ASSETS	2,262,564	2,117,326

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*As at 30 June 2010*

	As at	
	30 June	30 September
	2010	2009
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
EQUITY		
Equity attributable to the ordinary equity holders of the parent		
Issued capital	684,512	684,337
Reserves	1,238,750	1,118,953
	<u>1,923,262</u>	<u>1,803,290</u>
Non-controlling interests	339,302	314,036
	<u>2,262,564</u>	<u>2,117,326</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 2009.

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 2009. In the current period, the Group has applied, for the first time, all new and revised Hong Kong Financial Reporting Standards, which included all Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards and Interpretations, issued by the Hong Kong Institute of Certified Public Accountants effective for the Group's financial year beginning from 1 October 2009.

2 Earnings/(loss) per share**(a) Basic earnings/(loss) per share**

The calculation of basic earnings per share for the three months ended 30 June 2010 is based on the profit attributable to ordinary equity holders of the parent of HK\$7,336,000 (2009: a loss of HK\$151,000) and the weighted average of 6,845,121,580 (2009: 6,843,371,580) ordinary shares in issue during the period.

The calculation of basic earnings per share for the nine months ended 30 June 2010 is based on the profit attributable to ordinary equity holders of the parent of HK\$120,898,000 (2009: a loss of HK\$31,056,000) and the weighted average of 6,843,954,913 (2009: 6,843,371,580) ordinary shares in issue during the period.

(b) Diluted earnings/(loss) per share

The calculation of diluted earnings per share for the three months and nine months ended 30 June 2010 was based on the profit for that period attributable to ordinary equity holders of the parent of HK\$7,336,000 and HK\$120,898,000 and the weighted average of 6,845,121,580 and 6,843,954,913 ordinary shares in issue during the periods respectively, as used in the basic earnings per share calculations, plus the weighted average of 11,093,476 ordinary shares assumed to have been issued at no consideration on the deemed exercise of all outstanding share options into ordinary shares.

Diluted loss per share for the three months and nine months ended 30 June 2009 had not been presented because the exercise prices of the Company's share options were higher than the average market price of shares for those periods.

REVIEW OF RESULTS FOR THE THREE MONTHS ENDED 30 JUNE 2010

The higher revenue for the three months ended 30 June 2010 of HK\$59.2 million against HK\$30.7 million of the corresponding three months ended 30 June 2009 was due to the recognition of revenue from the sale of units of phase 1 in the Shanghai Shanshui Four Seasons project and the higher rental income produced by Vision Shenzhen Business Park ("VSBP").

The Group recorded a profit attributable to equity holders of HK\$7.3 million for the period compared to a loss of HK\$0.2 million for the corresponding period in 2009. The increased profit resulted from the contribution of the Shanghai Shanshui Four Seasons project and the lower direct operating expenses but partially offset by higher finance costs and tax.

REVIEW OF RESULTS FOR THE NINE MONTHS ENDED 30 JUNE 2010

The revenue for the nine months ended 30 June 2010 increased sharply by over 14 times to HK\$1,281.2 million from HK\$90.4 million for the corresponding nine months ended 30 June 2009 boosted mainly by the recognition of revenue from the sale of units of phase 1 in the Shanghai Shanshui Four Seasons project. The sale of the remaining commercial space of The Ninth ZhongShan project and rental income from the higher occupancy rate enjoyed by VSBP also contributed to the increased revenue.

For the nine-month period under review, the Group recorded a profit attributable to ordinary equity holder of the parent of HK\$120.9 million compared with a loss of HK\$31.1 million for the corresponding nine months ended 30 June 2009. This improved performance arose from the recognition of revenue from the sale of units of phase 1 in the Shanghai Shanshui Four Seasons project and the write-back of a land premium rebate of HK\$69.6 million which was received but partially offset by higher finance costs and tax. The loss incurred during the prior period was largely due to the fair value losses of investment properties amounting to HK\$60.9 million. On a per-share basis, the Group recorded an earnings per share of HK1.77 cents for the period under review against a loss per share of HK0.45 cent for the corresponding period of the previous financial year.

The Group's net assets increased to HK\$2,262.6 million as at 30 June 2010 from HK\$2,117.3 million as at 30 September 2009 mainly due to the decrease in advanced receipts, accruals and other payables and bank borrowings but partially offset by decrease in property under development to reflect the recognition of revenue from the sale of units of phase 1 in the Shanghai Shanshui Four Seasons project. On a per-share basis, the consolidated net asset value of the Group as at 30 June 2010 was HK28.1 cents against HK26.4 cents as at 30 September 2009.

SHANSHUI FOUR SEASONS, SONGJIANG, SHANGHAI

Over 93% of 418 units under phase 1 had been sold and revenue was recognised during the period under review. Following receipt of the occupation permits at the end of 2009, most of the sold units were handed over to the purchasers. The design and pre-construction works for the second phase of the project are on-going and it is expected that construction will start soon.

DEVELOPMENT SITE IN SHENYANG, LIAONING PROVINCE

Due to the delay in the resettlement of existing occupants, the Shenyang Land Reserve Centre failed to deliver the site with vacant possession by the stipulated deadline of 31 January 2010 and extended the deadline to 1 August 2010. As at the date hereof, possession of the site was still not received and the Group is assessing its various options in the light of the changing trends and shifts in the Shenyang property market.

DEVELOPMENT OF NEW PHASE 3 SITE IN SHENZHEN PROJECT

As detailed in the announcements released on 9 June 2010 and 12 July 2010, the Group's wholly-owned subsidiary and the relevant Shenzhen authorities entered into an agreement on 9 June 2010 to reach a comprehensive settlement in relation to the VSBP project located in the south zone of Shenzhen Hi-tech Industrial Park in Nanshan district, Shenzhen, the PRC. The Group expects this project to yield a satisfactory return.

ALLEGATIONS AND CLAIM OF RMB50 MILLION AGAINST WHOLLY-OWNED SUBSIDIARY

Further to the announcement released on 13 May 2009, a writ dated 16 April 2009 was served against 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 on 15 December 2006. The Group's PRC legal counsels had submitted the necessary documents and evidence to the relevant authorities and taken the necessary actions to defend against the said allegations. As at the date hereof, no hearing date has yet been fixed by the court. Based on the advice received from the PRC legal counsels, the Group is of the opinion that the allegations and claim are groundless and without legal merit. In this connection, no contingent liability was considered to exist and no provision considered necessary as of 30 June 2010.

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

Hong Kong, 6 August 2010

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. Chia Khong Shoong, Ms. Chong Siak Ching (whose alternate is Mr. Chia Nam Toon), Mr. Hui Choon Kit and Mr. Hwang Soo Chin; 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.