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Frasers

PROPERTY GROUP

Frasers Property (China) Limited

星獅地產(中國)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code : 00535)

**PROPOSED RIGHTS ISSUE OF NOT LESS THAN 2,280,825,860 RIGHTS SHARES AND
NOT MORE THAN 2,285,660,860 RIGHTS SHARES AT HK\$0.12 EACH ON THE BASIS
OF
ONE RIGHTS SHARE FOR EVERY TWO EXISTING SHARES
HELD ON THE RECORD DATE**

Financial adviser to the Company and Underwriter



THE RIGHTS ISSUE

The Company proposes to raise not less than approximately HK\$273.70 million and not more than HK\$274.28 million before expenses by way of a rights issue of not less than 2,280,825,860 Rights Shares and not more than 2,285,660,860 Rights Shares at a price of HK\$0.12 per Rights Share on the basis of one Rights Share for every two existing Shares held on the Record Date.

Pursuant to the Rights Issue, the Qualifying Shareholders will be provisionally allotted one Rights Share in nil-paid form for every two existing Shares held on the Record Date. The Rights Issue will not be available to the Excluded Shareholders. Fractional entitlements will not be allotted but will be aggregated and sold for the benefit of the Company. As at the date of this announcement, there are 4,561,651,720 existing Shares in issue and there are outstanding Exercisable Share Options entitling holders thereof to subscribe for 9,670,000 Shares.

The estimated net proceeds of the Rights Issue is approximately HK\$270.24 million (assuming no Exercisable Share Options are exercised on or before the Record Date) or approximately HK\$270.81 million (assuming all Exercisable Share Options are exercised in full on or before the Record Date), which is intended to be used for the acquisition of land for the Group's future development (but with no target identified by the Group at present), the development and construction costs of the Group's existing business park project in Shenzhen or future projects and the Group's general working capital.

As at the date of this announcement, F&N, through VCL and FCL China which are both beneficially wholly-owned by F&N, is beneficially interested in a total of 2,565,006,597 Shares, representing approximately 56.23% of the total issued share capital of the Company. Also, Dr. Fam Yue Onn, Michael (a shareholder of F&N with a shareholding of approximately 0.46% of the total issued share capital of F&N and the chairman and director of F&N and FCL) is interested in 2,315,794 Shares, representing approximately 0.05% of the total issued share capital of the Company. Accordingly, F&N and its Concert Parties are interested in a total of 2,567,322,391 Shares, representing an aggregate of approximately 56.28% of the total issued share capital of the Company as at the date of this announcement. Besides, each of Riverbook (a substantial Shareholder as defined in the Listing Rules and a wholly-owned subsidiary of Ascendas Land) and Ms. Chong Siak Ching (a non-executive Director, the president, chief executive officer and director of Ascendas, and a director of various subsidiaries of Ascendas) is also interested in 783,445,670 Shares and 3,473,691 Shares, respectively, representing approximately 17.17% and 0.08% of the total issued share capital of the Company, respectively, as at the date of this announcement.

In the past, F&N, Ascendas Land and their respective associates had been viewed by the SFC as acting in concert. On 27 February 2006, F&N and Ascendas Land have submitted an application to SFC for a ruling that F&N, Ascendas Land and their respective associates are no longer acting in concert, and such ruling was granted by the SFC on 20 June 2006.

F&N has irrevocably undertaken in writing under seal to the Company, subject to the Rights Issue not being terminated and on the condition that VCL and FCL China will be considered as Qualifying Shareholders, (i) to take up and pay for or procure there were taken up and paid for the 1,282,503,298 Rights Shares which will constitute the provisional allotment of Rights Shares in respect of the Shares beneficially owned by VCL and FCL China pursuant to the terms of the Rights Issue; (ii) that the 2,565,006,597 Shares will remain registered in the name of VCL and FCL China at the close of business on the Record Date as they are on the date of F&N's Undertaking; and (iii) to apply through EAF(s) such number of Rights Shares which will constitute the provisional allotment of Rights Shares in respect of the Shares beneficially owned by Dr. Fam Yue Onn, Michael, Ms. Chong Siak Ching and Riverbook as at the date of F&N's Undertaking and not taken up by them pursuant to the terms of the Rights Issue up to 394,617,577 Rights Shares. The Company will seek to enforce F&N's Undertaking should there be any non-compliance with its terms. If the Rights Issue is over-subscribed, the excess Rights Shares subscribed pursuant to clause (iii) stated above will also be subject to the Board's allocation at their discretion, but on a fair and reasonable basis as far as practicable, and the Board will give preference to topping-up odd lots to whole board lots.

Pursuant to the Underwriting Agreement, the Underwritten Shares will be fully underwritten by the Underwriter on the terms and subject to the conditions set out in the Underwriting Agreement. If the Underwriter terminates the Underwriting Agreement (see sub-section headed "Termination of the Underwriting Agreement" below) or the conditions of the Rights Issue (see sub-section headed "Conditions of the Rights Issue" below) are not satisfied or waived in whole or in part by the Underwriter, the Rights Issue will not proceed. **Accordingly, the Rights Issue may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the Shares or Rights Shares in their nil-paid form, and if they are in any doubt about their position, they are recommended to consult their professional advisers. Moreover, investors' attention is drawn to the section headed "Warning of the risks of dealing in the Shares and the nil-paid Rights Shares" below.**

The financial adviser to the Company relating to the Rights Issue is of the opinion that the Rights Issue is fully underwritten by virtue of the Underwriting Agreement and F&N's Undertaking, and such arrangement is equivalent to and in compliance with the requirements as set out under Rule 7.19 of the Listing Rules.

The last day of dealings in the Shares on a cum-rights basis is Friday, 11 August 2006. The Shares will be dealt with on an ex-rights basis from Monday, 14 August 2006. The Rights Shares are expected to be dealt with in their nil-paid form from Thursday, 24 August 2006 to Monday, 4 September 2006 (both dates inclusive). To qualify for the Rights Issue, any transfer of the Shares (together with the relevant share certificates) must be lodged for registration with the Company's branch share registrars in Hong Kong, Standard Registrars Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, by 4:00 p.m. on Tuesday, 15 August 2006.

The last day for acceptance and payment of the Rights Shares is expected to be on Thursday, 7 September 2006. The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both the nil-paid and fully-paid forms.

GENERAL

The Prospectus containing details of the Rights Issue will be dispatched to the Qualifying Shareholders and for information only, to the Excluded Shareholders as soon as possible. PALs and EAFs will also be sent to the Qualifying Shareholders.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on Monday, 17 July 2006 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in Shares on the Stock Exchange with effect from 9:30 a.m. on Friday, 21 July 2006.

THE RIGHTS ISSUE

Issue statistics

Basis of the Rights Issue:	One Rights Share for every two existing Shares held on the Record Date
Number of existing Shares in issue:	4,561,651,720 Shares as at the date of this announcement
Number of Rights Shares:	Not less than 2,280,825,860 Rights Shares and not more than 2,285,660,860 Rights Shares
Underwriter:	UOB Asia (Hong Kong) Limited, which, to the best of the Directors' knowledge and information and having made all reasonable enquiries, are third parties independent of the Group and connected persons (as defined in the Listing Rules) of the Group

Under the Rights Issue, not less than 2,280,825,860 nil-paid Rights Shares (assuming no Exercisable Share Options are exercised on or before the Record Date) would be provisionally allotted, representing approximately 50.00% of the existing issued share capital of the Company and approximately 33.33% of the issued share capital of the Company as enlarged by the issue of 2,280,825,860 Rights Shares.

The number of Rights Shares which may be issued pursuant to the Rights Issue will be increased in proportion to any additional Shares which may be allotted and issued upon the exercise of the Exercisable Share Options on or before the Record Date. As at the date of this announcement, there are outstanding Share Options entitling holders thereof to subscribe for 34,640,000 Shares (of which (i) the Directors of the Company are entitled to subscribe for a total of 27,500,000 Shares; and (ii) the employees of the Group, being public Shareholders, in aggregate, are entitled to subscribe for 7,140,000 Shares). Pursuant to the Share Option Scheme, the Share Options with an exercise period of 31 December 2004 to 30 December 2013 will be exercisable in the following manner:

Vesting schedule	Percentage of Shares over which a Share Option is exercisable (%)
Before the first anniversary of the date of grant	Nil
On or after the first but before the second anniversary of the date of grant	25
On or after the second but before the third anniversary of the date of grant	25
On or after the third but before the fourth anniversary of the date of grant	25
On or after the fourth anniversary of the date of grant	25

Pursuant to the Share Option Scheme, the Share Options with an exercise period of 31 December 2005 to 30 December 2014 and of 30 December 2006 to 29 December 2015, respectively, will be exercisable in the following manner:

Vesting schedule	Percentage of Shares over which a Share Option is exercisable (%)
Before the first anniversary of the date of grant	Nil
On or after the first but before the second anniversary of the date of grant	40
On or after the second but before the third anniversary of the date of grant	30
On or after the third anniversary of the date of grant	30

As at the date of this announcement, out of the 34,640,000 Shares to be exercised in relation to the outstanding Share Options as stated in the aforesaid paragraph, there are Exercisable Share Options entitling holders thereof to subscribe for 9,670,000 Shares (of which (i) the Directors of the Company are entitled to subscribe for a total of 7,600,000 Shares; and (ii) the employees of the Group, being public Shareholders, in aggregate, are entitled to subscribe for a total of 2,070,000 Shares). If all of the subscription rights attaching to the Exercisable Share Options are exercised in full and the Shares are allotted and issued pursuant to such exercise on or before the Record Date, the number of issued Shares will be increased to 4,571,321,720 Shares, and the number of Rights Shares which may be issued pursuant to the Rights Issue will be increased to 2,285,660,860 Rights Shares.

Qualifying Shareholders

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company on the Record Date. In order to be registered as members of the Company on the Record Date, all transfers of the Shares must be lodged (together with the relevant share certificate(s)) with the Company's branch share registrars in Hong Kong by 4:00 p.m. (Hong Kong time) on Tuesday, 15 August 2006.

The branch share registrar of the Company in Hong Kong is:

Standard Registrars Limited
26/F., Tesbury Centre,
28 Queen's Road East,
Wanchai
Hong Kong

The Company will send the Rights Issue Documents, including the Prospectus, the PALs and the EAFs, to the Qualifying Shareholders. The Company will send the Prospectus only to the Excluded Shareholders for information purposes.

As at the date of this announcement, the Company has certain Shareholders whose addresses as shown on the register of members of the Company were located in 8 places outside Hong Kong, being United Arab Emirates, Canada, the PRC, the United Kingdom, the Macau Special Administrative Region of the PRC, the Philippines, Singapore and the United States of America. In determining whether they will be Excluded Shareholders, the Company will make enquiry regarding the legal restrictions (if any) under the laws of the relevant places and the requirements of the relevant regulatory bodies or stock exchanges in relation to the Company's offering of the Rights Issue to the Excluded Shareholders in compliance with Rule 13.36(2)(a) of the Listing Rules. As at the date of this announcement, the Company has obtained legal advice that there are no legal restrictions under the laws of Singapore or the requirements of the relevant regulatory body or stock exchange in Singapore in relation to the Company's offering of the Rights Issue to the Shareholders whose addresses as shown on the register of members of the Company are in Singapore. For the other Overseas Shareholders, further disclosure will be made by the Company in the Prospectus to be dispatched to Shareholders on or about Tuesday, 22 August 2006 after it has formed the view as to whether or not the Rights Issue will be extended to such Overseas Shareholders.

Closure of register of members

The register of members of the Company will be closed from Wednesday, 16 August 2006 to Tuesday, 22 August 2006, both dates inclusive. No transfer of Shares will be registered during this period.

Subscription Price

HK\$0.12 per Rights Share, payable in full by a Qualifying Shareholder upon acceptance of the provisional allotment of the Rights Shares under the Rights Issue or application for excess Rights Shares or when a renounee of any provisional allotment of the Rights Shares or a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 39.39% to the closing price of HK\$0.198 per Share as quoted on the Stock Exchange on 14 July 2006, being the Last Trading Day;
- (ii) a discount of approximately 38.14% to the average closing price of HK\$0.194 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including 14 July 2006, being the Last Trading Day;
- (iii) a discount of approximately 37.17% to the average closing price of HK\$0.191 per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including 14 July 2006, being the Last Trading Day;
- (iv) a discount of approximately 34.43% to the average closing price of HK\$0.183 per Share as quoted on the Stock Exchange for the 30 consecutive trading days up to and including 14 July 2006, being the Last Trading Day;
- (v) a discount of approximately 30.23% to the theoretical ex-right price of HK\$0.172 based on the closing price of HK\$0.198 per Share as quoted on the Stock Exchange on 14 July 2006, being the Last Trading Day; and
- (vi) a discount of approximately 50.00% to the latest published unaudited consolidated net asset value per Share of approximately HK\$0.24 as at 31 March 2006.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to the market price of the Shares under the prevailing market conditions. The Directors consider the terms of the Rights Issue to be fair and reasonable and in the best interests of the Group and the Shareholders as a whole.

Basis of provisional allotments

One Rights Share (in nil-paid form) for every two existing Shares held by Qualifying Shareholders as at the close of business on the Record Date.

Status of the Rights Shares

The Rights Shares (when allotted, issued and fully paid) will rank pari passu with the then existing Shares in issue in all respects. Holders of fully paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid after the date of allotment and issue of the Rights Shares.

Certificates for the Rights Shares

Subject to the fulfillment or the waiver in whole or in part by the Underwriter of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted by Thursday, 14 September 2006 to those Qualifying Shareholders who have paid for and have accepted the Rights Shares, at their own risk.

Fractions of the Rights Shares

The Company will not provisionally allot fractions of Rights Shares in nil-paid form. All fractions of Rights Shares will be aggregated and all nil-paid Rights Shares arising from such aggregation will be sold in the market and, if a premium (net of expenses) can be achieved, the Company will keep the net proceeds for its own benefit. Any unsold fractions of Rights Shares will be made available for excess application.

Application for excess Rights Shares

Qualifying Shareholders shall be entitled to apply for, any unsold Rights Shares created by adding together fractions of the Rights Shares and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders. Application may be made by completing the EAFs and lodging the same with a separate remittance for the excess Rights Shares being applied for. The Board will allocate the excess Rights Shares at their discretion, but on a fair and reasonable basis as far as practicable, and will give preference to topping-up odd lots to whole board lots.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

Nil-paid Rights Shares are expected to be traded in board lots of 2,000 (as the Shares are currently traded on the Stock Exchange in board lots of 2,000). Dealings in the Rights Shares (in both nil-paid and fully-paid forms) will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy or any other applicable fees and charges in Hong Kong.

F&N's Undertaking

As at the date of this announcement, F&N, through VCL and FCL China which are both beneficially wholly-owned by F&N, is beneficially interested in a total of 2,565,006,597 Shares, representing approximately 56.23% of the total issued share capital of the Company. Also, Dr. Fam Yue Onn, Michael (a shareholder of F&N with a shareholding of approximately 0.46% of the total issued share capital of F&N and the chairman and director of F&N and FCL) is interested in 2,315,794 Shares, representing approximately 0.05% of the total issued share capital of the Company. Accordingly, F&N and its Concert Parties are interested in a total of 2,567,322,391 Shares, representing an aggregate of approximately 56.28% of the total issued share capital of the Company as at the date of this announcement. Besides, each of Riverbook (a substantial Shareholder as defined in the Listing Rules and a wholly-owned subsidiary of Ascendas Land) and Ms. Chong Siak Ching (a non-executive Director, and the president, chief executive officer and director of Ascendas, and a director of various subsidiaries of Ascendas) is also interested in 783,445,670 Shares and 3,473,691 Shares, respectively, representing approximately 17.17% and 0.08% of the total issued share capital of the Company, respectively, as at the date of this announcement.

In the past, F&N, Ascendas Land and their respective associates had been viewed by SFC as acting in concert. On 27 February 2006, F&N and Ascendas Land have submitted an application to SFC for a ruling that F&N, Ascendas Land and their respective associates are no longer acting in concert, and such ruling was granted by the SFC on 20 June 2006.

F&N has irrevocably undertaken in writing under seal to the Company, subject to the Rights Issue not being terminated and on the condition that VCL and FCL China will be considered as Qualifying Shareholders, (i) to take up and pay for or procure there were taken up and paid for the 1,282,503,298 Rights Shares which will constitute the provisional allotment of Rights Shares in respect of the Shares beneficially owned by VCL and FCL China pursuant to the terms of the Rights Issue; (ii) that the 2,565,006,597 Shares will remain registered in the name of VCL and FCL China at the close of business on the Record Date as they are on the date of the F&N's Undertaking; and (iii) to apply through EAF(s) of such number of Rights Shares which will constitute the provisional allotment of Rights Shares in respect of the Shares beneficially owned by Dr. Fam Yue Onn, Michael, Ms. Chong Siak Ching and Riverbook as at the date of F&N's Undertaking and not taken up by them pursuant to the terms of the Rights Issue up to 394,617,577 Rights Shares. The Company will seek to enforce F&N's Undertaking should there be any non-compliance with its terms. If the Rights Issue is over-subscribed, the excess Rights Shares subscribed pursuant to clause (iii) stated above will also be subject to the Board's allocation at their discretion, but on a fair and reasonable basis as far as practicable, and the Board will give preference to topping-up odd lots to whole board lots.

The financial adviser to the Company relating to the Rights Issue is in the opinion that the Rights Issue is fully underwritten by virtue of the Underwriting Agreement and F&N's Undertaking, and such arrangement is equivalent to and in compliance with the requirements as set out under Rule 7.19 of the Listing Rules.

Conditions of the Rights Issue

The Rights Issue is conditional upon, among other things, each of the following events being fulfilled:

- (i) the Listing Committee of the Stock Exchange agreeing to grant listing of, and permissions to deal in, the Rights Shares in their nil-paid and fully-paid forms, either unconditionally or subject to such conditions which the Company accepts and the satisfaction of such conditions (if any) by no later than the dates specified in such approvals and not having withdrawn or revoked such listing permission on or before 4:00 p.m. on the Settlement Date;
- (ii) the delivery to the Stock Exchange and filing and registration of all documents relating to the Rights Issue required by law to be filed, with the Registrars of Companies in Hong Kong and Bermuda respectively;
- (iii) the posting of the Rights Issue Documents to the Qualifying Shareholders on the Posting Date;
- (iv) the obtaining of all approvals by the Company as required under the Listing Rules in respect of the Rights Issue;
- (v) the obtaining of all approvals by F&N as required under the Stock Exchange Securities Trading Limited Listing Manual in respect of the Rights Issue; and
- (vi) the compliance by the Company with all its obligations under the Underwriting Agreement.

The Rights Issue will not proceed if the Underwriting Agreement is terminated. In the event that the conditions of the Rights Issue are not fulfilled (or waived in whole or in part by the Underwriter) on or before the dispatch of the Rights Issue Documents or in the event that conditions (i), (iv) and (v) above have not been satisfied on or before 4:00 p.m. on the Settlement Date as determined in the Underwriting Agreement (or such later date as the Company and the Underwriter may agree), all liabilities of the parties thereto shall cease and determine and neither party shall have any claim against the other (except in respect of any antecedent breaches and any matters or things arising out of or in connection with the Underwriting Agreement) and F&N's Undertaking will lapse and the Rights Issue will not proceed.

The Underwriting Agreement

Date:	Monday, 17 July 2006
Underwriter:	UOB Asia (Hong Kong) Limited, which, to the best of the Directors' knowledge and information and having made all reasonable enquiries, are third parties independent of the Group and connected persons (as defined in the Listing Rules) of the Group
Number of existing Shares in issue:	4,561,651,720 Shares as at the date of this announcement
Number of the Rights Shares:	Not less than 2,280,825,860 Rights Shares and not more than 2,285,660,860 Rights Shares

Number of Rights Shares subject to F&N's Undertaking:	Up to 1,677,120,875 Rights Shares
Number of Underwritten Shares:	Not less than 603,704,985 Underwritten Shares and not more than 608,539,985 Underwritten Shares will be underwritten by the Underwriter
Underwriting commission:	2.5% of the Subscription Price of the Underwritten Shares

Termination of the Underwriting Agreement

The Underwriter may terminate the arrangements set out in the Underwriting Agreement by notice in writing issued to the Company at any time prior to 4:00 p.m. on the Settlement Date if there shall occur, exist or come into effect:

- (a) an introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof); or
- (b) any local, national or international event or change of a political, military, financial, economic, exchange control or currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature or of the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities market; or
- (c) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (d) any material adverse change in the financial or trading position of the Group as a whole; or
- (e) the imposition of any moratorium, suspension or material restriction on trading in the shares of the Company generally on the Stock Exchange due to exceptional financial circumstances or otherwise; or
- (f) the commencement by any third party of any litigation or claim against any member of the Group which is or might be material to the Group taken as a whole; or
- (g) the imposition of economic or other sanctions, in whatever form directly or indirectly, on Hong Kong, the PRC or other jurisdiction relevant to the Group or any member of the Group,

and in the reasonable opinion of the Underwriter, such change would have a material and adverse effect on the business, financial or trading position or prospects of the Group as a whole or the success of the Rights Issue or make it inadvisable or inexpedient to proceed with the Rights Issue.

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY ARISING FROM THE RIGHTS ISSUE

The changes in the shareholding structure of the Company arising from the Rights Issue are as follows:

Scenario 1

Assuming none of the Exercisable Share Options is exercised on or before the Record Date:

	As at the date of this announcement		Immediately after completion of the Rights Issue on the assumption as set out in Note 6		Immediately after completion of the Rights Issue on the assumption as set out in Note 7	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
FCL China (Note 1)	1,781,560,927	39.06	2,672,341,390	39.06	2,672,341,390	39.06
VCL (Note 1)	783,445,670	17.17	1,175,168,505	17.17	1,175,168,505	17.17
F&N's director (Note 2)	2,315,794	0.05	3,473,691	0.05	2,315,794	0.03
F&N's interests pursuant to F&N's Undertaking	–	–	–	–	394,617,577 (Note 8)	5.77
Subtotal of interests of F&N and its Concert Parties	2,567,322,391	56.28	3,850,983,586	56.28	4,244,443,266	62.03
Riverbook (Note 3)	783,445,670	17.17	1,175,168,505	17.17	783,445,670	11.45
Director (Note 4)	3,473,691	0.08	5,210,536	0.08	3,473,691	0.05
The Underwriter (Note 5)	–	–	–	–	603,704,985	8.82
Public Shareholders	1,207,409,968	26.47	1,811,114,953	26.47	1,207,409,968	17.65
Total	<u>4,561,651,720</u>	<u>100.00</u>	<u>6,842,477,580</u>	<u>100.00</u>	<u>6,842,477,580</u>	<u>100.00</u>

Notes:

- The interest comprises 1,781,560,927 Shares beneficially owned by FCL through FCL China and 783,445,670 Shares beneficially owned by F&N Investments through VCL. Both F&N Investments and FCL are wholly-owned subsidiaries of F&N.
- The interest represents the shareholding of Dr. Fam Yue Onn, Michael, who is a shareholder of F&N with a shareholding of approximately 0.46% of the total issued share capital of F&N and the chairman and director of F&N and FCL.
- The interest represents 783,445,670 Shares beneficially owned by Ascendas Land through Riverbook. Ascendas Land is a wholly-owned subsidiary of Ascendas.
- The interest represents the shareholding of Ms. Chong Siak Ching, who is a non-executive Director of the Company. She is also the president, the chief executive officer and director of Ascendas, and a director of various subsidiaries of Ascendas.
- Being the Underwriter of the Underwritten Shares pursuant to the Underwriting Agreement.
- Assuming all Shareholders take up their respective provisional allotments of the Rights Shares in full.

7. Assuming (i) none of the Shareholders takes up any provisional allotments of the Rights Shares (save for those Rights Shares subject to F&N's Undertaking); and (ii) the provisional allotments of the Rights Shares of all Shareholders (save for those Rights Shares subject to F&N's Undertaking) are taken up by the Underwriter pursuant to the Underwriting Agreement.
8. Assuming none of Dr. Fam Yue Onn, Michael, Ms. Chong Siak Ching and Riverbook takes up their respective provisional allotments of the Rights Shares in respect of the Shares beneficially owned by each of them as at the date of F&N's Undertaking, F&N will apply through EAF(s) 394,617,577 Rights Shares not taken up by them pursuant to F&N's Undertaking.

Scenario 2

Assuming all the Exercisable Share Options are exercised on or before the Record Date:

	As at the date of this announcement		Immediately after completion of the Rights Issue on the assumption as set out in Note 8		Immediately after completion of the Rights Issue on the assumption as set out in Note 9	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
FCL China (Note 1)	1,781,560,927	39.06	2,672,341,390	38.97	2,672,341,390	38.97
VCL (Note 1)	783,445,670	17.17	1,175,168,505	17.14	1,175,168,505	17.14
F&N's directors	2,315,794 (Note 4)	0.05	6,098,691 (Note 6)	0.09	4,065,794 (Note 6)	0.06
F&N's interests pursuant to F&N's Undertaking	–	–	–	–	394,617,577 (Note 10)	5.75
Subtotal of interests of F&N and its Concert Parties	2,567,322,391	56.28	3,853,608,586	56.20	4,246,193,266	61.92
Riverbook (Note 2)	783,445,670	17.17	1,175,168,505	17.14	783,445,670	11.43
Directors	3,473,691 (Note 5)	0.08	13,985,536 (Note 7)	0.20	9,323,691 (Note 7)	0.14
The Underwriter (Note 3)	–	–	–	–	608,539,985	8.87
Public Shareholders	1,207,409,968	26.47	1,814,219,953 (Note 11)	26.46	1,209,479,968 (Note 11)	17.64
Total	<u>4,561,651,720</u>	<u>100.00</u>	<u>6,856,982,580</u>	<u>100.00</u>	<u>6,856,982,580</u>	<u>100.00</u>

Notes:

1. The interest comprises 1,781,560,927 Shares beneficially owned by FCL through FCL China and 783,445,670 Shares beneficially owned by F&N Investments through VCL. Both F&N Investments and FCL are wholly-owned subsidiaries of F&N.
2. The interest represents 783,445,670 Shares beneficially owned by Ascendas Land through Riverbook. Ascendas Land is a wholly-owned subsidiary of Ascendas.
3. Being the Underwriter of the Underwritten Shares pursuant to the Underwriting Agreement.
4. The interest represents the shareholding of Dr. Fam Yue Onn, Michael, who is a shareholder of F&N with a shareholding of approximately 0.46% of the total issued share capital of F&N and the chairman and director of F&N and FCL.
5. The interest represents the shareholding of Ms. Chong Siak Ching, who is a non-executive Director of the Company. She is also the president, the chief executive officer and director of Ascendas, and a director of various subsidiaries of Ascendas.

6. The interest represents the existing shareholding of Dr. Fam Yue Onn, Michael, being 2,315,794 Shares and the shareholding of the following Directors, who are also director or alternate director of F&N, assuming all the Exercisable Share Options held by each of them are exercised on or before the Record Date:

Name	Position in the Company	Other positions	Number of outstanding Exercisable Share Options held
Dr. Han Cheng Fong	Non-executive Director	Group chief executive officer of F&N and director of FCL	1,350,000
Mr. Goh Yong Chian, Patrick	Non-executive Director	Alternate director to Dr. Han Cheng Fong on the board of directors of F&N	400,000
			1,750,000

7. The interest represents the existing shareholding of Ms. Chong Siak Ching, being 3,473,691 Shares and the shareholding of the following Directors assuming all the Exercisable Share Options held by each of them are exercised on or before the Record Date:

Name	Position in the Company	Other positions	Number of outstanding Exercisable Share Options held
Mr. Ang Ah Lay	Executive Director		2,250,000
Ms. Chong Siak Ching	Non-executive Director	President, the chief executive officer and director of Ascendas, and director of various subsidiaries of Ascendas	900,000
Ms. Wang Poey Foon, Angela	Non-executive Director		900,000
Mr. Alan Howard Smith, J.P.	Independent non-executive Director		900,000
Mr. Kwong Che Keung, Gordon	Independent non-executive Director		900,000
			5,850,000

8. Assuming all Shareholders take up their respective provisional allotments of the Rights Shares in full.
9. Assuming (i) none of the Shareholders takes up any provisional allotments of the Rights Shares (save for those Rights Shares subject to F&N's Undertaking); and (ii) the provisional allotments of the Rights Shares of all Shareholders (save for those Rights Shares subject to F&N's Undertaking) are taken up by the Underwriter pursuant to the Underwriting Agreement.
10. Assuming none of Dr. Fam Yue Onn, Michael, Ms. Chong Siak Ching and Riverbook takes up their respective provisional allotments of the Rights Shares in respect of the Shares beneficially owned by each of them as at the date of F&N's Undertaking, F&N will apply through EAF(s) 394,617,577 Rights Shares not taken up by them pursuant to F&N's Undertaking.
11. The interest represents the shareholding of the public Shareholders including the employees of the Group, assuming all the Exercisable Share Options held by the employees of the Group, being 2,070,000 Shares, are exercised on or before the Record Date.

EXPECTED TIMETABLE

Last day of dealings in the Shares on a cum-rights basis	Friday, 11 August 2006
Commencement of dealings in the Shares on an ex-rights basis	Monday, 14 August 2006
Latest time for lodging transfer of the Shares in order to be qualified for the Rights Issue	4:00 p.m. on Tuesday, 15 August 2006
Register of members closes	Wednesday, 16 August 2006 to Tuesday, 22 August 2006 (both dates inclusive)
Record Date	Tuesday, 22 August 2006
Dispatch of the Rights Issue Documents	Tuesday, 22 August 2006
Register of members re-opens	Wednesday, 23 August 2006
First day of dealings in nil-paid Rights Shares	Thursday, 24 August 2006
Latest time for splitting nil-paid Rights Shares	4:00 p.m. on Wednesday, 30 August 2006
Last day of dealings in nil-paid Rights Shares	Monday, 4 September 2006
Latest time for acceptance of, and payment for, the Rights Shares and application for excess Rights Shares	4:00 p.m. on Thursday, 7 September 2006
Latest time for termination of the Underwriting Agreement	4:00 p.m. on Tuesday, 12 September 2006
Announcement of results of the Rights Issue in newspapers	Wednesday, 13 September 2006
Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares expected to be posted on or before	Thursday, 14 September 2006
Certificates for the Rights Shares expected to be dispatched on or before	Thursday, 14 September 2006
Dealings in fully-paid Rights Shares commence on	Monday, 18 September 2006

All times in this announcement refer to Hong Kong time. If there is a “black” rainstorm warning or a typical cyclone warning signal number 8 or above in force in Hong Kong on Thursday, 7 September 2006 any time before 12:00 noon and no longer in force after 12:00 noon, the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day. If either of those warnings is in force between 12:00 noon and 4:00 p.m. on Thursday, 7 September 2006, the latest time for acceptance of and payment for the Rights Shares and application for excess Rights Shares will be postponed to next Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m..

Dates or deadlines specified in this announcement are indicative only and may be varied by agreement between the Company and the Underwriter. Any consequential changes to the expected timetable will be published or notified to Shareholders appropriately.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

Existing Shares will be dealt with on an ex-rights basis from Monday, 14 August 2006. The Rights Shares will be dealt with in their nil-paid form from Thursday, 24 August 2006 to Monday, 4 September 2006 (both dates inclusive). If prior to 4:00 p.m. Tuesday, 12 September 2006 (or such later date as the Underwriter may agree with the Company), the Underwriter terminates the Underwriting Agreement (see sub-section headed “Termination of the Underwriting Agreement” above) or the conditions of the Rights Issue (see subsection headed “Conditions of the Rights Issue” above) cannot be fulfilled (or, if appropriate, waived), the Rights Issue will not proceed.

Any dealings in the Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled (or, if appropriate, waived), and any dealings in the Rights Shares in their nil-paid form between Thursday, 24 August 2006 to Monday, 4 September 2006, both days inclusive, are accordingly subject to the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares or the Rights Shares in their nil-paid forms are recommended to consult their own professional advisers.

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The Company is engaged in the business of property investment, development and management of residential and business park projects.

The Group had not raised any funds by issue of equity securities of the Company in the 12 months preceding the date of this announcement.

The Rights Issue enables the Company to raise funds for the Group’s development, repayment of bank loans and general working capital, while the Qualifying Shareholders are given the opportunity to maintain their respective pro rata shareholding interests in the Company by participating in the Rights Issue. The Directors also consider that it is in the best interests of the Group and the Shareholders to enlarge the capital base of the Company and increase the number of Shares held by the public Shareholders through the Rights Issue.

The estimated net proceeds of the Rights Issue is approximately HK\$270.24 million (assuming none of the Exercisable Share Options is exercised on or before the Record Date) or approximately HK\$270.81 million (assuming all Exercisable Share Options are exercised in full on or before the Record Date), which is intended to be used in the following manner:

1. as to approximately HK\$140 million for the acquisition of land for the Group’s future development, but no target has been identified by the Group at present; and
2. as to approximately HK\$80 million for the development and construction costs of the Group’s existing business park project in Shenzhen or future projects; and
3. the Group’s general working capital.

ADJUSTMENT TO THE OPTIONS

Under the terms of the Share Option Scheme, adjustments to the exercise price or number of the options granted are required upon the completion of the Rights Issue. Such adjustment(s) will be set out in the Company's announcement of results of acceptance of the Rights Issue.

GENERAL

The Prospectus containing details of the Rights Issue will be dispatched to the Qualifying Shareholders, and for information only, to the Excluded Shareholders as soon as possible. PALs and EAFs will also be sent to the Qualifying Shareholders.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on Monday, 17 July 2006 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in Shares on the Stock Exchange with effect from 9:30 a.m. on Friday, 21 July 2006.

DEFINITIONS

“Ascendas”	Ascendas Pte Ltd, a company incorporated in Singapore, which is wholly-owned by Jurong Town Corporation
“Ascendas Land”	Ascendas Land International Pte Ltd, a company incorporated in Singapore and a wholly-owned subsidiary of Ascendas
“associates”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday and other general holidays in Hong Kong and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business
“Company”	Frasers Property (China) Limited (stock code: 535), an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Concert Parties” or “acting in concert”	has the same meaning as ascribed to it under The Codes on Takeovers and Mergers and Share Repurchases
“Director(s)”	director(s) of the Company
“EAF(s)”	the form(s) of application for excess Rights Shares

“Excluded Shareholders”	Shareholders whose names appear on the register of members of the Company as at the close of business on the Record Date and whose addresses as shown on such register are outside Hong Kong where the Directors, based on legal opinions provided by legal advisers, consider it necessary or expedient not to offer the Rights Shares to such Shareholders on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Exercisable Share Options”	outstanding Share Options that are exercisable on or before the Record Date in accordance with the terms of the Share Option Scheme
“F&N”	Fraser and Neave, Limited, the holding company of FCL and a company incorporated in Singapore with limited liability, the shares of which are listed on the Singapore Exchange Securities Trading Limited
“F&N Investments”	Fraser and Neave Investments (Hong Kong) Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of F&N
“F&N’s Undertaking”	the irrevocable undertaking dated 14 July 2006 given by F&N to the Company in relation to the Rights Issue
“FCL”	Fraser’s Centrepont Limited, formerly known as Centrepont Properties Ltd, a company incorporated in Singapore and a wholly-owned subsidiary of F&N
“FCL China”	FCL (China) Pte Ltd, formerly known as CPL (China) Pte Ltd, a company incorporated in Singapore and wholly-owned by FCL
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Last Trading Day”	the last trading day of the Shares on the Stock Exchange prior to the suspension of the Shares and the release of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Overseas Shareholders”	Shareholders whose addresses on the register of members of the Company are outside Hong Kong on the Record Date
“PAL(s)”	the provisional allotment letters
“Posting Date”	Tuesday, 22 August 2006 or such other date as the Underwriter may agree in writing with the Company for the dispatch of the Rights Issue Documents
“PRC”	the People’s Republic of China

“Prospectus”	the prospectus to be issued by the Company in relation to the Rights Issue
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company as at the close of business on the Record Date, other than those Excluded Shareholders
“Record Date”	Tuesday, 22 August 2006, the record date to determine entitlements to the Rights Issue
“Rights Issue”	the issue of not less than 2,280,825,860 Rights Shares and not more than 2,285,660,860 Rights Shares at the Subscription Price on the basis of one Rights Share for every two existing Shares held on the Record Date
“Rights Issue Documents”	the Prospectus, the PALs and the EAFs
“Rights Share(s)”	new Share(s) to be allotted and issued in respect of the Rights Issue
“Riverbook”	Riverbook Group Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Ascendas Land
“Settlement Date”	Tuesday, 12 September 2006, the date being the third Business Day following Thursday, 7 September 2006 being the latest time for acceptance of, and payment for, Rights Shares (or such other time or date as the Underwriter and the Company may agree in writing)
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued capital of the Company
“Share Options”	options granted by the Company under the Share Option Scheme
“Share Option Scheme”	the share option scheme adopted by the Company on 20 May 2003
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.12 per Rights Share
“Underwriter”	UOB Asia (Hong Kong) Limited, a corporation licensed to conduct type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) of the regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Underwriting Agreement”	the underwriting agreement dated 17 July 2006 entered into between the Company and the Underwriter in relation to the Rights Issue

“Underwritten Shares”	all the Rights Shares, other than those subject to F&N’s Undertaking, being not less than 603,704,985 Rights Shares and not more than 608,539,985 Rights Shares
“VCL”	Vision Century Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of F&N Investments
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

As at the date hereof, the Board of Directors comprises one executive director, namely Mr. Ang Ah Lay; six non-executive directors, namely Dr. Han Cheng Fong, Ms. Chong Siak Ching (whose alternate is Mr. Yee Hsien Wee), Mr. Goh Yong Chian, Patrick, Ms. Wang Poey Foon, Angela, Mr. Lim Ee Seng and Mr. Tang Kok Kai, Christopher; 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.

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

Hong Kong, 20 July 2006

* *For identification purposes only*